

2<sup>nd</sup> August, 2022

(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 EQ**

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

Dear Sir/ Madam,

**Sub: Notice of the 86<sup>th</sup> Annual General Meeting along with copy of Integrated Annual Report for FY 2021-22**

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following documents:

1. Notice of the 86<sup>th</sup> Annual General Meeting (including e-voting instructions)
2. Integrated Annual Report for FY 2021-22

The important information w.r.t. the 86<sup>th</sup> Annual General Meeting and e-voting are as follows:

- The 86<sup>th</sup> Annual General Meeting (AGM) of the Company is scheduled to be held on Friday 26<sup>th</sup> August 2022 at 3.00 pm IST through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).
- The Notice of the 86<sup>th</sup> AGM and the Integrated Annual Report for FY 2021-22 are also available on the Company's website at <https://www.cipla.com/investors/annual-reports> and are being sent to all eligible shareholders, whose email IDs are registered with the Company / Depositories, by email.
- The Company has provided the e-voting facility to its shareholders to exercise their right to vote on the resolutions proposed to be passed at the AGM.
- Only those people, whose name is recorded in the register of members or in the register of beneficial owners maintained with the depositories as on the cut-off date, i.e. Friday, 19th August, 2022, will be entitled to vote on the resolutions.



- The remote e-voting facility will commence on Monday, 22<sup>nd</sup> August 2022 at 9.00 a.m. (IST) and will end on Thursday, 25<sup>th</sup> August, 2022 at 5.00 p.m. (IST).
- The e-voting facility will also be available during the AGM. Shareholders attending the AGM through VC / OAVM facility who could not cast their vote by remote e-voting will be able to vote during the AGM.
- Other important information including detailed procedure for remote e-voting before and during the AGM has been provided in the notes to the Notice of the AGM.

We request you to take the above documents on record.

Thanking you

Yours faithfully,

For Cipla Limited



**Rajendra Chopra**  
Company Secretary

Encl: as above

Prepared by: Raviraj Soni

# Cipla Limited

**Registered Office:** Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013  
**Phone:** +91 22 2482 6000, **Fax:** +91 22 2482 6893, **Email:** [cosecretary@cipla.com](mailto:cosecretary@cipla.com), **Website:** [www.cipla.com](http://www.cipla.com)  
**Corporate Identity Number:** L24239MH1935PLC002380

## Notice of 86<sup>th</sup> Annual General Meeting

NOTICE is hereby given that the 86<sup>th</sup> Annual General Meeting of Cipla Limited will be held on Friday, 26<sup>th</sup> August, 2022 at 3:00 PM (IST) through video conferencing ("VC") / other audio-visual means ("OAVM") to transact the following businesses:

### Ordinary Business(es):

To consider, and if thought fit, to pass resolution nos. 1 to 4 as ordinary resolutions.

**1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the reports of the Board of Directors and Auditor thereon**

"Resolved that the audited standalone financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the reports of the Board of Directors and Auditor thereon as circulated to the members with the notice of the Annual General Meeting, be and are hereby received, considered and adopted."

**2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the report of the Auditor thereon**

"Resolved that the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the report of Auditor thereon, as circulated to the members with the notice of the Annual General Meeting, be and are hereby received, considered and adopted."

**3. To declare final dividend on equity shares**

"Resolved that the final dividend of ₹ 5/- (Rupees five only) per equity share of the Company, as recommended by the Board of Directors for the financial year ended 31<sup>st</sup> March, 2022, be and is hereby declared and that such dividend be paid to those members whose names appear in the Register of Members as at the close of business hours on Wednesday, 10<sup>th</sup> August, 2022."

**4. To re-appoint Ms Samina Hamied as director liable to retire by rotation**

"Resolved that pursuant to the provisions of the applicable laws, the Articles of Association and upon recommendation of the Nomination and Remuneration Committee and the Board of Directors, Ms Samina Hamied (DIN: 00027923), Executive Vice-Chairperson and Director of the Company,

who retires by rotation and being eligible has offered herself for re-appointment, be and is hereby re-appointed as director of the Company liable to retire by rotation."

### Special Business(es):

To consider and if thought fit, to pass resolution no. 5 as a special resolution and resolution no. 6 and 7 as ordinary resolutions.

**5. To appoint Dr Mandar Purushottam Vaidya as independent director**

"Resolved that pursuant to the provisions of the applicable laws, the Articles of Association of the Company and upon recommendation of the Nomination and Remuneration Committee and the Board of Directors, Dr Mandar Purushottam Vaidya (DIN:09690327) who was appointed as additional director and independent director of the Company effective 29<sup>th</sup> July, 2022, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years i.e. from 29<sup>th</sup> July, 2022 to 28<sup>th</sup> July, 2027 (both days inclusive)."

**6. Authorisation to grant share-based benefits from one or more subsidiary of the Company to Mr Umang Vohra, Managing Director and Global Chief Executive Officer**

"Resolved that in partial modification to the resolution passed at the 85<sup>th</sup> Annual General Meeting of the Company held on 25<sup>th</sup> August, 2021, upon the recommendation of the Nomination and Remuneration Committee ("NRC"), the Audit Committee and the Board of Directors ("Board"), approval of the members be and is hereby accorded for grant of employee stock appreciation rights ("ESAR") / share-based benefits (herein after referred to as "Share Incentives") to Mr Umang Vohra (DIN: 02296740) Managing Director and Global Chief Executive Officer, over and above his current approved compensation, from one or more subsidiary of the Company, subject to satisfaction of the following terms and conditions:

1. Mr Vohra shall be holding the position of a director on the Board of the relevant subsidiary either in an executive or non-executive capacity.

2. The benefit from the Share Incentives shall be directly linked with the growth and performance of the relevant subsidiary. The grant of such Share Incentives shall be at fair market value as on the grant date and the benefit from such Share Incentives will accrue only when there is an appreciation in the value of the relevant subsidiary, as on the exercise date.

3. The total estimated value (computed as on the relevant grant date) of such Share Incentives shall not exceed 2% or such lower number of the enterprise value of the respective subsidiary as on the grant date, as may be approved by the NRC and the Board.
4. The total annualized estimated value (computed as on the relevant grant date) of the Share Incentives, as on the grant date, shall not exceed 85% of the fixed salary (i.e. Annual Fixed Cap) and on-target variable bonus of Mr Vohra, as approved by the Members in their meeting held on 25<sup>th</sup> August 2021, for the remaining term of his appointment.
5. Only subsidiaries, which are not part of the core business but form part of the new businesses including consumer business, innovation, digital, etc. will be eligible to grant such Share Incentives to Mr Vohra.
6. The Share Incentives will vest in March 2026, i.e. the last month of his contract as per the present terms of his appointment, as approved by the members in their meeting held on 25<sup>th</sup> August, 2021.
7. The grants shall be approved by the Board on the recommendation of the NRC and such other Committee (including the Audit Committee) of the Company as applicable, and the relevant body or authority of the subsidiary. The Share Incentives may be either equity-settled and/or cash-settled as per the terms of the scheme formulated by the relevant subsidiary.
8. The respective scheme(s) and the grants shall be compliant of the applicable provisions of the Act and/or the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Resolved further that save and except as aforesaid, all other terms and conditions of re-appointment and remuneration of Mr Vohra, as approved by the members of

the Company at the 85<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> August, 2021, shall remain unchanged.

Resolved further that the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors or any director or officer to give effect to this resolution."

**7. To ratify remuneration of the cost auditor for the financial year ending 31<sup>st</sup> March, 2023**

"Resolved that pursuant to the provisions of the applicable laws, the remuneration of ₹ 11,75,000/- (Rupees eleven lacs seventy-five thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses to be paid to Mr D.H. Zaveri, the cost auditor, to audit the cost records maintained by the Company for the financial year ending 31<sup>st</sup> March, 2023, as approved by the Board on the recommendation of the Audit Committee, be and is hereby ratified and confirmed.

Resolved further that the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be deemed necessary, proper, or expedient to give effect to the above resolution."

By order of the Board of Directors  
For Cipla Limited

Date: 29<sup>th</sup> July, 2022  
Place: Mumbai

**Rajendra Chopra**  
Company Secretary

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide its Circular nos. 20/2020, 14/2020, 17/2020, 02/2021, the latest being 2/2022 dated 5<sup>th</sup> May, 2022 and the Securities and Exchange Board of India ("SEBI") vide its circular nos. SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated 13<sup>th</sup> May, 2022 and other applicable circulars issued in this regard, (hereinafter collectively referred to as 'the Circulars'), have permitted the holding of the Annual General Meeting ("AGM") through video conferencing ("VC")/ other audio visual means ("OAVM"). Hence, the AGM of the Company is being held through VC/ OAVM. The deemed venue for AGM shall be the registered office of the Company at Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.
2. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 ("Act").
3. The members can join the AGM through VC/OAVM mode 15 minutes before the scheduled time or any time thereafter till the conclusion of the meeting by following the procedure mentioned in the notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on a first-come-first-serve basis. This will not include large shareholders (holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel and auditors, among others, who are allowed to attend the AGM without restriction on account of a first-come-first-serve basis and can connect with the Company at [cipla.agm@cipla.com](mailto:cipla.agm@cipla.com) for participating at the AGM without such restriction.
4. Since this AGM is being held pursuant to the Circulars through VC/OAVM, physical attendance of members has been dispensed with, accordingly, the facility for appointment of proxies by the members will not be available for the AGM.

Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate/Institutional members (other than Individuals, HUF, NRI, etc.) intending to attend the meeting in accordance with the terms of Section 113 of the Act, are required to send scanned certified true copy (PDF format) of the board resolution/ power of attorney/authority letter etc. to the Scrutiniser at e-mail ID: [ciplascrutinizer@gmail.com](mailto:ciplascrutinizer@gmail.com) to attend the AGM through VC/OAVM on their behalf and to vote through remote electronic voting ("e-voting").

5. In compliance with the Circulars, notice of the AGM along with the Integrated Annual Report 2021-22 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. The Company shall send the physical copy of notice of the AGM along with the Integrated Annual Report 2021-22 to those members who request the same at [cipla.agm@cipla.com](mailto:cipla.agm@cipla.com) mentioning their Folio No./DP ID and Client ID.
6. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not attached to this notice.
7. Members will be provided with a facility of e-voting and for attending the AGM through VC/OAVM by the National Securities Depository Limited ("NSDL") e-voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
8. Members may please note that the notice of the AGM along with the Integrated Annual Report 2021-22 are also available on the Company's website at [www.cipla.com](http://www.cipla.com), on websites of the stock exchanges such as BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively and also on website of NSDL ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)).
9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and Certificate from the secretarial auditor of the Company under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available for inspection in electronic form by the members during the AGM. All documents referred to in the notice will also be available for inspection in electronic form without any fee by the members from the date of circulation of this notice up to the date of AGM on 26<sup>th</sup> August, 2022 during business hours. Members seeking to inspect such documents may send a request on the email id [cipla.agm@cipla.com](mailto:cipla.agm@cipla.com) at least one working day before the date on which they intend to inspect the document.
10. The statement pursuant to Section 102 of the Act is attached hereunder and forms part of the notice. As required under the Secretarial Standard - 2 and Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the relevant information of directors seeking appointment/re-appointment is attached as Annexure 1. Though not statutorily required, the explanatory statement to Ordinary Business Item Nos. 1 to 4 is being provided as additional information to the members. The Board of Directors have considered Item Nos. 5 to 7, as unavoidable and therefore included it as Special Business(es) in this notice.
11. **Important instruction for shareholders holding shares in physical form.**
  - i. SEBI, vide its circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655, dated 3<sup>rd</sup> November, 2021, clarification vide circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687, dated 14<sup>th</sup> December, 2021 and circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January, 2022 has simplified the process for investor service requests. Accordingly, the companies shall process the following

service requests viz. issue of duplicate securities certificate; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition in dematerialised form only. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

- ii. As per the SEBI Circular, the Company/ RTA can entertain a shareholder's service request only upon the provision of PAN, KYC details and nomination information. Any folios for which PAN, KYC and nomination details are missing on or after 1<sup>st</sup> April, 2023, shall be frozen and will be ineligible for lodging a grievance/service request. Such folios will also not be eligible for receipt of any payment, including dividends, through the physical mode.
- iii. Folios remaining frozen till 31<sup>st</sup> December, 2025 will be referred by the RTA/ the Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.
- iv. Accordingly, members are requested to make service requests / update their records by submitting a duly filled and signed forms, along with the related proofs listed in the forms to KFin Technologies Limited, Unit: Cipla Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Alternatively, shareholder can also send the e-signed documents via their registered email address to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

<b>ISR-1</b>	Request for registering PAN, KYC details or changes/updating thereof
<b>ISR-2</b>	Confirmation of signature of the securities holder by the banker
<b>ISR-3</b>	Declaration form for holders of physical securities in listed companies to opt out of nomination
<b>ISR-4</b>	Request for issue of Duplicate Certificate and other Service Requests
<b>ISR-5</b>	Request for Transmission of Securities by Nominee or Legal Heir
<b>SH-13</b>	Nomination form
<b>SH-14</b>	Cancellation or variation of Nomination

12. Members holding shares in Demat form, to update any of the details as mentioned in point 11, should contact their depository participant.

### 13. Record Date and Dividend:

- i. The dividend for the year ended 31<sup>st</sup> March, 2022 as recommended by the Board, if approved at the AGM, will be paid to those members whose names

will appear in the Company's Register of Members as on close of Wednesday, 10<sup>th</sup> August, 2022 i.e. Record Date. In respect of shares held in dematerialised form, the dividend will be payable based on beneficial ownership as per details furnished by NSDL and Central Depository Services (India) Limited ("CDSL").

- ii. Members holding shares in dematerialised form may please note that, in accordance with the direction of the stock exchanges, bank details as furnished by the respective depositories will be used for the purpose of distribution of dividend. For members who have not updated their bank account details, dividend warrants / demand drafts will be sent out to their registered addresses. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories, where shares are held in dematerialised mode.
- iii. Pursuant to the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") (including the provisions of Sections 205A and 205C of the Companies Act, 1956), dividends that remain 'Unpaid or Unclaimed' for a period of seven years are mandatorily required to be transferred to the Investor Education and Protection Fund ("IEPF"). Accordingly, unpaid / unclaimed dividends up to the FY 2013-14 have been transferred to IEPF.

As per the provisions of Section 124(6) of the Act read with the IEPF Rules as amended, all shares in respect of which dividends have remained unclaimed for seven consecutive years or more for the financial year ended 31<sup>st</sup> March, 2014, were transferred by the Company to IEPF in October, 2021. The Company had sent individual communications to the concerned shareholders whose shares were liable to be transferred to IEPF.

Members may note that unclaimed final dividend for the financial year ended 31<sup>st</sup> March, 2015 will become due for transfer to IEPF on 1<sup>st</sup> October, 2022. Those members, who have not encashed the unclaimed dividend for the said period and also for the subsequent years are requested to contact KFinTech / Shares Department of the Company.

We have uploaded the details of such members on the Company's website, [www.cipla.com](http://www.cipla.com), under 'Investors' section. Please note that no claim will lie against the Company in respect of unclaimed dividend and shares transferred to IEPF pursuant to the said Rules.

As per the provisions of Section 125 of the Act and the IEPF Rules, members whose unclaimed dividend, unclaimed redemption amount of preference shares, unclaimed sale proceeds of fractional shares, equity shares have been transferred to IEPF, may claim the refund by making an application to the IEPF Authority in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in).

### **Tax deducted at source ("TDS") on Dividend**

14. Pursuant to the Finance Act, 2020, dividends paid or distributed by a company after 1<sup>st</sup> April, 2020 shall be taxable in the hands of the shareholders. Also, the company needs to deduct tax at source from dividends paid to shareholders. The rate of deduction of tax depends on residential status of the shareholder, the documents submitted by the shareholder and accepted by the Company.

#### **For resident individual shareholders:**

The tax shall be deducted under Section 194 of the Income Tax Act, 1961, as follows:

- At 10% if aggregate amount of dividend to be paid to the shareholder during the given financial year (FY 2022-23) exceeds ₹ 5,000 and valid PAN is provided by the shareholder. However, if shareholder provides the duly filled form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an Individual above the age of 60 years) for relevant financial year (FY 2022-23) complete in all respects and all the required eligibility conditions are met then, NIL tax shall be deducted at source.
- In case of invalid or non-availability of PAN, tax shall be deducted at the rate of 20%.

#### **For resident shareholders other than individual (HUF/LLP/AOP/Companies/Firm/Trust):**

- At 10% on the entire amount of dividend to be paid to the shareholder without any threshold. However, on submission of any lower withholding tax certificate or any exemption status under any provision of Income Tax Act obtained by shareholder for FY 2022-23, the withholding tax shall be at the rate mentioned in the certificate issued by the authority and the same submitted to the Company.
- In case of invalid or non-availability of PAN, the withholding tax shall be at 20%.
- Resident shareholders who are eligible to provide declarations in Form 15G or 15H as may be applicable to them, may fill up the relevant declaration and submit at the link provided: <https://easydividend.nexdigm.com/Shareholders/>.

The user manual for filling and submission of declarations on the above link is available on the website of the Company at <https://www.cipla.com/sites/default/files/TDS-on-Dividend.pdf>.

#### **For other category shareholders, such as Mutual Fund, Insurance Company, Alternate Investment Fund ("AIF) Category I and II, Government (Central/State Government):**

In order to avail exemption from withholding the taxes on dividend payable, the shareholder has to provide self-declaration along with their registration with concerned authority about their category, such as:

- Declaration and Registration certificate by shareholder qualifying as Insurer as per Section 2(7A) of the Insurance Act, 1938.
- Declaration and Registration certificate by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income Tax Act, 1961.
- Declaration and Registration certificate by Category I/ II AIF registered with SEBI.
- Self attested copy of valid approval granted by Commissioner as per relevant Income Tax Rules of Fourth Schedule of Income Tax Act to Recognised Provident Fund / Approved Gratuity Fund/ Approved Superannuation Fund.
- The aforesaid declarations is to be submitted through the link: <https://easydividend.nexdigm.com/Shareholders/>.

#### **For Non- Resident shareholders including Foreign Portfolio Investor (FPI/FII) category:**

At 20% on the entire amount of dividend to be paid to the shareholder without any threshold. However, as per Section 90(2) of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (tax treaty) ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them. To avail a lower rate of deduction of tax at source under an applicable tax treaty read with multilateral instruments, if applicable, such Non-Resident shareholders must provide the following:

- Self-attested copy of the PAN allotted by the Indian Income Tax authorities if any.
- Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident for FY 2022-23.
- Self-declaration in Form 10F for FY 2022-23
- Self-declaration, certifying 'No PE declaration' should cover following points:
  - i. Non-Resident is and will continue to remain a tax resident of the country of residence during FY 2022-23.
  - ii. Non-Resident is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company.
  - iii. Non-Resident has no reason to believe that the claim for the benefits of the DTAA is impaired in any manner.
  - iv. Non-Resident is the ultimate beneficial owner of the shareholding in the Company and Dividend receivable from the Company.

- v. Non-Resident does not have a taxable presence or a permanent establishment in India during FY 2022-23.
- vi. The aforesaid declarations is to be submitted through the link : <https://easydividend.nexdigm.com/Shareholders/>.

#### For non-filers of return of income:

- o At 20% on the entire amount of dividend to be paid to the shareholder. If the shareholder has not filed the return of income for FY 2020-21; and TDS and Tax Collected at Source in the year in case of the shareholder is ₹ 50,000 or more.
- o The Non-Resident shareholders who does not have a permanent establishment is excluded from the scope of a specified person.
- o For the purpose of compliance under Section 206AB, Company will verify the status (whether specified person or not) from the Government enabled online utility for this purpose and deduct TDS accordingly.

#### Benefit under Rule 37BA

If dividend income on which tax has been deducted at source is assessable in the hands of a person other than the shareholder, then declaration needs to be provided by shareholder for the same as per Rule 37BA of the Income Tax Rules, 1962. The aforesaid declaration is to be e-mailed to [dividend.cipla@nexdigm.com](mailto:dividend.cipla@nexdigm.com).

#### General Instructions:

- o All the documents submitted by the shareholder will be verified by the Company / its Authorised Representative and the Company will consider the same while deducting appropriate taxes, if they are in accordance with the provisions of the Income Tax Act, 1961.
- o For resident shareholders, the rate of TDS would not be increased by surcharge and cess. For Non-Resident shareholders, the rate of TDS would be increased by applicable surcharge and cess.
- o The Company is not obligated to apply the beneficial DTAA rates at the time of withholding tax on the dividend amount. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non- Resident shareholder.
- o The Company will arrange to email soft copy of the TDS certificate at the registered email ID of the shareholders within statutory timelines mentioned in the Income Tax Rules. The shareholders will also be able to see the credit of TDS in their Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>.

- o If for any reason the tax on dividend is deducted at a higher rate for the shareholder, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible.

- o In the event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the shareholders, such shareholders will be responsible to pay and indemnify such income-tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income-tax/appellate authority.
- o The above withholding tax is in summarised form of law and not detailed analysis nor any tax advice. For detailed advice related to their tax matters, shareholders are advised to seek professional guidance.

15. We are pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website at <https://evoting.nsdl.com> by following the instructions mentioned in the notice below or on the website of the Company [www.cipla.com](http://www.cipla.com) under the 'Investors' section.
16. The Chairman or the authorized person shall declare the e-voting results, along with the consolidated scrutinizer's report within the timeframe prescribed under the Act and the Listing Regulations. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

17. The results declared along with the scrutiniser's report will be placed on the website of the Company, [www.cipla.com](http://www.cipla.com) under 'Investors' section and on the NSDL website, <https://evoting.nsdl.com>. The results shall also be communicated to the stock exchanges.
18. The members are hereby informed that for addressing the unresolved disputes between listed company and/or RTAs and its shareholders, SEBI vide circular dated 30<sup>th</sup> May, 2022 introduced Standard Operating Procedure to be followed under the Stock Exchange arbitration process. The mechanism can be initiated only post exhausting all actions for resolution of complaints including those received through the SCORES Portal. The circular is available on the Company's website, [www.cipla.com](http://www.cipla.com), under 'Investors' section.

#### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access by following the steps mentioned

below for Access to NSDL e-voting system. After successful login, you can see link of 'VC link' placed under 'Join meeting' menu against company name. You are requested to click on this link. The link for VC will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.

2. For convenience and proper conduct of the AGM, members will be allowed to login and join 15 minutes before and anytime thereafter till conclusion of AGM. The login facility will remain open throughout the proceedings.

Members who need technical assistance before or during the AGM can:

- Send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or use Toll Free no. 1800 1020 990 /1800 224 430; or
  - Contact Mr Amit Vishal or Ms Pallavi Mhatre, NSDL at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
3. Please note that members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connections to avoid any kind of glitches.
  4. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending a request from their registered email ID mentioning their name, DP ID and Client ID/ folio number, PAN and mobile number at [cipla.agm@cipla.com](mailto:cipla.agm@cipla.com) by Thursday, 25<sup>th</sup> August, 2022 up to 5.00 pm. The members may send their questions in advance within the stipulated period to enable the management to respond to these queries objectively at the AGM. Only those members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

## VOTING THROUGH ELECTRONIC MEANS:

1. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI Listing Regulations and the aforementioned circulars, the Company is providing the facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member

using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.

2. The Board of Directors of the Company has appointed Mr B Narasimhan, Practicing Company Secretary and failing him, Mr Avinash Bagul, Practicing Company Secretary as the Scrutiniser to scrutinise the remote e-voting process and e-voting in a fair and transparent manner.
3. The members, whose names appear in the Register of Members/ Beneficial Owners as on Friday, 19<sup>th</sup> August, 2022, are entitled to vote on the resolutions set forth in this notice. A person who is not a member as on the cut-off date should treat this notice of AGM for information purpose only.
4. The remote e-voting period begins on Monday, 22<sup>nd</sup> August, 2022 at 9.00 am and ends on Thursday, 25<sup>th</sup> August, 2022 at 5.00 pm. The remote e-voting module will be disabled by NSDL for voting thereafter. Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Friday, 19<sup>th</sup> August, 2022 will be eligible cast their vote electronically. The voting right of members will be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.
5. In addition, the facility for voting through electronic voting system will also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting will be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting will be eligible to attend the AGM, however, they will not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.

### **How do I vote electronically using NSDL e-voting system?**

The way to vote electronically on NSDL e-voting system consists of two steps as mentioned below:

#### **Step 1: Access the NSDL e-voting system**

##### **A) Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode**

In terms of the SEBI circular dated 9<sup>th</sup> December, 2020 on e-voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with depositories and depositary participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access the e-voting facility.

Login methods for individual shareholders holding securities in demat mode are given below:

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	<p>a) Existing <b>IDeAS</b> users can visit the e-Services website of NSDL <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> on a personal computer or a mobile. On the e-Services home page, click on the '<b>Beneficial Owner</b>' icon under '<b>Login</b>' which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value Added Services. Click on '<b>Access to e-voting</b>' under e-voting services and you will be able to see the e-voting page. Click on company name or <b>e-voting service provider, NSDL</b>, and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or for joining the virtual meeting and voting during the meeting.</p> <p>b) If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select '<b>Register Online for IDeAS Portal</b>' or click on the link <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>c) Visit the e-voting website of NSDL. Open the web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> on a personal computer or a mobile. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see the e-voting page. Click on company name or <b>e-voting service provider, NSDL</b>, and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining the virtual meeting and voting during the meeting.</p> <p>d) Members can also download NSDL Mobile App '<b>NSDL Speede</b>' facility by scanning the QR code mentioned below for seamless voting experience.</p> <p><b>NSDL Mobile App is available on</b></p> <p> App Store    Google Play</p> <p> </p>
Individual shareholders holding securities in demat mode with CDSL	<p>a) Existing users who have opted for Easi/ Easiest, can login through their User ID and Password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/ Easiest are <a href="https://web.cDSLindia.com/myeasi/home/login">https://web.cDSLindia.com/myeasi/home/login</a> or <a href="http://www.cDSLindia.com">www.cDSLindia.com</a>. Click on New System Myeasi. After successful login of Easi/ Easiest the user will be also able to see the e-voting menu. The menu will have links of <b>e-voting service provider, NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>b) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cDSLindia.com/myeasi/Registration/EasiRegistration">https://web.cDSLindia.com/myeasi/Registration/EasiRegistration</a>.</p> <p>c) Alternatively, the user can directly access e-voting page by providing demat account number and PAN No. from a link in <a href="http://www.cDSLindia.com">www.cDSLindia.com</a> home page. The system will authenticate the user by sending OTP on registered mobile and email as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP (<b>NSDL</b> where the e-voting is in progress).</p>

Type of shareholders	Login method
Individual shareholders (holding securities in demat mode) can login through their depository participants	You can also login using the login credentials of your demat account through your <b>Depository Participant</b> registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option. You will be redirected to NSDL/CDSL Depository site after successful authentication, where you can see the <b>e-voting</b> feature. Click on the company name or <b>e-voting service provider, NSDL</b> , and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or for joining the virtual meeting and voting during the meeting.

**Important note:** Members who are unable to retrieve their User ID/ Password are advised to use Forget User ID and Forget Password options available at above-mentioned websites.

Helpdesk details for individual shareholders holding securities in demat mode for any technical issues related to login through Depositories such as NSDL and CDSL are as follows:

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free nos. 1800 1020 990 or 1800 22 44 30.
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call at 022- 23058738 or 022-23058542-43.

**B) Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

**How do I login to NSDL e-voting website?**

1. Visit the e-voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/> on a personal computer or a mobile.
2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under 'Shareholder/ Member' section.
3. A new screen will open. You have to enter your User ID, Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services such as IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services, click on e-voting and you can proceed to Step 2 for casting your vote electronically.

4. Your User ID details are given below:

Manner of holding shares – Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in demat account with NSDL	8 character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For members holding shares in physical form	EVEN number followed by Folio Number registered with the Company For example, if folio number is CIP000***and EVEN is 120627 then user ID is 120627CIP000***

5. Password details for shareholders other than individual shareholders are given below:
    - a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
    - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you enter the 'initial password', the system will force you to change your password.
    - c) How to retrieve your 'initial password'?
      - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment (a .pdf file). The password to open the .pdf file is your eight-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      - (ii) If your email ID is not registered, please follow steps mentioned as the process for those shareholders whose email IDs are not registered.
  6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
    - a) Click on '**Forgot User Details/Password?**' (if you are holding shares in your demat account with NSDL or CDSL). This option is available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) Click on '**Physical User Reset Password?**' (if you are holding shares in physical mode). This option is available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by the above two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
    - d) Members can also use the OTP (One Time Password) based login for casting votes on the e-voting system of NSDL.
  7. After entering your password, tick on 'Agree to Terms and Conditions' by selecting the check box.
  8. Now, you will have to click on 'Login' button.
  9. After you click on the 'Login' button, the home page of e-voting will open.
- Step 2: Cast your vote electronically and join Meeting on NSDL e-voting system**
- How do I cast my vote electronically and join Meeting on NSDL e-voting system?**
- a) After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
  - b) Select 'EVEN' of the company for which you wish to cast your vote during the remote e-voting period. Cast your vote during the General Meeting. For joining the virtual meeting, you need to click on VC link placed under 'Join Meeting'.
  - c) Now you are ready for e-voting as the Voting page opens.
  - d) Cast your vote by selecting appropriate options such as assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
  - e) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  - g) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General guidelines for shareholders**
1. Institutional shareholders (other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to [ciplascrutinizer@gmail.com](mailto:ciplascrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on 'Upload Board Resolution / Authority Letter' displayed under 'e-voting' tab in their login.
  2. It is strongly recommended to not share your password with any other person and to take the utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions ("FAQs") for shareholders and e-voting user manual for shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free nos. 1800 1020 990 and 1800 22 44 30; or send a request to Mr Amit Vishal or Ms Pallavi Mhatre, NSDL, at the designated email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for procuring user ID and password for e-voting for those shareholders whose email IDs are not registered with the depositories:**

1. Shareholders may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user ID and password for e-voting.
2. If shares are held in physical mode, please provide Folio Number, name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card).
3. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + Client ID or 16-digit beneficiary ID), name of member, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card).
4. If you are an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.
5. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become members of the Company after

the Notice is sent and holding shares as of the cut-off date, i.e. 19<sup>th</sup> August, 2022, may obtain the user ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if the shareholder is already registered with NSDL for remote e-voting, then they can use their existing user ID and password for casting the vote. In case of individual shareholders holding securities in demat mode, who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e. 19<sup>th</sup> August, 2022, are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.

**Instructions for members for e-voting on the day of the AGM:**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those members/ shareholders who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, will be eligible to vote through e-voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM will be the same person mentioned for remote e-voting.

**STATEMENT SETTING OUT ALL MATERIAL FACTS CONCERNING EACH OF THE BUSINESS(ES) TO BE TRANSACTED AT THE 86<sup>th</sup> ANNUAL GENERAL MEETING AS STATED IN THE NOTICE DATED 29<sup>TH</sup> JULY, 2022: [Pursuant to Section 102 of the Companies Act, 2013]**

**Item Nos. 1 and 2: Ordinary Resolution**

In terms of the provisions of Section 129 of the Act, the Company submits its standalone and consolidated financial statements for the financial year under review for adoption by members at the Annual General Meeting.

The Board of Directors (hereinafter referred to as the Board), on the recommendation of the Audit Committee, has approved the standalone and consolidated financial statements for the financial year ended 31<sup>st</sup> March, 2022. Detailed elucidation of the financial statements has been provided under various sections of the Annual Report, including the Board's Report, the Management Discussion and Analysis and the Financial Capital section of the Integrated Annual Report.

The standalone and consolidated financial statements of the Company along with the reports of the Board and Auditor thereon have been:

- o sent to the members on their registered email address.
- o uploaded on the website of the Company, [www.cipla.com](http://www.cipla.com), under the 'Investors' section.

The statutory auditors have issued an unmodified report on the financial statements and have confirmed that both standalone and consolidated financial statements represent a true and fair view of the state of affairs of the Company.

The Board has selected such accounting policies and applied them consistently and made judgments 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 31<sup>st</sup> March, 2022 and of the profit of the Company for the financial year ended 31<sup>st</sup> March, 2022.

In case members have any query or question on the financial statements, they are requested to send their queries/questions to the Company Secretary at the email ID [cipla.agm@cipla.com](mailto:cipla.agm@cipla.com) by 25<sup>th</sup> August, 2022 to enable the management to respond to these queries objectively at the AGM.

The Board recommends the resolutions at Item Nos. 1 and 2 for approval of the members as ordinary resolutions.

None of the Directors and Key Managerial Personnel and their relatives are in any way, financially or otherwise, interested or concerned in these resolutions except as a member to the extent of their shareholding in the Company.

**Item No. 3: Ordinary Resolution**

In terms of the provision of the Act, the members approve and declare the dividend recommended by the Board of Directors.

Pursuant to the Dividend Distribution Policy of the Company, the Board has recommended a final dividend of ₹ 5/- per equity share for the financial year ended 31<sup>st</sup> March, 2022. In case of shares held in physical form, the dividend recommended by the Board, if approved, will be paid to those members whose name will appear in the Register of Members as on the close of Wednesday, 10<sup>th</sup> August, 2022 and in respect of shares held in dematerialised form, the dividend will be paid to those members whose names are furnished by NSDL and CDSL as beneficial owners as on that date.

The Company will endeavour to pay the dividend within seven working days from the date of the declaration but not later than 30 days from the date of the ensuing Annual General Meeting.

The Board recommends the resolution at Item No. 3 for approval of the members as an ordinary resolution.

None of the Directors and Key Managerial Personnel and their relatives are in any way, financially or otherwise, interested or concerned in this resolution except to the extent of their shareholding in the Company.

**Item No. 4: Ordinary Resolution**

In terms of the provisions of Section 152 of the Act at least two-thirds of the total number of directors (excluding Independent Directors), shall be liable to retire by rotation, out of which at least one-third of the total number of such directors shall retire at every AGM. In compliance with this requirement, Ms Samina Hamied, Executive Vice-Chairperson and Director of the Company, would be retiring at the AGM and being eligible, has offered herself for re-appointment.

Ms Samina Hamied has been instrumental in incubating and shaping Cipla's consumer healthcare business as a part of Cipla New Ventures and has successfully led the global strategic alliances. She is responsible for engaging with the management and monitoring key initiatives in line with Cipla's strategic and business performance building and nurturing Cipla's relationship with key industry and non-industry stakeholders across priority markets to bolster reputation, reinforce the vision, communicate strategy and strengthen partnerships, manage board and governance issues, among others.

A detailed profile of Ms Samina Hamied is available on the website of the Company, [www.cipla.com](http://www.cipla.com), under the 'Investors' section. Details as required under Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard - 2 and other applicable provisions are provided in Annexure 1 to the explanatory statement.

Based on performance evaluation and the recommendation of the Nomination and Remuneration Committee, the Board recommends the reappointment of Ms Samina Hamied as Director liable to retire by rotation as set out in the resolution in Item No. 4, for approval of the members as an ordinary resolution.

Except for Dr Y.K. Hamied, Mr M.K. Hamied and Ms Samina Hamied, and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 5: Special Resolution**

On the recommendation of the Nomination and Remuneration Committee, the Board had appointed Dr Mandar Purushottam Vaidya (DIN: 09690327) as an Additional Director and an Independent Director of the Company w.e.f. 29<sup>th</sup> July, 2022. Pursuant to the provisions of Section 161 of the Act, Dr Vaidya holds office up to the date of the ensuing Annual General Meeting on 26<sup>th</sup> August, 2022 and his appointment is required to be approved by the members in compliance with the provisions of Section 149 of the Act.

The Company has received a notice under Section 160 of the Act from a member, proposing the appointment of Dr Vaidya as an Independent Director of the Company.

Dr Vaidya has confirmed that (i) he meets the criteria of independence prescribed under Section 149(6) of the Act and Regulation 16(1) of the SEBI Listing Regulations; (ii) he is not disqualified from being appointed as an Independent Director. Unless exempted, Dr Vaidya would be required to clear the independent Directors' proficiency test within a period of two years from the date of inclusion of his name in databank, by 7<sup>th</sup> June, 2024.

The Nomination and Remuneration Committee had identified amongst others, Risk Management, M&A, Sustainability & ESG, Tech & Digital and Operations as the key skills and capabilities for the role. Considering the qualification, rich experience and expertise of Dr Mandar Vaidya, he possesses the requisite skills and capabilities required for the role of Independent Director of the Company and in the opinion of the Board, fulfills the conditions of independence as specified in the Act, the rules made thereunder and the SEBI Listing Regulations to the extent applicable to the Company and is independent of the management of the Company.

A detailed profile of Dr Vaidya is available on the website of the Company, [www.cipla.com](http://www.cipla.com), under the 'Investors' section. Details as required under regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard - 2 and other provisions of the applicable laws are provided in Annexure 1 to the explanatory statement. A copy of the letter of appointment setting out the terms and conditions of the appointment is available to the members for electronic inspection without any fee.

Based on the recommendation of the Nomination and Remuneration Committee, the Board recommends the appointment of Dr Vaidya as set out in the resolution in Item no.

5, for approval of the members as a special resolution.

Except Dr Mandar Vaidya and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 6: Ordinary Resolution**

Mr Umang Vohra was reappointed as Managing Director and Global Chief Executive Officer ("MD & GCEO") of the Company w.e.f. 1<sup>st</sup> April, 2021 for a period of 5 years and his re-appointment was approved by the members at the 85<sup>th</sup> Annual General meeting ("AGM") held on 25<sup>th</sup> August, 2021. Mr Vohra also serves as the Director and President of Cipla USA Inc. and as a Director of InvaGen Pharmaceuticals Inc., wholly owned subsidiaries of the Company. The terms of appointment including remuneration from Cipla Limited and Cipla USA Inc. was set out in the explanatory statement to resolution no. 8 of the notice of the 85<sup>th</sup> AGM. The Notice of the AGM as disseminated to the members is available on the website of the Company at <https://www.cipla.com/sites/default/files/Notice-of-AGM.pdf>.

As MD & GCEO, Mr Vohra is responsible for the overall performance of Cipla Group. Under his leadership, the Company has performed well in last six years and is consistently witnessing growth.

Under his able leadership, the Company has built a strong and stable leadership across the organization and the businesses have generated strong stakeholder delight through continued rigour on portfolio execution and financial discipline to drive higher profitability, improved cash flow generation and return on investment. Cipla's global consumer business is leveraging portfolio strengths and capabilities across India and South Africa, coupled with consumer insights and robust media campaigns to drive innovation translating into winning benefits for consumers.

In order to maximize efficiencies of the business operations and unlock the potential value of businesses, as part of the Company's long-term strategy, the Cipla Group may focus on some of the new ventures through subsidiary companies which are not part of the core business such as consumer business, innovation, digital, etc. ("Relevant Subsidiaries").

While the roles and responsibilities of Mr Vohra as MD & GCEO of the Company requires him to devote considerable time and effort in strategizing the operations at the group level including subsidiaries / new ventures and ensure growth at consolidated level, to ensure added focus on one or more of such Relevant Subsidiaries, the Board, may, from time to time, require a more direct participation of Mr Vohra (over and above the oversight he currently has in his role as the MD & GCEO) in the affairs of such Relevant Subsidiaries and require that Mr Vohra join the board of such Relevant Subsidiaries in an executive or non-executive position. Mr Vohra's proposed direct role with the Relevant Subsidiaries will in no way dilute his roles and responsibilities as the MD & GCEO of the Company and he will continue to devote his best efforts, business judgment, skill, knowledge, and attention to advancing the business and affairs

of the Company.

The Relevant Subsidiaries may have employee stock appreciation rights scheme ("ESAR") or other share-based benefit schemes for the benefits of its own employees and employees (includes Directors, KMPs and senior management employees) of the holding company i.e., Cipla Limited, who are involved in the affairs of the Relevant Subsidiary and the terms of grant i.e. grant price, vesting schedule, etc. would not be favorable in comparison to other employees.

Accordingly, if Mr Vohra accepts the appointment, it is proposed that, based on the recommendations of the Nomination and Remuneration Committee and approval of the Board of the Company and as per the applicable approvals of the Relevant Subsidiary, Mr Vohra may be granted certain ESARs/share-based incentives from such Relevant Subsidiaries. These share-based incentives will be over and above the remuneration approved by the members vide resolution dated 25<sup>th</sup> August, 2021. While granting the ESARs/share-based incentives to Mr Vohra, compliance with the minimum conditions as stated in the resolution including minimum vesting period as prescribed under ESARs/share-based incentives scheme of the Relevant Subsidiary and the applicable statutory provisions will be ensured.

As per the provisions of Section 196 and 197 read with Schedule V of the Act and the rules made thereunder, and the provisions of the SEBI Listing Regulations, approval of the members is required for payment of remuneration to certain managerial personnel and any changes to their remuneration therein. In case such managerial personnel being a director of a subsidiary, receives any remuneration (including share-based benefits) from a subsidiary, such remuneration can be paid with the approval of the respective Relevant Subsidiary's board and its shareholders (as applicable) and the approval of the members of the listed holding company is not required as per the statutory provisions. However, following the highest standards of governance and transparency, the Board of Directors of Cipla Limited proposes to seek approval of the members for grant of share-based benefits to Mr Vohra, from its subsidiaries over and above his current approved compensation.

It is confirmed that except as mentioned above and as approved by the members at 85<sup>th</sup> AGM held on 25<sup>th</sup> August, 2021, there is no other change in the remuneration of Mr Umang Vohra.

The detailed profile of Mr Umang Vohra is available on the

website of the Company at <https://www.cipla.com/about-us/board-directors>. Details as required under the Secretarial Standard - 2 are provided in Annexure 1 to the explanatory statement.

Based on the recommendation of the Nomination and Remuneration Committee, Audit Committee and the Board of the Company and subject to approval of the members of the respective relevant subsidiary, the Board recommends the resolution for authorisation to grant share-based benefits from one or more subsidiary of the Company to Mr. Umang Vohra, Managing Director and Global Chief Executive Officer as set out in Item No. 6, for approval of the members as an ordinary resolution.

Except Mr Umang Vohra and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

#### **Item No. 7: Ordinary Resolution**

The Board on the recommendation of the Audit Committee, has approved the appointment of Mr D.H. Zaveri as the cost auditor to audit the Company's cost records for the financial year ending 31<sup>st</sup> March, 2023 at a remuneration of ₹ 11,75,000/- (Rupees eleven lacs seventy-five thousand only) plus applicable taxes and reimbursement of reasonable out-of-pocket expenses.

In accordance with the provisions of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor is required to be ratified by the members of the Company. The Board recommends the resolution as set out in Item No. 7 for ratification of the members as an ordinary resolution.

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution.

By order of the Board of Directors  
For **Cipla Limited**

Date: 29<sup>th</sup> July, 2022

Place: Mumbai

**Rajendra Chopra**  
Company Secretary

# ANNEXURE 1

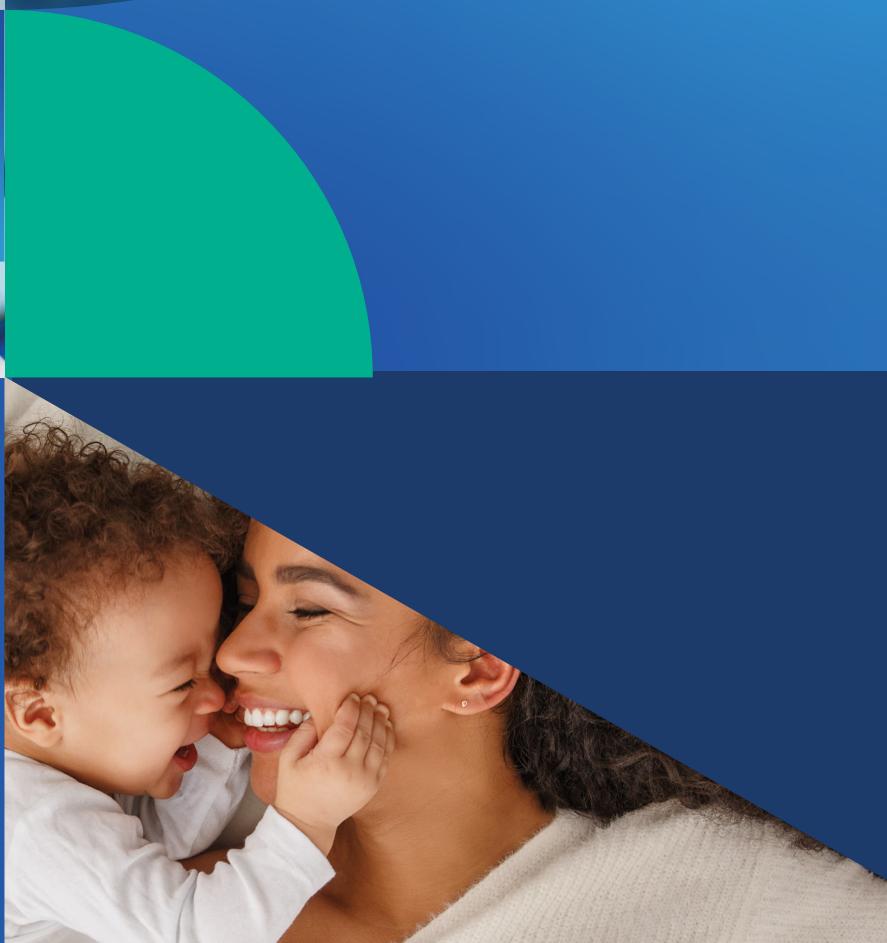
## PROFILE OF DIRECTORS

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard - 2 on General Meetings]

Full Name	Ms Samina Hamied	Mr Umang Vohra	Dr Mandar Vaidya
<b>Director Identification Number (DIN)</b>	00027923	02296740	09690327
<b>Age</b>	46 years	50 years	46 years
<b>Original Date of Appointment</b>	10 <sup>th</sup> July, 2015	1 <sup>st</sup> September, 2016	29 <sup>th</sup> July, 2022
<b>Qualification</b>	MSc in International Accounting and Finance from The London School of Economics and Political Science	PGDM (T.A Pai Management Institute, Manipal); Bachelor of Engineering (University of Bangalore)	MBBS from the Sir JJ Group of Hospitals MBA from Jamnalal Bajaj Institute of Management Studies
<b>Experience and Expertise</b>	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; Sales, Marketing, Commercial; Tech and Digital; M&A; Risk Management; Sustainability and ESG.	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Financial Expertise; Operations; Sales, Marketing, Commercial; Tech and Digital; M&A; Risk Management; Sustainability and ESG	Global economics and business; Corporate Governance; General management and Leadership; Pharmaceutical, Science and Technology; Operations; Sales, Marketing, Commercial; Tech and Digital; M&A
<b>Remuneration last drawn (including sitting fees)</b>	As mentioned in the Report on Corporate Governance		NIL
<b>Remuneration to be paid</b>	As mentioned in the Report on Corporate Governance	As mentioned in the explanatory statement	As mentioned in the Report on Corporate Governance
<b>Number of board meetings attended during FY 2021-22</b>	As mentioned in the Report on Corporate Governance		N.A. since new appointment
<b>Shareholding (Equity Shares)</b>	1,79,09,500 (2.22%)	3,43,268 (0.04%)	NIL
<b>Relationship with other directors and key managerial personnel</b>	Daughter of Mr M.K. Hamied, Non-Executive Vice-Chairman; and niece of Dr Y.K. Hamied, Non-Executive Chairman	Not related to any directors / key managerial personnel	
<b>Member/ Chairperson of committees of the Company</b>	Chairperson <ul style="list-style-type: none"> <li>• Investment and Risk Management Committee</li> <li>• Operations and Administrative Committee</li> </ul>	Member <ul style="list-style-type: none"> <li>• Corporate Social Responsibility Committee</li> <li>• Investment and Risk Management Committee</li> <li>• Operations and Administrative Committee</li> </ul>	Member <ul style="list-style-type: none"> <li>• Audit Committee (wef 29<sup>th</sup> July, 2022)</li> </ul>
<b>Directorships held in other companies</b>	<ul style="list-style-type: none"> <li>• Cipla Health Limited</li> <li>• Cipla (EU) Limited</li> <li>• InvaGen Pharmaceuticals Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Cipla USA Inc.</li> <li>• InvaGen Pharmaceuticals Inc.</li> </ul>	None
<b>Membership of committees held in other Indian companies</b>	None	None	None
<b>Chairpersonship of committees held in other Indian companies</b>	None	None	None
<b>Listed entities from which the person has resigned in the past three years</b>	None	None	None

# Care that inspires innovation

# Cipla



Cipla Limited  
Annual Report  
2021-22

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Care that  
inspires  
innovation



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

**Cipla's purpose of 'Caring for Life' guides our actions and has been the force impelling our history over the years. Our constant endeavour is to provide our patients with the best in healthcare, be it drugs, devices, new-age therapies or novel initiatives. Our innovation-driven mindset constantly encourages us to push the envelope and come up with breakthrough innovations that make a difference in the lives of patients.**

Our decision to develop bulk drugs in India in the 1960s germinated from our long-term vision for pharma in the country. Our pioneering feats in inhalation therapy in the 1970s was the result of our recognition of the future of respiratory medicine.

Cipla broke new ground for the domestic pharma industry with US FDA approvals in the 1980s. In the last two decades the Company has diversified into newer therapies, capabilities, digitisation, automation and analytics, technology platforms, 'firsts' in combination drugs and devices, dosage forms, geographies and strategies. We have always viewed ourselves as a conscious member of society

and hence our patient awareness campaigns, projects in skilling and disaster response, primary healthcare and corrective surgeries, internships and education, all keep us rooted in the community, wherever we are present.

To be a preferred partner of choice for over eight decades required us to evolve constantly and excel consistently, most importantly for this zero-error industry. It has required humility that exhorts us to think big, so that we deliver on our stakeholder commitments. It is this commitment to our patients that drives us to think out-of-the-box every single day and it is this care that inspires innovation for all that we set our minds to.

# About this Report<sup>1</sup>

## Welcoming our stakeholders to the Integrated Annual Report for FY 2021-22

We are humbled to present our fifth Integrated Annual Report, which is drafted with our mission to pursue sustained value creation as a responsible pharmaceutical company. The report aims to provide a detailed insight into our financial and non-financial disclosures, encompassing our leadership, culture and strategy of our value creation process to our stakeholders.

## Our reporting guidelines

Our Integrated Report for FY 2021-22 is guided by the principles and requirements of the IIRC's International <IR> Integrated Reporting Framework. Our report has been prepared in accordance with the Global Reporting Initiative ('GRI') standards: Core option, with linkages to the National Guidelines on Responsible Business Conduct ('NGRBC') on Social, Environmental and Economic responsibilities of the business. The financial and statutory information in this report is in compliance with the requirements of the Companies Act, 2013, Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards and other applicable laws.

## Our core elements to enhance value creation

The report defines its organisational strategies, the business model, prominent risks and opportunities. It also details our capitals that measure our financial and non-financial performance; which includes inputs from our stakeholder engagement and materiality assessment.

It also addresses the application and impact of the material topics on our business model, as mapped against the six capitals outlined below:



## Reporting boundary and scope

The report for FY 2021-22 portrays the financial and non-financial performance of Cipla's global operations from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022. Information on our joint ventures has been disclosed wherever relevant. Further, this report includes aspects, which impact Cipla's ability to create value. Any specific exclusions are provided in respective sections.

## Responsibility statement

The Board firmly believes that this report is a fair representation of our Company's financial, non-financial, sustainability and operational performance and addresses all material topics relevant to the Company for FY 2021-22. The Board acknowledges that the contents of this report have been prepared by respective functions and business under the guidance of the Management Council.

## Assurance

Assurance on financial statements has been provided by our statutory auditor Walker Chandiok & Co LLP on page no. 198 and 283 of this report. Non-financial information has been independently assured by DNV Business Assurance India Private Limited which can be found on page no. 193 of this report.

## Feedback

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

<sup>1</sup> GRI 102-46, GRI 102-50, GRI 102-52, GRI 102-53, GRI 102-54 and Information in line with BRSR Question no. 13 of Section A

## About Cipla<sup>1</sup>

**Established in 1935, Cipla is a global pharmaceutical company focused on agile and sustainable growth with a firm commitment to make medicines accessible and available to those in need.**

**Our product portfolio spans complex generics as well as drugs in the respiratory, anti-retroviral, urology, cardiology, anti-infective, CNS, and various other key therapeutic segments. With a rich portfolio, we are deepening our presence in the home markets of India, as well as South Africa, North America, and other key regulated and emerging markets. Our 47 manufacturing sites around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to our 86 markets<sup>2</sup>.**

For over eight decades, making a difference to patients has inspired every aspect of Cipla's work. Our paradigm-changing offer of a triple anti-retroviral therapy in HIV/AIDS at less than a dollar a day in Africa in 2001 is widely acknowledged as having contributed to bringing inclusiveness, accessibility and affordability to the centre of the HIV movement.

**Cipla is the third-largest pharmaceutical Company in India and the third largest in the private pharmaceutical market of South Africa (IQVIA, March 2022).**

**We are the second largest Indian exporter to emerging markets<sup>3</sup> and also among the most dispensed generic players in the US.** Our approach to responsible resource consumption, efforts to enhance access and affordability of medicines worldwide

and strong financial growth, provide a robust foundation to build a responsible business and stay committed to sustainable growth.

**By 2025, Cipla endeavours to be a carbon neutral, water neutral and zero waste to landfill Company. Cipla also aims to attain AMR stewardship, green chemistry and making it right and ensure well-being of employees and partners.**

As a responsible corporate citizen, Cipla's humanitarian approach to healthcare in pursuit of its purpose of 'Caring for Life' and deep-rooted community linkages to wherever it is present, makes it a partner of choice to global health bodies, peers and all stakeholders.

**For more, please visit [www.cipla.com](http://www.cipla.com) or click on  Twitter,  Facebook and  LinkedIn channels.**



<sup>1</sup>GRI 102-1, GRI 102-2 , GRI 102-5, GRI 102-6, GRI 102-12

<sup>2</sup> Represents countries / markets where sales are more than USD 0.5 million

<sup>3</sup> EXIM Intellimax data for Emerging Markets (ex SAGA, CIS, China) for FY 2021-22

# Sustainability Highlights

## Cipla's maiden selection in DJSI Emerging Markets Index



### Carbon Neutrality

Renewable energy | GHG Reduction

**24%** | **16%**

### Water Neutrality

<b>3</b>	<b>120,648 kl</b>	<b>42%</b>
Zero Liquid Discharge plants in formulation sites commissioned	Rain water harvesting potential	Total water recycled/reused

### Zero Waste to Landfill

<b>2/3<sup>rd</sup></b>	<b>30%</b>
of Cipla facilities are zero waste to land fill	Reduction in waste disposal



### AMR

Cipla has performed strongly in AMR stewardship and achieved a score of 60% in generic pharma manufacturing in Access to Medicine Foundation's AMR Benchmark Report 2021, which is 2<sup>nd</sup> highest in Indian Generic Pharma companies.

### Well-being of Employees and Partners

**Zero fatalities**

Total Incident Rate

**0.53**

### Green Chemistry and Making it Right

**Eliminated 7 undesirable solvents**  
**Substituted 3 solvents with safer alternatives**

**112**

HAZOP studies conducted during the year.

# Community Highlights

## Health



**82-year-old Hirabai Pawar has been living alone even since she lost her husband 35 years ago.** As age caught up, Hirabai suffered from hypertension and joint pain, unable to walk to buy herself medicines. With the Mobile Health Unit driving regularly to her village, she now gets her medicines delivered to her doorstep.



**Our doctors and nurses at Cipla's Palliative Care Centre in Pune** provide the comfort and care needed when a person is diagnosed with a serious illness. Palliative care for 75-year-old Karuna Tawade ensured her family was cared for as much as she was, empowering her son to take care of his mother's needs at home.

## Disaster Response



**Kishore Santra and her family of 7** were devastated when the floods in Tamil Nadu disrupted their lives. In collaboration with HelpAge India, we reached out to vulnerable families with ration kits.

## Education



**Kavita lost her father due to COVID-19, putting immense pressure on her mother to make ends meet and provide for her school fees.** Our project in partnership with Pratham makes sure that girls who were at risk of dropping out of school, continue learning and thriving.



**When the pandemic hit, Seema, Aarti and Sunita stopped going to school.** Instead, they helped with household chores while their brothers continued studying online. Our D-LEAD programme helped these friends get back to learning online. They now feel empowered to build a career.



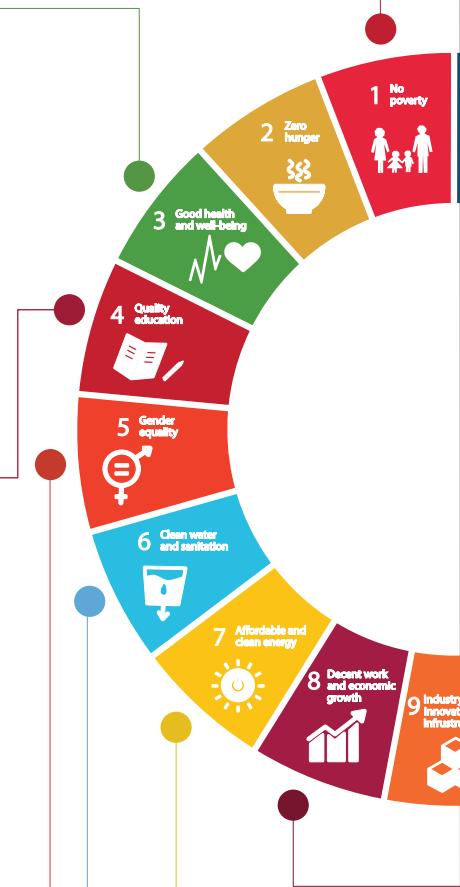
**Paper, pen, and crayons – that is all Akani needs to keep herself busy.** At the Ajuga Centre, she gets this and much more – friends, food, and fun. Early Childhood Education through play and learning has a profound impact on children's development and Akani is among the many children who are receiving the necessary care.

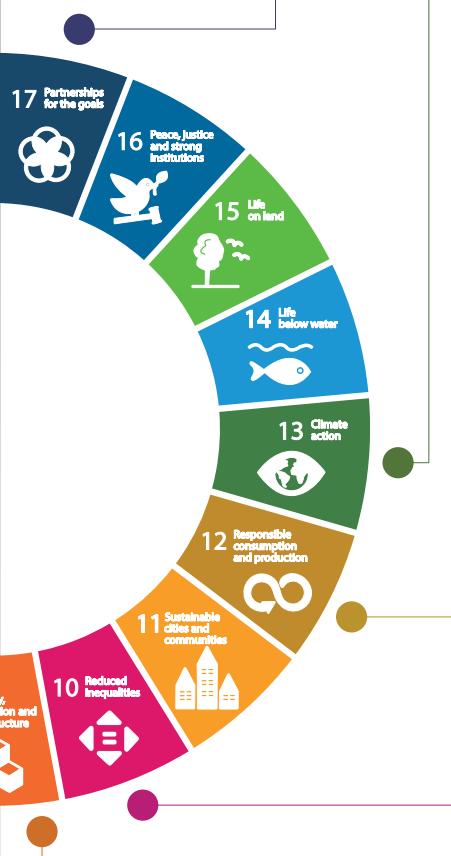
# Sustainable Development Goals

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

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

 <b>1</b> NO POVERTY	<b>1.5</b> Provided essential supplies to 2,800+ families to natural disaster hit communities of Tamil Nadu, Kerala, Odisha and Maharashtra.
 <b>3</b> GOOD HEALTH AND WELL-BEING	<b>3.3 and 3.8</b> Providing access to medicine for ~45% of diseases on the WHO Essential Medicine List (EML).  <b>3.4</b> We provide drugs for 94% of non-communicable diseases which are considered essential as per WHO essential medicine list.
<b>3.b</b> Flexible in enforcing patents allowing accessibility of medicines.	<b>3.c</b> Capacity Building and Training programmes designed to skill healthcare professionals through trainings and web-based sessions aligned to WHO's curriculum. Continuing Medical Education (eCME) Programmes trained 5,00,000+ HCPs through 19,400+ webinars.
 <b>4</b> QUALITY EDUCATION	<b>4.1</b> Provided quality education through D-LEAD (Digital Learning Excellence and Development). 42,000+ students were benefitted through D-lead and 4,300+ tablets were distributed to students from low-income communities.  Educational scholarships were provided to 490+ children.  <b>4.2</b> Through nine Early Childhood Development Centres located in disadvantaged communities, we provided high quality infrastructure to create an environment of growth for children, including quality care, nutrition and education. 1,000+ children were supported with 41,000+ meals in the year.  <b>4.4</b> Supported 12,000+ Anganwadi workers by imparting knowledge and new skills for addressing the pressing needs of differently-abled children.
 <b>5</b> GENDER EQUALITY	<b>5.1.</b> Our I&D Council, comprising leaders from each function and geography, reviews progress on gender diversity numbers on a quarterly basis.  <b>5.5</b> ~30% of Management Council members are women.  <b>5.c</b> Over 13% of all employees are women.



**17.17**

We support - 'Terra Carta', a voluntary charter which provides a 2030 roadmap for businesses to move towards a sustainable future.

**13.b**

Reduction in GHG emissions (Scope 1 & 2) by 16% during FY 2021-22.

Committed to become carbon neutral, water neutral and zero waste to landfill Company by 2025.

**12.2**

651 MT of waste was co-processed and diverted from incineration or landfill.

**12.5**

Recycling/co-processing practices accounts for 83% of solid waste.  
Cipla collected and recycled 10,968 MT of plastic waste which was equivalent to 100% of its post consumer plastic waste generated.

**10.2**

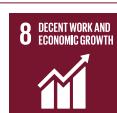
For all our differently-abled colleagues, the infrastructure facilities across our offices and majority of our site locations, adhere to accessibility standards. Our Equal Opportunity Policy safeguards the rights of our differently-abled colleagues and is drafted in accordance with the provisions of The Rights of Persons with Disabilities Act, 2016.

**9.4**

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

**9.5**

During the year, we launched 93 new products and spent ₹ 1,122 crores on R&D.

**8.6**

We entered into partnership with Skill and Entrepreneurship Development Institute at Nalagarh, Himachal Pradesh, where students were enrolled on seven different short-term courses.

**8.8**

Provided training on human rights, conducted human rights due diligence and had zero fatalities across operations.

**7.2**

24% of our energy in operations comes from renewable sources.

**7.3**

Conserved 14 TJ of energy in FY 2021-22.

**6.4**

In FY 2021-22, 42% of water drawn for our operations was recycled/reused.

## OneCipla Credo<sup>1</sup>

We are a

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

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

This is our OneCipla Credo

OUR WINNING ASPIRATION

CIPLA LEADERSHIP ESSENTIALS

## OUR FIRST PRINCIPLES



### PATIENTS

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



### LEADERSHIP IN CORE MARKETS

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



### COMMERCIAL EXCELLENCE

- Accelerated revenue growth and sustainable margin expansion

### PEOPLE

INSPIRATIONAL  
TALENT MINDSET



### PERFORMANCE

ACHIEVEMENT ORIENTATION  
SYSTEMS THINKING



### HEALTH

INNOVATION & CHANGE  
ENTERPRISE FIRST



## Financial Highlights

FY 2021-22 Revenue



**14%**

Y-o-Y Growth

FY 2021-22 EBITDA Margin



**21%**

FY 2021-22 PAT Margin



**11.6%**

FY 2021-22 Free Cash Flow



**2,596**

(₹ in crores)

FY 2021-22 RoIC



**1.4%**

Y-o-Y expansion

### Revenue from Operations

(₹ in crores)

**8%**

5-year CAGR



### EBITDA and EBITDA Margin<sup>1</sup>

(₹ in crores)

**13%**

5-year CAGR



### PAT & PAT Margin<sup>2</sup>

(₹ in crores)

**20%**

5-year CAGR



### Return on Invested Capital ('RoIC')<sup>3</sup>



**Note 1:** EBITDA = Revenue from operations - (cost of material consumed + purchase of stock-in-trade + changes in inventory of finished goods, work-in-progress and stock-in-trade + employee benefits expense + other expenses). FY 2020-21 includes one-time income from a litigation settlement. FY 2021-22 includes one-time COVID-19 inventory provision and other charges.

**Note 2:** FY 2021-22 includes one-time impact of impairments

**Note 3:** RoIC = EBITDA - depreciation & amortisation + average [(fixed assets including goodwill + current assets excluding cash and cash equivalent) - current liabilities excluding borrowing]

## Global Reach<sup>1</sup>



### One-India (Branded prescription, trade generics and consumer health)

Y-o-Y Growth  $\uparrow$  27%

#### Key Highlights

- 3<sup>rd</sup> largest pharmaceutical company in India.
- 3<sup>rd</sup> largest overall and 2<sup>nd</sup> largest in chronic branded prescription business; strong market share and healthy ranks across acute and chronic therapies.
- Scale-up in branded In-licensing business driven by well-entrenched global MNC partnerships; Anti-diabetic portfolio in-licensed from Eli Lilly in Q4 FY 2021-22.
- Largest trade generic business in India; strong traction in flagship brands and order flow across regions attributed to expanding portfolio breadth and deepening connect with channel.
- ₹ 500 crores+ consumer health business; continued to drive illness to wellness theme led by brand building initiatives, deepening distribution and category innovations.

### North America

Y-o-Y Growth  $\uparrow$  8%

#### Key Highlights

- Amongst top 10 players by prescription in the US market.
- DTM respiratory franchise to USD 169 million with 28% Y-o-Y Growth; Healthy market share for respiratory portfolio including Albuterol (17.2% total market share) and Arformoterol (29.8% total market share).
- Peptide portfolio unlocking; 1<sup>st</sup> 505b2 peptide asset Lanreotide injection launched.
- Initiated clinical trials on a respiratory asset; strong pipeline of respiratory, peptide injectables and other complex assets.

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

Y-o-Y Growth  $\uparrow$  6%

#### Key Highlights:

- 3<sup>rd</sup> largest pharmaceutical corporation in South Africa private with 7.5% overall market share.
- 3<sup>rd</sup> largest in South Africa branded prescription with 7.7% market share; respiratory (2<sup>nd</sup> rank; 13.4% market share) and CNS (3<sup>rd</sup> rank; 10.8% market share) top therapies.
- 3<sup>rd</sup> largest in South Africa OTC with 7.1% market share; strong brand equity for consumer brands.
- 32 products launched across multiple therapies in the private market during the year.
- Maintained scale in Sub-Saharan business; TLD traction continues in Cipla Global Access.
- Partnership with mAbxience for oncology and respiratory biosimilars in South Africa.

**17%**  
Revenue Contribution

### International Markets

Y-o-Y Growth ↑ 1%

#### Key Highlights:

- ▶ 2<sup>nd</sup> Largest Indian exporter# in emerging markets; strong double digit growth across DTM markets.
- ▶ Emerging markets DTM business contributed 41% to overall emerging markets revenue; grew by 20% over FY 2020-21.
- ▶ Europe DTM business contributed 28% to overall Europe revenue; grew by 25% over FY 2020-21.
- ▶ Strong respiratory filings done in European markets to strengthen future pipeline.
- ▶ Continued focus on growth through organic launches and partnerships to augment generic and biosimilar footprint.

**13%**  
Revenue Contribution

**3%**  
Revenue Contribution

### API (Active pharmaceutical ingredients)

Y-o-Y Growth ↓ 5%

#### Key Highlights:

- ▶ Strong customer relations and niche portfolio of products.
- ▶ Continued traction in global seeding and lock-ins.

#### NOTE

- ▶ Balance % contribution to sales over and above the geographies mentioned pertains to other operating income | Figures have been rounded-off | Revenue growth numbers are in local currency
- ▶ **India & SA:** Market share data and rankings as per IQVIA MAT March, 2022
- ▶ **Emerging Markets:** #As per IntelliMax Finished Formulation Export Data for April, 2021 – March, 2022
- ▶ **North America:** TRx market share data as per IQVIA week ending 31<sup>st</sup> March, 2022

## Board of Directors<sup>1</sup>

 <p><b>Dr Y K Hamied</b> Chairman</p>	 <p><b>Mr M K Hamied</b> Vice-Chairman</p>	 <p><b>Ms Samina Hamied</b> Executive Vice-Chairperson</p>	 <p><b>Mr Umang Vohra</b> Managing Director and Global Chief Executive Officer</p>
 <p><b>Mr S Radhakrishnan</b> Non-Executive Non-Independent Director</p>	 <p><b>Mr Adil Zainulbhai</b> Independent Director</p>	 <p><b>Mr Ashok Sinha</b> Independent Director</p>	 <p><b>Dr Mandar Vaidya</b> Independent Director</p>
 <p><b>Mr P R Ramesh</b> Independent Director</p>	 <p><b>Dr Peter Mugenyi</b> Independent Director</p>	 <p><b>Ms Punita Lal</b> Independent Director</p>	 <p><b>Mr Robert Stewart</b> Independent Director</p>

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

## Management Council

**Mr Umang Vohra**

Managing Director and  
Global Chief Executive Officer

**Ms Geena Malhotra**

Global Chief Technology  
Officer

**Dr Raju Mistry**

Global Chief People Officer

**Mr Paul Miller**

CEO Cipla South Africa  
and Regional Head  
Africa and Access

**Mr Pradeep Bhaduria**

Global Chief Scientific  
Officer

**Mr Swapn Malpani**

Global Head Supply Chain

**Mr Achin Gupta**

CEO - One India Business

# Ten-Year Highlights<sup>1</sup>

## Consolidated

₹ in crores

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015	2014	2013
<b>Income Statement Data</b>										
Revenue from operation	21,763	19,160	17,132	16,362	15,219	14,630	13,790	11,345	10,173	8,279
Profit for the year <sup>^</sup>	2,517	2,405	1,547	1,528	1,411	1,006	1,360	1,181	1,388	1,545
Dividend	403	-	564 <sup>^^</sup>	242	161	161	161	161	161	161
<b>Balance Sheet Data</b>										
Total equity attributable to owners	20,842	18,327	15,763	15,012	14,229	12,525	11,516	10,789	10,050	9,019
Property, plant and equipment - Net block	4,839	4,618	4,805	5,114	5,315	5,009	4,605	4,141	3,996	3,610
Current investments including cash and cash equivalents <sup>*</sup>	4,112	3,676	2,009	2,735	2,058	1,452	1,442	941	471	2,244
Total debt	824	1,756	2,816	4,316	4,098	4,113	5,192	1,702	1,228	967
<b>Additional Data</b>										
Earnings per share - Diluted	₹ 31.17	₹ 29.79	₹ 19.16	₹ 18.93	₹ 17.50	₹ 12.50	₹ 16.89	₹ 14.66	₹ 17.27	₹ 19.24

\* Figures from FY 2015-16 to FY 2021-22 are in compliance with Ind AS

<sup>^</sup> Profit after tax attributable to the shareholders

<sup>\*</sup> Includes bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend)

<sup>^^</sup> includes interim dividend for the year FY 2019-20

# Corporate Information<sup>1</sup>

## Founder

Dr K A Hamied  
(1898-1972)

## Chairman

Dr Y K Hamied

## Vice-Chairman

Mr M K Hamied

## Executive Vice-Chairperson

Ms Samina Hamied

## Managing Director and Global Chief Executive Officer

Mr Umang Vohra

## Non-Executive Non-Independent Director

Mr S Radhakrishnan

## Independent Directors

Mr Adil Zainulbhai  
Mr Ashok Sinha  
Dr Mandar Vaidya (with effect from 29<sup>th</sup> July, 2022)  
Mr P R Ramesh  
Dr Peter Mugyenyi  
Ms Punita Lal  
Mr Robert Stewart

## Interim Chief Financial Officer

Mr Dinesh Jain (with effect from 10<sup>th</sup> May, 2022)

## Company Secretary and Compliance Officer

Mr Rajendra Chopra

## Statutory Auditor

Walker Chandiok & Co LLP

## Chief Internal Auditor

Mr Deepak Viegas

## Secretarial Auditor

BNP & Associates

## Cost Auditor

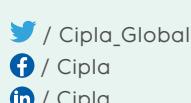
Mr D H Zaveri

## Corporate Identity Number

L24239MH1935PLC002380

## Registered Office

**Cipla House**  
Peninsula Business Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai – 400 013, Maharashtra  
**Tel. No.:** +91 22 2482 6000 | **Fax No.:** +91 22 2482 6120  
**Email id:** [cosecretary@cipla.com](mailto:cosecretary@cipla.com)  
**Website:** [www.cipla.com](http://www.cipla.com)



## Share Transfer Agent

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

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

**Email id:** [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Website:** [www.kfintech.com](http://www.kfintech.com)

## Chairman's Message



“

**The financial  
year ended  
March 2022  
has been a  
commendable  
one for Cipla.**

”

**Dear Shareholders,**

Last year, the COVID-19 pandemic caused a major upheaval globally. Today, we can look back at the past three years and applaud the efforts of the pharma and healthcare industry to tackle COVID-19, which continues to affect many countries even today. The social and economic impact on people and communities globally has been devastating. In the midst of all the disruption, science has provided us with solutions to combat COVID-19 through diagnostics, vaccines, drugs and various therapies. Fortunately, humanity is winning the battle against COVID-19.

During the year, we witnessed worldwide solidarity and co-operation among pharma companies, research scientists, doctors, regulatory bodies and governments. All concerned are still tackling newer and changing variants of the virus. My sincere plea to you all is to be careful, look after yourselves, your families, your friends and colleagues and be as disciplined as possible.

The financial year ended 31<sup>st</sup> March, 2022, has been a commendable one for Cipla. We have been recognised and awarded the 'Company of the Year, 2021' by Business Standard and our Executive Vice-Chairperson, Samina Hamied was conferred with The Economic Times 'Businesswoman of the Year' 2021 award. Such recognitions reflect the interest and passion of all our employees, who are dedicated, committed and motivated to uphold our legacy of 'Caring for Life'.

My earnest hope is to see the progress of Cipla as a major global healthcare organisation in the near future. Cipla remains committed to provide access to affordable quality medicines and services towards overall healthcare. For Cipla, patients are at the core of what we do. We strive to create capacity in our Company across many fronts – manufacturing, quality, regulatory, commercial and R&D development areas. We look for the best possible

talent – financial, commercial and technical to join us in our pursuit of progress and growth, be it in science, health, corporate responsibility or patient care.

Our founder, Dr K A Hamied started Cipla in 1935 from humble beginnings, committing himself and the Company to India's quest for self-reliance and self-sufficiency, in the area of healthcare. From our first manufacturing unit at Bombay Central in 1936, Cipla now has over 40 state-of-the art manufacturing facilities across the globe including India, USA, China and South Africa. To reiterate, Cipla's purpose of 'Caring for Life' has been our guiding principle. As we move forward, we will remain true to this legacy.

As always, Cipla will follow a compassionate and humanitarian approach to healthcare that goes beyond the pursuit of profit. Access to medicines at affordable prices has been the main objective that has seen the growth of Cipla over the past 86 years. In 1997, we set up the Cipla Palliative Care and Training Centre in Pune that provides free-of-cost services for terminally ill patients. Till date, we have cared for approximately 20,000 patients and this effort will continue in the future. Teaching advanced nursing is imperative to caring for patients and

we will continue to conduct trainings for health care professionals. We believe that palliative care must be integrated into the treatment protocol early on to improve the quality of life of patients and caregivers.

Finally, I would like to assure all of you that your Company will do the best possible to contribute towards the health and welfare of our nation. My sincere gratitude to all stakeholders in the Company, Directors, the Management, shareholders, health care professionals and society for their continuing faith and trust in us. The recent pandemic has taught us many important lessons, among these is our need to focus on new innovative developments and work in partnership with our colleagues in the industry, both in India and globally. We firmly believe that Cipla will contribute and improve the quality of lives everywhere.

Warm Regards,



**Y K Hamied**

Chairman

# Executive Vice-Chairperson's Message

Dear All,

**It is with immense pride that I share that Cipla has been awarded the 'Best Company of the Year' by Business Standard. This is a reflection of the combined efforts of our able leadership team and the 25,000+ members who come to work every single day with an unending commitment to make a difference and care for life. As a third generation member of the founding family, I am truly humbled to take this legacy forward. I promise, as the custodian of Cipla, that 'Caring for Life' will always guide our actions and our key priority will be to keep our patients safe and healthy.**

**Care is deeply ingrained in the culture of your organisation and will always be our guiding force. This has been exemplified in our efforts to ensure access and affordability for life-saving drugs. And today, as the world moves from illness to wellness, our endeavour will be to partner every patient in their journey to be a Cipla consumer. Cipla has always stood tall and wholeheartedly committed to make a positive difference by leading from the frontlines and will always continue to do so in future.**



## Building an equitable, inclusive & diverse organisation

An organisation that is ready to re-imagine their businesses to stay relevant in the evolving times while staying true to their core purpose, is a future-fit organisation. We have always been a 'people first' organisation, and we believe our people define us and are our biggest assets. We continually look for ways to transform the organisation through them. Our people are our partners in our journey to deliver on our commitments to meet patient needs and create value for our stakeholders.

This year, we partnered with Cornell, INSEAD, ISB and other renowned universities to upskill and build future leaders. We adopted an organisation-wide Integrated Talent Management approach that offers enhanced functionalities to identify and nurture talent, to plan succession for identified roles, as well as for career planning of key talent, making Cipla future ready. Your Company has been certified a 'Great Place to Work™' fourth year in a row and we secured a spot as the only Indian pharma player on the 'World's Best Employers' 2021 rankings by Forbes & Statista. These acknowledgments are a testament to our ongoing efforts to strengthen our work culture and a pledge to do more.

As an equal opportunity employer, it is our constant endeavour to make every employee feel included and most importantly celebrated for their uniqueness and to continuously evolve ourselves with the changing needs of the workplace. Inclusion and diversity stems from our inherent purpose of caring for our people with the single lens of humanity. We set up an Inclusion & Diversity Council to foster a vibrant and inclusive culture globally powered by the diverse capabilities of our employees.

We launched the #EqualCipla initiative across geographies to build an inclusive, diverse and equitable workplace for a multi-generational workforce. #EqualCiplaEqualVoices networking platform has been introduced to encourage open and honest conversations on inclusion and enabling Ciplaites to connect, share and learn from varied experiences. We invited external speakers

and hosted interactive virtual conversations on the importance of support systems at work, equal parenting, empathetic leadership, differently-abled and LGBTQ inclusion. My conversations with leaders from Tata, Godrej, Adventures Beyond Barriers Foundation and other organisations gave us insights into building an equal and inclusive world and has helped us understand how small changes in our daily behaviours can make people feel included.

We rolled out the Flexi Field policy to ensure a safe and caring work environment for women in our field force. This enables them to strike a better work-life balance and prioritise their well-being. We are taking small but impactful steps towards incorporating diversity and inclusion as a mindset in the organisation. We are shedding our unconscious biases and learning from each other. In the journey of inclusion, understanding our own attitudinal barriers is the first step to create a more equal and inclusive world – a learning that we will hold very close to our hearts in our journey.

#### **Future of Indian pharma**

Over the last two decades, the Indian pharma industry has grown leaps and bounds, driven by its strength in the global generics space and has been conferred the stature of becoming the pharmacy of the world. The Indian pharmaceutical industry ranks third worldwide for production by volume and caters to 20% of the global demand in the generic market in terms of volume. With a strong network of 3,000 drug companies and approximately 10,500 manufacturing units spread across the length and breadth of the country, India offers a unique competitive advantage in the global pharmaceutical industry. As an industry we learned immensely from the pandemic and it is time that we re-evaluate our role within the global pharmaceutical industry, explore possibilities to strengthen our positioning in light of geopolitical and economic shifts, attain self-sufficiency as a globally competitive pharmaceutical industry with innovation as a guiding principle for future growth.

The Indian Pharmaceutical Alliance (IPA) along with the pharma industry is playing a pivotal role in shaping the

healthcare ecosystem and unlocking significant growth opportunities. As the Executive Vice President, IPA, I am looking forward to working collaboratively with all stakeholders of the industry to ensure sustainable, resilient and agile operations and create a positive difference in the lives of patients.

For India to be fully successful as a global scientific and intellectual force, there needs to be industry-academia collaboration that promotes industry-oriented research along with adequate policy/ infrastructure to drive commercialisation of the research. We will need to bring spotlight around these areas. The Government is an important and indispensable stakeholder in enabling the advancement of Indian pharma. It has been providing an enabling environment by launching notable initiatives to promote indigenous manufacturing of API and formulations, promotion of generic medicines by the Jan Aushadi initiative and PLI scheme to boost manufacturing of critical API/ key starting materials (KSMs). Cipla has been included in the Govt's PLI scheme and we believe this is one of the most progressive schemes and gives us significant encouragement in making investments in capex, R&D, tech transfer and regulatory filings of products across our global markets to better serve our patients. These interventions are steps in the right direction and their timely and effective implementation will help in building competitiveness of the Indian pharma industry.

Another area to boost Indian pharma is by riding the digital wave. Digitalisation in healthcare found its rightful place during the pandemic, and there is a need to expand and support the essential backup services to enable digital healthcare to function efficiently in all primary and secondary healthcare centres. Your Company embarked on its strategic 'Reimagination' journey, led by the digital transformation of value chain across functions, including finance, R&D, manufacturing, supply chain, HR, customer outreach and stakeholder engagement. Over the past few years, we have set up several foundational elements to drive the Company's digitisation and automation plans right from adopting Industry 4.0 to transforming patient reach and customer care via digitalisation. We have also been

reimagining field force engagements with health care professionals (HCPs) in global markets through virtual knowledge sharing platforms. Our aspiration is to create plants of the future in a digitally native organisation, that will transform the lives of our people and all our stakeholders.

Today, digitisation is causing a quantum shift in India's healthcare ecosystem. It is time for us to take note of advanced tools and emerging technologies powered by advanced analytics, robotics and automation that have the potential to revolutionise every element of pharmaceutical manufacturing within the next few years.

As we set out to scale new heights and chart new territories, I am thankful to Umang Vohra, our MD & GCEO who has been instrumental in transforming Cipla to a global healthcare organisation with an innovative and growth mindset coupled with a purpose-led approach. I truly appreciate this incredible partnership built on the foundation of trust and care. I am indebted to my mentors, Dr Y K Hamied and Mr M K Hamied and the members of the Board who continue to guide me and extend my gratitude towards our employees, partners and stakeholders for their contribution in upholding Cipla values and for their collaboration in reimagining our future. Each one of us carries the responsibility for millions of families who depend on our medicines – with the hope that they get better and healthier.

The Cipla story is a story of making a difference, a story of collaborative success—making us a real force for good and we hope to continue to stay that way.

Best Wishes,

**Samina Hamied**

Executive Vice-Chairperson

# MD & GCEO's Message<sup>1</sup>

**Dear Shareholders,**

**As I look back at the last few years, I marvel at the revolutionary changes across the globe especially in the healthcare industry. From individuals taking ownership of their well-being, leading to a conscious shift from illness to wellness, to the latest innovations that create new digitally-driven medical solutions, the new developments are embracing personalised focus in healthcare while reforming and reshaping the industry to a new beginning. This new world order, built on the foundation of collaboration, backed by scientific advancements and driven by data, will result in making healthcare more accessible and affordable.**



## Our Purpose, Our True North

Cipla is an organisation built on the foundation of care. Your Company is not merely making medicines, it is saving lives and ensuring good health and well-being. This is the OneCipla credo that runs deep within our culture and we will strive to practice and reinforce it and build deeper engagement for the organisational values amongst all stakeholders.

This has been a momentous period for all of us as your Company was bestowed with the '**Company of the Year**' 2021 award by Business Standard. Another well-deserved recognition, our Executive Vice-Chairperson, Samina Hamied was conferred with ET's marquee '**Businesswoman of the Year**' 2021. Our values and credo stood out and our people practices were recognised as Cipla secured a spot as the only Indian pharma player on the '**World's Best Employers**' 2021 rankings by Forbes and Statista. These awards demonstrate the deep and sustained commitment of our 25,000+ people who continue to strive each day to ensure that we keep our commitment to patients, upholding our purpose of 'Caring for Life'.

## Road Towards a Sustainable Future

The world we live in today is radically impacted by climate change and irresponsible consumption leading to resource scarcity. This is the time to act responsibly and embed sustainability into the way of doing business. In alignment with our purpose, we at Cipla, have relentlessly worked to enrich lives of the communities we touch and nurture life on the planet through active environmental stewardship. We have set ambitious Environment, Social and Governance (ESG) goals towards water and carbon neutrality, zero waste to landfill, green chemistry and well-being of employees and partners and have already made significant progress. We articulated our ESG framework as **Championing**

**Climate Positivity** | Accelerating Community Well-being | **Raising the Bar** on Governance | **Enhancing Access and Affordability** that is aimed at defining our approach towards each of the following components – Environment, Social, Governance, and developing a holistic sustainability roadmap for the future.

Cipla was recognised among the top 30 companies under the Indian Corporate Governance Scorecard 2021 and ranked as one of the most sustainable companies in the Dow Jones Sustainability Emerging Markets Index. Cipla also won the prestigious Frost & Sullivan and TERI's Sustainability 4.0 Award 2021 as 'Challenger in Mega Large Business Pharma Sector'. These accolades reiterate our passion and commitment towards our planet.

## A Momentous Year

In FY 2021-22, we made significant progress across all our strategic priorities whilst navigating challenging external environment. We continued the strong momentum across India, US and other key markets, while continuing investments in portfolio and several other growth-linked initiatives. The cost re-imagination initiatives, supply consistency and rigour on the operational excellence helped sustain healthy metrics across markets. I am happy to share that your Company recorded the highest revenue and achieved several major milestones in the One-India and US businesses. One-India business is now tracking close to ₹ 10,000 crores mark. Our strong brand equity amongst patients and physicians has reflected in high growth rates for our flagship brands. We continue to maintain healthy ranks and market shares in our key therapy areas across respiratory, urology, anti-infective and cardiac segments. Our focus continues in creating depth in anti-diabetics and the oncology therapy building on existing and new partnerships with global multinational corporations. Our consumer health

franchise continues its growth trajectory with some flagship brands growing bigger and bolder in FY 2021-22. We continue to maintain the position of the third largest pharmaceutical corporation [Prescription (Rx) + Over the Counter (OTC)], in the South African private market. Our International markets navigated strong geopolitical headwinds to maintain scale. Our DTM franchises continued to witness strong momentum with steady double-digit growth. The API business witnessed momentary slowdown in order-flow from developing markets. Continuing our quest to attain global lung leadership, our respiratory franchise including Albuterol and Arformoterol is ramping up sustainably. Recognising our efforts, Cipla USA Inc. received the prestigious Healthcare Distribution Alliance (HDA) 2022 Diana Award for 'Best New Product Introduction' for Albuterol. Our pipeline is under active review with the USFDA and we are hoping for a good calendar of launches.

## Adopting Industry 4.0

Today the industry is undergoing a massive transition due to the increased acceptability of digital technologies that has the potential to improve healthcare delivery in the years ahead. This wave of digital transformation is enabling the adoption of Industry 4.0 pillars with pharmaceutical companies globally adopting technologies such as Artificial Intelligence, Robotics, Augmented/Virtual Mixed Reality that is ensuring greater agility, process simplification, higher efficiency, reducing manual errors, transcending any future disruptions as well as allowing faster and effective resolution of problems. We have embarked on a transformation journey at Cipla to achieve our vision of becoming a digitally agile company to enhance our connection with patients, doctors, other stakeholders and help us reimagine our operations across the value chain.

## Cipla of the Future: Pioneering, Innovative and Firmly Rooted in Care

In this fast paced, ever-evolving digitally connected world it is imperative for us to firmly focus our eyes on the future and fire all engines to maximise patient reach. We have successfully established strong threshold for revenue and operating profitability in FY 2021-22.

Innovation will fuel our growth engines in the years to come. In the words of Steve Jobs, "**Innovation distinguishes between a leader and a follower**" and Cipla is poised to create innovative, digitally-driven medical solutions armed with deep patient insights, scientific knowledge and expertise combined with a legacy of care. We have embarked on transforming Cipla from a global pharmaceutical company to a leading healthcare organisation. We envision our next wave of growth out of areas like biosimilars and mRNA. The innovative trends in healthcare that are bringing about a paradigm shift—be it mRNA technology, technology around vaccines with DNA sub-units or the technology around some of the antibodies and cancer reversal through categories of drugs will be important to watch out for in the future. We will ensure that within respiratory therapy, we have a robust range of offerings comprising innovative drug-device combinations and even bio drugs that are gaining steam in the US as therapy of choice to cure respiratory ailments. We have identified certain strategic pivots that will enable this future-ready growth journey. We will ensure steadfast rigour in our respiratory filings and new launches and maintain market beating growth. We are passionate about building a strong global wellness franchise and are working towards identifying more brands with high consumer potential across India and South Africa to augment our Global Consumer Wellness franchise. We will continue our execution on branded market portfolio including peptides, brand-

building and improvement in manpower productivity across markets. As always, we aim to maintain the highest standards of quality and compliance across our manufacturing network. Going forward all our growth engines will be fueled by our digital transformation initiatives. We are committed to maximising value opportunity in US complex generics and continue to scale our US core formulations sales on the back of high serviceability of respiratory and peptide franchise while monitoring our upcoming high value complex launches in H2 of FY 2022-23.

Bringing care closer to the communities, our Cipla Foundation is taking our socially conscious legacy further through initiatives that are driving health and hope to the doorsteps, creating scalable and sustainable healthcare solutions, putting care back into healthcare through our palliative care centre, bringing innovative solutions and quality education to students in remote villages and transforming capabilities of youth with professional education and training.

We have embarked on a journey to create the Cipla of the future – pioneering, innovative and firmly rooted in care. I would like to express my gratitude to Ciplaities for their partnership in this journey. My earnest wishes to the Cipla Board and my Management Council members for your unstinting guidance and support. I would like to thank you, our shareholders, for your faith and trust in us.

Best wishes,



**Umang Vohra**

MD & GCEO

## Awards and Accolades

Cipla was conferred with the '**Company of the Year**' award at the Business Standard Annual Awards 2021

Cipla has been certified as '**Great Place To Work**' for four years in a row

Cipla won the '**FICCI CSR Award**' 2019-20 under the 'Health' category

Cipla bagged three awards at the ET Healthworld's India Pharma World Awards for '**Excellence in Supply Chain, Logistics & Distribution and Product Development**'

Cipla was certified '**World's Best Employers 2021**' by Forbes and Statista and the only Indian pharmaceutical company to feature among the top global employers

Cipla was recognised by Association of Healthcare Providers India for its '**efforts against the pandemic and supporting hospitals and healthcare providers**'

Cipla made it to the Guinness Book of World Records for the '**Largest Nebuliser Sentence**' with an objective to improve the awareness and access of nebulisation therapy across rural India.

Cipla's integrated report won bronze in '**Asia's Best Integrated Report in (Large Company) Category**', silver in '**Value Creation – 2021**' and bronze in '**Governance – 2021**' categories at Asia Integrated Reporting Awards 2021

Cipla was amongst the top 20 companies in India to have scored in the "**Leadership category (70%)**" in the IFC-BSE-liAS Corporate Governance Scorecard, for three years in a row.

Cipla was conferred with '**Frost & Sullivan and TERI's Sustainability 4.0 Award 2021**'

Cipla was recognised as '**one of the most sustainable healthcare companies**' in the Dow Jones Sustainability indices for Emerging Markets 2021.

Cipla bagged five awards at the National Human Resource Development People First Ace Awards 2021 for '**Organisation Design, Learning & Development, Workforce Planning & Staffing, and Performance Management**'

Cipla was awarded the '**Silver Shield**' for '**Reporting on Sustainable Development Goals**'

at the ICAI Sustainability Reporting Awards 2020-21

Cipla won the '**Best Governed Company Award'** at the 8<sup>th</sup> Asia Business Responsibility Summit & Awards.

Cipla won Gold for CiplamedX in the '**Best Healthcare Website**' category at the Drivers of Digital Awards

Cipla was recognised as the '**Top Employer for 2022 in South Africa**' by the Top Employers Institute.

Cipla has been recognised as an '**Industry mover**' in the S&P Global Sustainability yearbook 2022

Cipla won the '**National Energy Conservation Award 2021**' in drug and pharmaceutical sector from the Bureau of Energy Efficiency, Ministry of Power, Government of India.

Cipla won the '**Greentech Effective Safety Culture Award 2021**' for Sikkim Unit I & II and Golden Cross units.

Cipla won bronze for its '**Cipla Assist**' initiative in the '**Disruptive Post COVID-19 Innovation**' category at ET Brand Disruption Awards.

Cipla won platinum for Sikkim Unit I and Golden Cross units and gold for Sikkim Unit II for '**Occupational Health & Safety Management**' from the Apex Safety Council

Cipla's **#BerokZindagi** campaign won 11 awards in the last FY including '**Gold - Best Integrated Campaign**' at the E4M Health Marcom Awards 2021, '**Gold - Healthcare Category**' at the ET Brand Disruption Awards 2022 and '**Best Digital Strategy for a Healthcare Enterprise**' at Drivers of Digital Awards 2021.

Cipla won '**National Safety Award**' for Goa unit

Ms Samina Hamied was awarded the ET '**Businesswoman of the Year**' 2021.

# Strategy Strengthened for a Sustainable Tomorrow<sup>1</sup>

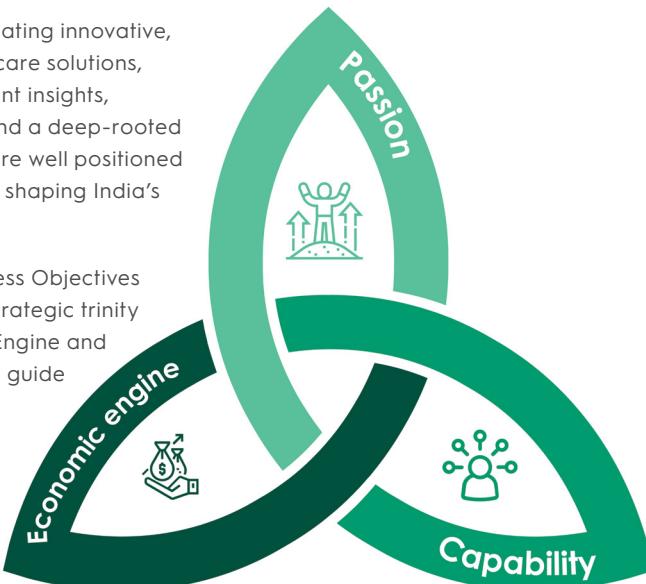
**Cipla was established in 1935 with a vision to make India self-reliant and self-sufficient in healthcare. We have grown to become one of the world's largest generic pharmaceutical companies that aims to augment the affordability and access to global healthcare, while delivering superior value to our stakeholders.**

The world is now more volatile, uncertain, complex and ambiguous than ever before in living memory. When the global economy and the healthcare infrastructure in particular were still grappling with the pandemic-induced headwinds, geopolitical tensions in Europe suddenly reached a flashpoint and further increased downside risks. However, at Cipla we are well equipped to navigate through such challenges of the external environment. With sharper strategies, we continue to strengthen our core business and extend into other adjacencies to play a more meaningful and impactful role in the global healthcare ecosystem.

We are focused on creating innovative, digitally-driven healthcare solutions, armed with deep patient insights, scientific knowledge and a deep-rooted legacy of caring. We are well positioned to become a 'pioneer', shaping India's healthcare industry.

Our 10 Strategic Business Objectives (SBOs), rooted in the strategic trinity of Passion, Economic Engine and Capability, continue to guide our future.

Together, these SBOs shape our journey on the path of **growth**, bringing **pioneering** and **innovative** healthcare solutions for our patients and consumers globally.



## PASSION

### 1

### Become a global lung leader across the care continuum

#### Cipla's performance in FY 2021-22

##### Growth

- We continue to be the second-largest inhaler selling company globally (metered dose inhaler [MDI] and dry powder inhaler [DPI]).<sup>2</sup>
- In India, Cipla dominates in respiratory therapy with 22% market share in the overall therapy and 52% share in Cipla's covered markets where it has presence.<sup>3</sup>

- Six Cipla brands featured in the top 10 respiratory brands in India.<sup>4</sup>
- Gx Albuterol has crossed USD 100 million in revenue in FY 2021-22 and has ~ 17.2% market share of total market for Albuterol hydrofluoroalkane (HFA).<sup>5</sup>
- We have launched multiple respiratory products in Spain, including Fluticasone

MDI, Fluticasone + Salmeterol MDI and Ipratropium MDI, through our recently established front-end presence.

##### Pioneering

- **Berok Zindagi:** Cipla's flagship patient-focused digital campaign

<sup>1</sup>GRI 103-1, GRI 103-2, GRI 103-3

<sup>2</sup><sup>3</sup><sup>4</sup> Source: IQVIA MAT March, 2022

<sup>5</sup> Source: IQVIA TRx market share as per week ending 31<sup>st</sup> March, 2022.

continues to drive awareness on asthma and inhalers and has garnered over 25 crore reach.

- ▶ **Breathefree Digital Educator programme:** 55,000+ patients were trained as a part of the digital programme that provides live video counselling to patients on the right technique of inhalers and other devices, such as nebulisers and nasal spray, etc.
- ▶ Exploring environment friendly propellant HFA 152a for our MDIs.

### Innovation

- ▶ Cipla's focus towards innovation has helped us in achieving significant milestones towards strengthening our respiratory franchise:
  - Cipla now has a complete range of Synchrobreathe offerings in India – with SABA ('Levolin'), LAMA ('Tiova') and ICS/LABA (Seroflo, Maxiflo, Foracort).
  - Received USFDA approval for generic therapeutic equivalent version of Sunovion Pharmaceuticals Inc.'s Brovana® (Arformoterol Tartrate).
  - Launch of Spirofy®, India's first pneumotech-based wireless,
- ▶ portable device capable of performing lung function tests outdoors and in remote areas, for better diagnosis of people with chronic obstructive pulmonary disease ('COPD') and asthma.
- ▶ Execution of a joint venture agreement with Kemwell Biopharma Private Limited to develop, manufacture and commercialise biosimilars with focus on respiratory therapy.
- ▶ Set up of 25,000 sq. ft. facility in Fall River Industrial Park, US extending Cipla's respiratory manufacturing footprint.

### Cipla's 3-year strategy (2020-2023)

- ▶ Build solutions around the care continuum from easy and early diagnostics to efficient treatment and monitoring.
- ▶ Increase penetration in key markets to establish leadership in volumes of inhalers sold.
- ▶ Increase awareness and education through various initiatives and campaigns, helping millions worldwide to "Breathefree".
- ▶ Development of MDIs with sustainable medical propellant resulting in lower carbon footprint.

## 2

### Demonstrate organisational agility, along with our purpose of 'Caring for Life' and address global health threats such as anti-microbial resistance.

#### Cipla's performance FY 2021-22

- ▶ Cipla endorses a three-part strategy to help address Anti-Microbial Resistance ('AMR'): robust AMR portfolio development, responsible manufacturing and stewardship activities.
- ▶ **Portfolio Development:** 5 products are in the process of development for India and other low and middle income countries ('LMIC').
- ▶ **Responsible manufacturing:** We are committed towards ensuring that our manufacturing, use and disposal of our products, including antibiotics,

do not adversely affect human health or the environment. We regularly conduct audits (self and third party) of our manufacturing sites. The third-party audit entails self-assessment questionnaire (developed as per framework advised by AMR industry alliance) and desktop review. The status update is provided below:

- Domestic manufacturing sites: self-assessment and desktop reviews have been completed.
- Overseas manufacturing sites: self-assessment is in progress

- Supplier sites: 91% of the domestic antibiotic API and formulation suppliers have completed the self-assessment and desktop reviews.

- ▶ We have also completed testing of wastewater for all the molecules manufactured across our sites.

- ▶ **Stewardship activities:** We have joined the AMR India Innovation Hub and are active members for developing the next 5 Year National Action Plan on AMR (2020-27).

- We participated in AMR Benchmark Project 2021 by the Access to Medicine Foundation and performed above average in its evaluated research areas, compared to other generic companies.
- More than 200 scientific meetings conducted to discuss the appropriate use of critical anti-bacterials such as Elores (Ceftriaxone Sulbactam EDTA), Divaine (Intravenous Minocycline), Crifos (Intravenous Fosfomycin) and Xystin (Colistin), and antifungals such as Phosome.

### Cipla's 3-year strategy (2020-2023)

- Identify innovative ways to fight AMR, such as drug repurposing, new routes of delivery and identify new antibiotics and combinations.
- Continue driving stewardship activities and forge alliances to fight AMR with renowned medical institutes and thought leaders, such as AMR Action Fund.
- Promote responsible antibiotic manufacturing throughout our supply chains.

## 3

### **Grow Cipla Health Limited and South Africa OTC to become a holistic wellness player. Explore opportunities to expand our wellness franchises globally.**

#### Cipla's performance FY 2021-22

##### Growth

- Cipla Health Limited ('CHL'), the consumer healthcare subsidiary of Cipla in India, has crossed the revenue of ₹ 500 crores and achieved break-even at EBITDA level in FY 2021-22.
- Nicotex<sup>6</sup>, Omnidex<sup>7</sup> and Cofsils<sup>8</sup> continue to maintain ranks in their respective categories. Cipladine<sup>9</sup> has gained #1 position in the medicated antiseptic category.
- We are amongst the top 3 and fastest-growing OTC corporations in the private market of South Africa, beating market growth by 4.7%<sup>10</sup>.

- Airmune – our leading immune system booster is a South African mega brand.
- Coryx (51% growth vs LY), Broncol (55% growth vs LY) and Entiro continue to be our focus brands<sup>11</sup>.
- Launched Ibugesic Plus and Forte in the pain category.

##### Pioneering

- Prolyte launched a new campaign 'Prolyte ORS - Asli ORS' first of its kind in the industry, spreading awareness on opting for WHO approved ORS in case of diarrhoea, truly symbolising Cipla's passion towards 'Caring for Life'.

##### Innovation

- With an aim of building towards the next decade of personalised consumer's need, CHL has forayed into the D2C space with three marquee brands in the beauty and personal care segment – Rivela Dermascience, MamaXpert and EveXpert. Our efforts are powered through data driven e-commerce solving real consumer needs around skincare, intimate hygiene and maternity care.

### Cipla's 3-year strategy (2020-2023)

- Develop a strong global wellness franchise by building a comprehensive portfolio addressing holistic well-being of a consumer.
- Increased focus on top wellness brands and widen offerings in focus categories of pain, vitamin and mineral supplements, cough and cold, derma and gut health.
- Identify brands with higher consumer potential across India and South Africa.
- Strengthen OTC play in South Africa by creating new brands and partnerships.

<sup>6</sup><sup>7</sup><sup>8</sup>Source: AC Nielsen

<sup>9</sup>Source: AC Nielsen MAT Sept, 2021 MS volumes

<sup>10</sup>Source: IQVIA MAT March, 2022

<sup>11</sup>Growth in ZAR terms



## ECONOMIC ENGINE

### 4

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

#### Cipla's performance FY 2021-22

##### One India

###### Growth

- ▶ One India strategy is progressing well with market-beating growth across branded prescriptions, trade generics and consumer health.
- ▶ Our branded prescription business delivered highest ever sales and growth to cross the historical milestone of USD 1 billion.
- ▶ We are third largest pharmaceutical player in India and leader in therapies such as respiratory and urology. We also rank second in the overall chronic business.<sup>12</sup>
- ▶ 10 Cipla brands continue to remain in top 100; including Foracort, Duolin, Budecort, Seroflo, Azee, among others, outpacing market growth.
  - Four of our brands (vs. 1 in FY 2020-21) have surpassed revenue of ₹ 300 crores
  - 18 brands (vs. 14 in FY 2020-21) have revenue > ₹ 100 crores<sup>13</sup>
- ▶ Our trade generic business continues to be #1 in India. (internal estimates).

###### Pioneering

- ▶ Expanded access to high quality and life-saving innovative medicines through:
  - Partnership with Roche for COVID-19 antibody cocktail -Ronapreve.
  - Partnership with Eli Lilly for insulin products - Humalog and Trulicity.
  - Partnership with MSD for oral anti-viral COVID-19 drug - Cipmolnu.

- ▶ Cipla and GoApptiv partnered to expand channel and customer reach to extra-urban markets by offering digital solutions and analytics for integrated brand and sales management.
- ▶ Introduced Flexi Field Days policy for women colleagues in sales roles across India business, with the objective of providing them a caring work environment.

##### Innovation

- ▶ Launched Stempeutic's stem cell product in Chronic Limb Ischemia ('CLI') caused by Buerger's disease and Peripheral Arterial Disease in India. Clinical trials in Diabetic Foot Ulcer and Peri-Anal Fistulas are ongoing and results are expected in FY 2022-23.

##### SAGA

###### Growth

- ▶ We continue to be the third-largest player in the South African private market with 7.5% market share, growing ~4.3% greater than market<sup>14</sup>.
- ▶ Launched 32 new products this year in South Africa including strengthening our pain portfolio; entrance into wellness and COVID-19 portfolio; continuing our lung leadership with Sereflo launch; and Remiflix & Measles in the biosimilar and vaccines category.
- ▶ Our new Sub-Saharan strategy is beginning to deliver results with over 30% growth in secondary sales, specifically with Cipla being the second fastest growing corporation in Kenya.

##### Pioneering

- ▶ Continue to expand our portfolio through partnerships, including an exciting new partnership with mAbxience for biosimilars in the oncology and respiratory categories and build our partnership with Alvotech.
- ▶ We continue to deliver on our 'Caring for Life' ethos by delivering life-saving medicines to 86 countries globally through our Cipla Global Access business.
- ▶ Continue our patient-centricity through the gamification of respiratory (Bronki-booster campaign related to Asthma treatment) and HIV (Live to Love campaign related to pre-exposure prophylaxis [PrEP]) therapeutic areas to educate our patients in entertaining and engaging ways.

##### Innovation

- ▶ Developed Quadrimune, a novel 4 in 1 combination of ARVs, (Abacavir, Lamivudine, Lopinavir, Ritonavir) currently recommended as 1<sup>st</sup> line treatment of Paediatric HIV, into a single formulation in granules format. Till date, fixed dose combinations were not available for pediatric patients, leading to poor adherence due to the need to administer many medicines, unpalatable taste, high alcohol content, and so on. Quadrimune, developed by Cipla, is easy to administer, doesn't leave any after taste, and doesn't require any cold storage. Our aim is to improve adherence and patient outcomes. The product has been approved for registration and is awaiting certification from SAHPRA.

<sup>12 13</sup> Source: IQVIA MAT March, 2022

<sup>14</sup> Source: IQVIA MAT March, 2022

## Cipla's 3-year strategy (2020-2023)

### One-India

- ▶ Deliver market-beating growth and gain rank through focused execution of the One-India strategy.
- ▶ One Distribution: Build a task force to deepen channel engagement, invest in strategic partnerships and smart analytics.

- ▶ Enhance patient connection through respiratory awareness campaigns (#Berok Zindagi), and building health-tech platforms, such as, Digital Breathefree.

such as wellness and baby products.

- ▶ Continue our respiratory leadership and build an innovative portfolio by launching new products and strengthening partnerships.
- ▶ Strengthen local manufacturing through the expansion of existing sites and developing new greenfield sites.

### SAGA

- ▶ Expand our top OTC brands through line extensions and play in new exciting markets,

## 5

### Focus on challenging and competitive spaces such as complex generics, peptides and respiratory-related products in the USA. Prudent investments in the specialty business and divest non-core assets

#### Cipla's performance FY 2021-22

##### Generics

##### Growth

- ▶ Cipla is amongst the top 10 generic players by prescriptions with market share of 2.33% and growing faster than the market<sup>15</sup>.
- ▶ Continued traction in respiratory and complex generics portfolio:

- Albuterol revenue crossed USD 100 million in FY 2021-22, making it Cipla's biggest product globally.
- Established ourselves as a serious player in the complex device-based product space.

##### Pioneering

- ▶ Received an unprecedented 1<sup>st</sup> cycle approval for a complex NDA (Lanreotide).

##### Innovation

##### Specialty

- ▶ Pulmazole: Preparations for Global (multicentric, multi-country) Phase 2b and India Phase 2 near completion. Commencement of studies planned in FY 2022-23.

## Cipla's 3-year strategy (2020-2023)

- ▶ Maximise value opportunity in the US complex generics and continue to scale US core formulations sales riding on respiratory and peptide

franchise, while monitoring upcoming high value complex launches in H2 FY 2022-23.

- ▶ Efforts to identify organic R&D growth opportunities in the US injectable market requiring promotional support ongoing, including 505(b)2 assets.

<sup>15</sup>Source: IQVIA EUTRx market share: 52 Week relative data ending 25<sup>th</sup> March, 2022

**6****Strengthen presence in key emerging markets and build strong fundamentals to drive sustainable growth.****Cipla's performance FY 2021-22****Growth**

- ▶ Cipla's international markets generated a total revenue of USD 385 million.
- ▶ We achieved a strong double-digit secondary growth in key Direct to markets (DTMs) driven by commercial excellence and new product launches.
- ▶ We continue to be the second largest Indian exporter to our core emerging markets<sup>16</sup>.

- ▶ Our filings in markets such as Spain, Mexico and Iraq gained significant momentum and we also launched our front-end presence in Spain. This was in line with our endeavour to build deeper markets and drive sustainable growth.
- ▶ Our COVID-19 portfolio comprising of Remdesivir, Molnupiravir and Antigen Kits was extended to 20+ emerging markets which garnered more than 15% share in the global In-licensed markets<sup>17</sup>.

- ▶ We have signed deals worth USD 15 million+ in annualised revenue, for respiratory and oncology portfolio in Europe.

**Pioneering**

- ▶ Launched a novel platform, Ciplamed Flix for healthcare practitioners across 30+ countries to collaborate and increase access to healthcare. This was recognised with an award by ET Healthworld.

**Cipla's 3-year strategy (2020-2023)**

- ▶ In light of volatility and uncertainty in world markets, our commercial strategy is focussed on increased revenue salience from stable economies and deep front end markets, thus gradually de-risking the global volatility. This is in line with our endeavour to drive sustainable and profitable growth by establishing a strong presence in big markets.

- ▶ Focus on differentiated product portfolio and expansion of our biosimilar partnerships in key deep markets.
- ▶ Launching commercial operations in large markets like China and Brazil coupled with exciting product launches in new markets (Spain, Mexico)

will further accelerate our organic growth journey.

- ▶ Continued investments in meaningful partnerships and strategic acquisitions, to strengthen our presence in deep and focused markets.

**7****Focus on digital and patient centricity as future pivots for business models<sup>18</sup>****Cipla's performance FY 2021-22**

We see digitalisation as a tool that will empower every stakeholder in the healthcare ecosystem to participate along the care continuum.

**Pioneering**

**India:** Driving digital transformation for omni-channel engagement with doctors.

- ▶ Deepening our connect with the trade generic channel using the digital platform. It enabled direct engagement with retailers for awareness on schemes, discounts, product brochures and new launches, enabling transparency for our

partners. By March 2022, the Company had onboarded 20,000 retailers in 6 months.

**Emerging markets**

- ▶ Launched Ciplamed Flix application in October 2021 which provides a wide range of respiratory content including scientific articles, news articles, CMEs etc. to healthcare professionals (HCPs). The application was launched in 30+ countries with more than 10,000 HCPs registered on the app. The application was also accorded with 'ET Healthworld' award in 'Excellence in Technology during Product Development' category.

- ▶ Healthcare Superstars, a knowledge sharing web-series for medical fraternity, conducted 10 global shows with more than 9,000 HCP engagement from 55+ countries.

The series has received six global awards during the year, which include, Zero Distance Award, Healthcare ASIA Pharma Award and Media Gold Award.

- ▶ To establish better connect with HCPs during the pandemic, we introduced DMR (Digital Medical Representative) application in all the Direct to Market ('DTM'), business models, enabling robust

<sup>16</sup><sup>17</sup> Source: As per Intellimax Finished Formulation Export Data for April 2021 – March, 2022

<sup>18</sup> GRI 103-1, GRI 103-2, GRI 103-3

and extensive HCP coverage digitally and facilitating a multi-channel approach to engage with HCPs via different digital channels.

#### SAGA

- ▶ Implemented ePI (electronic product information) - digitised packaged inserts with QR codes. This has reduced paper usage for our

package inserts by 50%, strengthening our ESG initiatives.

- ▶ Cipla Foundation has initiated a digital programme - "Sha'p Left" - to facilitate access to healthcare in most impoverished townships in South Africa. To reduce dependence on state funded medical facilities, containers have been erected in these townships to serve

as nurse-driven primary healthcare centre where patients can access basic medical care. The application developed allows nurses to capture patient information and maintain patient record to ensure continuity of record keeping and better access of healthcare service to patients.

#### Cipla's 3-year strategy (2020-2023)

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

- ▶ Use AI and advanced analytics to improve efficiency in various functions, such as, regulatory/dossier reviews, EHS and manufacturing.



#### CAPABILITY

## 8

### Continuous improvement: Bringing in efficiencies by adopting advanced technological solutions and redefining processes to unlock capacity

#### Cipla's performance FY 2021-22

Cipla embarked on the journey of bringing in digital transformation and bringing in best practices in manufacturing excellence. This has resulted in enhancing our agility, resilience, flexibility as well as improving productivity:

- ▶ Unlocked network capacity by 1,900+ million units across dosage forms.
- ▶ 10%+ reduction in manufacturing conversion costs, delivering over ₹ 150 crores of productivity impact in P&L.

Lean, agile and market-aligned network - optimisation of one unit and five more to happen, leading to annualised savings of

₹ 42 crores and ~ 15-20% reduction in the dependence on CMOs.

In addition, FY 2021-22 has witnessed unprecedented pressures on profitability due to adverse events in the external environment. Despite this, Cipla ensured focus on serviceability, while retaining both cost and process efficiency.

#### Cost efficiency through:

- ▶ Localised new source development to reduce single source dependency and risk mitigation.
- ▶ Strategic vendor collaboration to bring in value chain synergies.

- ▶ Manufacturing network optimisation through rebalancing of products, capacity enhancements and effective utilisation of assets.

#### Process efficiency

- ▶ Digitisation and automation of manual processes to enable remote access and continuity of operations.
- ▶ Upgrade of tools and databases basis current business processes.
- ▶ Enhance data analytical capability through use of computational tools to derive business insights.

#### Cipla's 3-year strategy (2020-2023)

- ▶ Digital transformation to embed Digital Analytics and Automation ('DAA') to improve manufacturing excellence and operations:

- Creating touchless factories of future by rewiring plant operations, upgrading technology and reducing operator/ analyst dependence
- Deploying Industry 4.0 technologies to enable near real time data

- transparency and embed data-led decision making
- Building a future proof technology stack to support rapid deployment of Industry 4.0 use-cases.

**9****Invest in Quality 4.0 to change the quality paradigm****Cipla's performance FY 2021-22**

- ▶ Culture-led transformation - In terms of the survey conducted across Company units by the in-house trust team,<sup>19</sup> Cipla India network Trust Culture Index score improved by 21% with respect to baseline.
- ▶ Rapid sterility has been implemented at two of the manufacturing sites and is under evaluation for the third site.

Rapid Bacterial Endotoxin Testing (BET) for accessories has been implemented and is under implementation for finished products at one of our manufacturing sites. This will help to reduce Quality Control (QC) lead time and ensure faster delivery of our products to patients.

- ▶ Successful deployment of pilot of e-TDS (electronic test data sheet) at one of our plants. We aspire to administer the same across all Cipla sites.
- ▶ Automation of MDI Delivered Drug Uniformity analysis is under implementation at one of our sites. Post this, 83% reduction in analysis time is expected.

**Cipla's 3-year strategy (2020-2023)**

- ▶ Paperless laboratory: Digitising operations and procedures.
- ▶ Robotic Process Automation ('RPA').

**10****Strengthen the talent pipeline by curated L&D programmes, improve productivity and happiness quotient of employees as part of our Cipla family****Cipla's performance FY 2021-22**

- ▶ Achieved 'Great Place to Work' certification, 4<sup>th</sup> time in a row.
- ▶ A structured 3-step Talent Management framework to identify, assess and develop talent across leadership levels.
- ▶ Flagship programmes launched to build talent fungibility, encourage mobility, build a pipeline of future managers. Specialised programmes

for mid to senior leadership by global management institutes, such as, Cornell, INSEAD.

- ▶ Function specific initiatives launched in line with Manufacturing 4.0 and Quality 4.0.

**Pioneering**

- ▶ Introduced employee-friendly policies, such as, hybrid working, flexi-field days, LGBTQ insurance

coverage, compassionate relief policy for employees who lost their lives to COVID-19, etc.

- ▶ Imbibed cutting-edge digital solutions in many key processes such as, WeCare – onboarding programmes, learning and development programmes, online networking programmes, Wellness Corner app for employees and their family.

**Cipla's 3-year strategy (2020-2023)**

- ▶ Digital technologies as an enabler for smart work environment across manufacturing sites, in supply chains and sales channels and support functions.
- ▶ Adoption of a hybrid working model across corporate roles.
- ▶ Targeting 20% gender diversity by 2024.

<sup>19</sup>Source: Internal study

# Building a Sustainable Future: Our ESG Goals and Initiatives

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

At Cipla, we have through a sustainable business strategy, set targets to achieve long-term value creation for the Company and its stakeholders. We strive towards creating positive social impact for our stakeholders and preservation of our natural capital. Our current operations aim towards our future ability to develop new products for patients and focus on ESG aspects to help us deliver value to those who benefit from our medicines.

We are committed to using a science-based approach to innovate, achieve our goals as well as to work towards some of the most pressing sustainability challenges. The biggest opportunities for the pharmaceutical industry is to create shared value i.e., where we see

the coming together of market potential, societal demands and policy action. These are grouped around the themes of good health and well-being, access to medicine, preventive healthcare, environmental sustainable initiatives and community partnerships.

Through our operations we touch upon some of UN Sustainable Development Goals

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



## Ensuring the well-being of our stakeholders

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

## Sustainability governance<sup>1</sup>

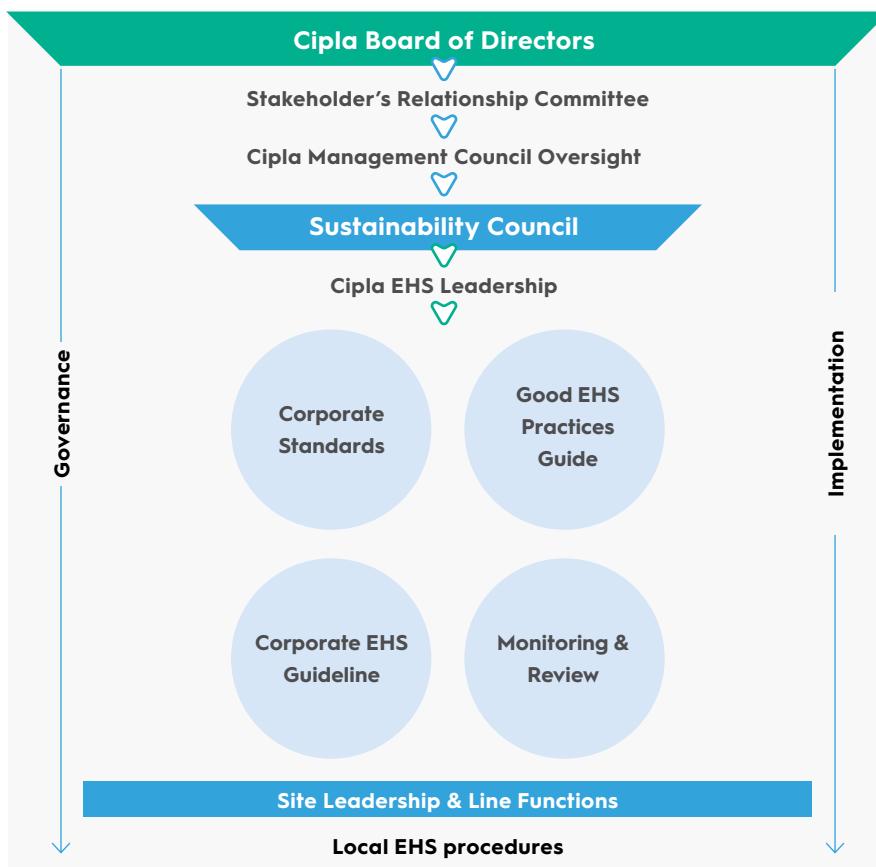
Responsibility for sustainability performance within Cipla is delegated to the Sustainability Council, chaired by the Chief Technology Officer ('CTO'). The Council was created in FY 2020-21, specifically to capitalise on the intrinsic link between sustainability and innovation in our operating model and review performance of climate goals. The CTO who reports directly to the CEO, oversees the Environmental, Health, Safety ('EHS') function and appraises the Board of Directors on matters of sustainability. The Council consists of a group of highly engaged leaders and Management Council members representing the functions namely EHS, Engineering, Procurement, Quality, Manufacturing Operations - API & Formulations, Manufacturing Strategy & Operational Excellence, Integrated

Product Development and Research & Development, Logistics, Finance, Internal Audit, Company Secretarial, Human Resources, Corporate Communication and Corporate Social Responsibility.

**The Council's charter is available at:**

<https://www.cipla.com/investors/corporate-governance>

The governance and execution of the EHS management system, along with the mitigation plan for critical EHS risks, is reviewed by the Stakeholders Relationship Committee<sup>2</sup>. Environmental sustainability aspects come under the purview of Cipla EHS Leadership and site leadership team. Line functions implement sustainability initiatives in alignment with local EHS procedures based on corporate EHS standards and guidelines. Committees have been set up at the department, plant and division levels to ensure adherence to the EHS policy.



### Metrics and Targets:

At Cipla we aim to become carbon neutral and water neutral in our operations by 2025. Our detailed environmental performance metrics are highlighted on page no. 100 of the Natural Capital section of this report. This includes Cipla performance on GHG emissions (Scope 1 and Scope 2) and progress on decarbonisation.

### Partnerships for a sustainable future<sup>2</sup>

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

### Climate related disclosures

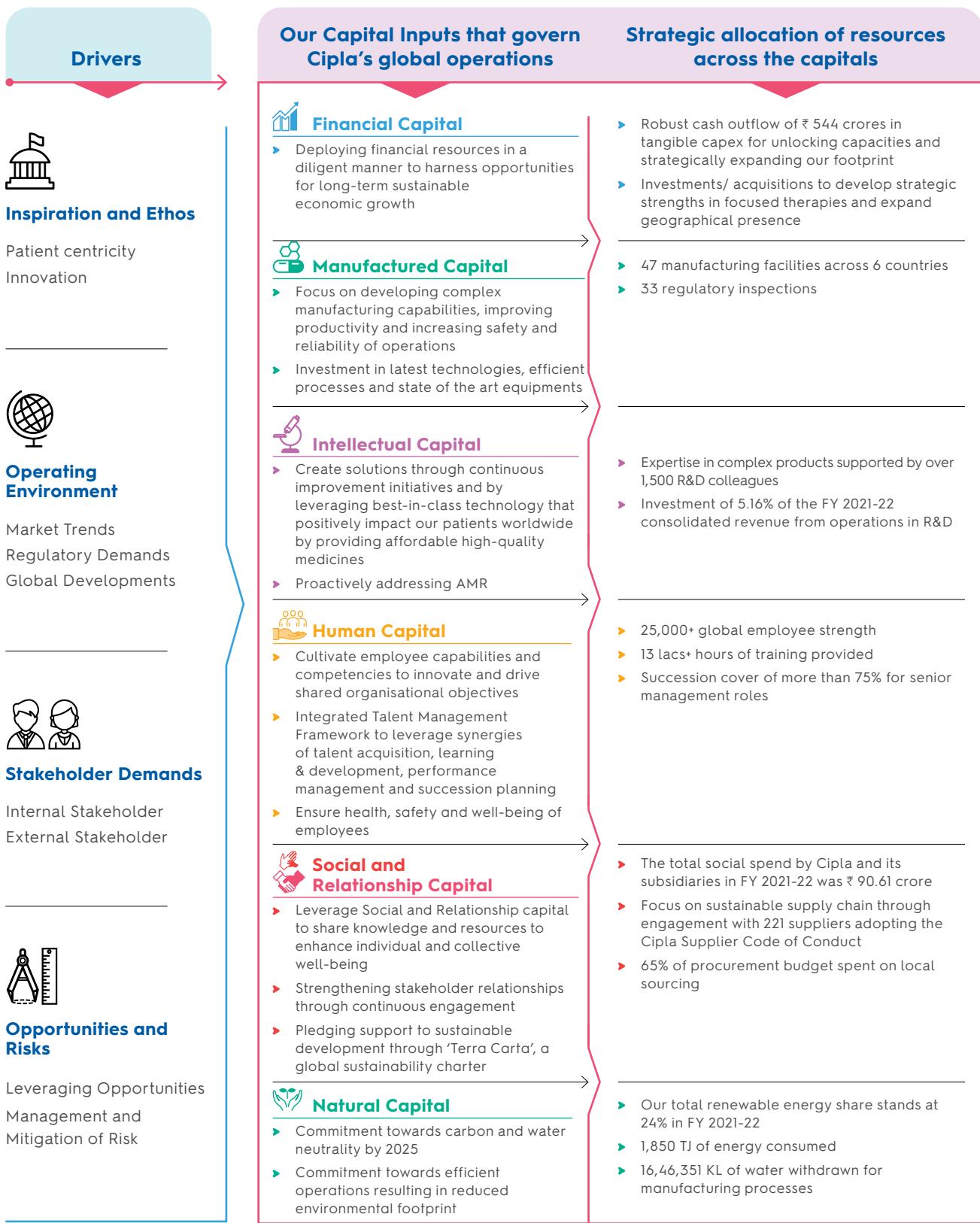
Climate change represents a significant risk to our global society, as well as our business. Our strategy to reduce the use of natural resources, limit emissions and prepare for the impact of climate change enables us to deliver on our

purpose of 'Caring for Life'. We support the taskforce on climate-related financial disclosures ('TCFD') and aim to develop detailed disclosures in line with its recommendations.

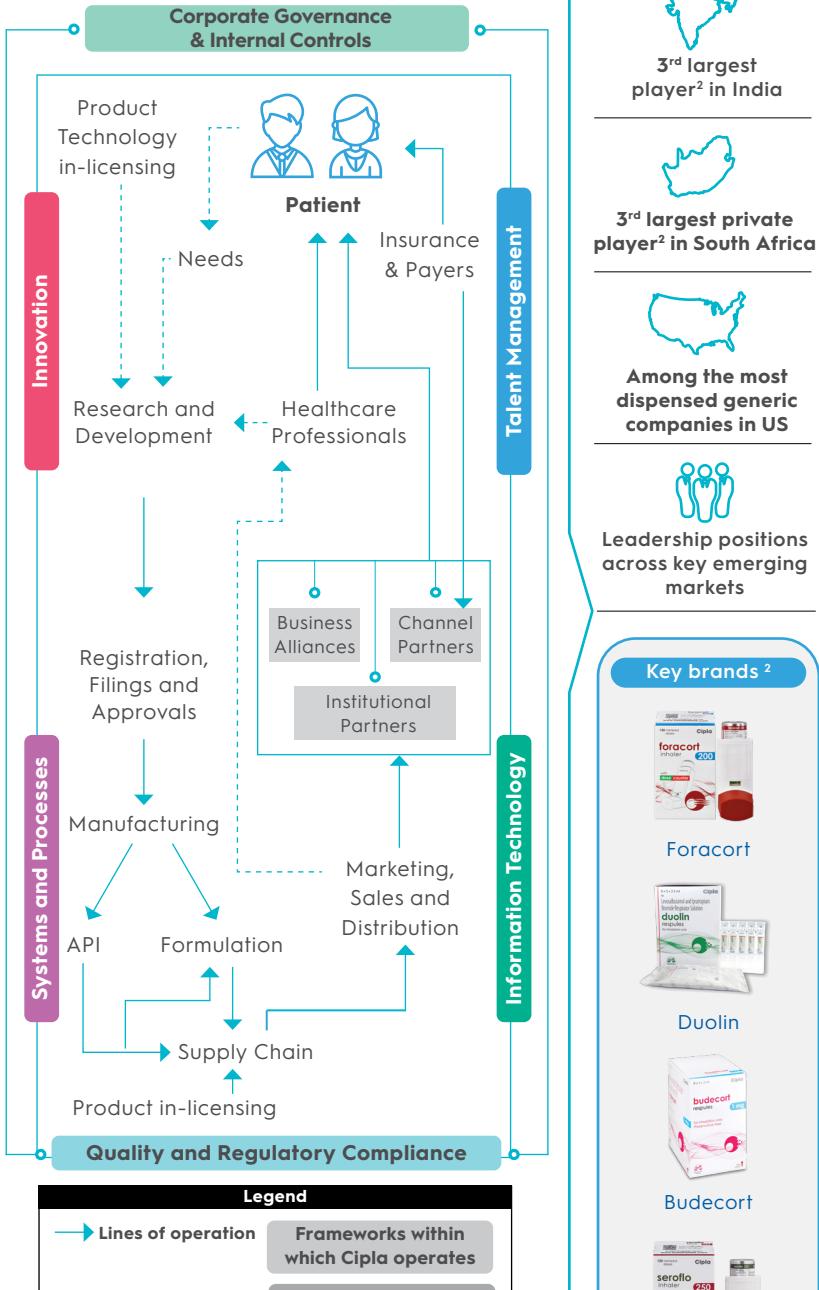
<sup>2</sup> GRI 102-12

# Our Value Creation Model<sup>1</sup>

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



## The global value chain with an end patient focus



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

### Financial Capital

- Continued cost rigour and governance, translating to sustainable margin expansion and high returns trajectory
- EBITDA growing at 13% CAGR and 400 bps+ expansion over FY 2017 – 22
- 21.6% RoIC in FY 2021-22 tracking above long term sustainable range of 17-20%
- Robust cash flow generation, healthy balance sheet strength and balanced capital allocation

### Manufactured Capital

- A diversified product portfolio of over 1,500 products in 50+ dosage forms and 65 therapeutic categories
- Reimagination of manufacturing under project 'Pegasus'.
- Providing high-quality products to patients at affordable prices.
- Data integrity ensured through robust Information Management Systems

### Intellectual Capital

- Successful launch of 93 products during FY 2021-22
- 13 patents and 583 DMFs filed globally.
- Dedicated and focused approach towards innovation, 278 patents granted till date and 269 cumulative ANDAs/NDAs

### Human Capital

- Zero fatalities across manufacturing facilities
- 30% of Management Council members are women
- 87% overall Employee Engagement Score in our MiVoice Pulse Survey

### Social and Relationship Capital

- 16,500+ total patients served through palliative care partnerships
- 1,20,000+ patients benefited through mobile healthcare vans initiatives
- 71 Alternate Vendor Development processes aimed at de-risking and serviceability completed
- Berk Zindagi Campaign outreach - over 25 crore people
- 5 lacs+ HCPs reached through 19,400+ webinars
- Enhancing access to drugs for ~45% of diseases on the WHO Essential Medicine List

### Natural Capital



- 24% energy from renewable sources
- 16% reduction in absolute GHG emissions
- 88% of wastewater generated was recycled
- 84% of hazardous waste recycled / coprocessed
- 10,968 MT plastic waste collected and responsibly channelised, equivalent to 100% of post consumer plastic waste

## Stakeholder Engagement<sup>1</sup>

**Our overarching purpose of ‘Caring for Life’ encompasses all our stakeholders, because we consider our stakeholders as important partners in our long-term value-creation journey. We have established a robust stakeholder engagement process to foster and nurture relationships, which helps us enhance our strategy development and decision-making. We engage on issues that are important to us as a business as well as to the stakeholders, with the objective of addressing their concerns and identifying new opportunities to create value.**

An individual or group of individuals or institutions that impact our business or are impacted by our business are identified as a key ‘stakeholder’ of the Company. Our process of identification and classification of the stakeholders is defined by their interest, impact and participation in operations of the Company and engagement on various

environmental, social and governance matters. Delivering on stakeholder needs, interests and expectations are integral to the way we operate. We keenly listen to our stakeholders and have established various touchpoints and tools for communication, advocacy and engagement.

During FY 2021-22, we have conducted a detailed stakeholder engagement exercise to understand their key concerns and material topics that are essential to our value-creation process and reporting on the topics which are important to our stakeholders and us.

● Financial      ● Intellectual      ● Relationship      ● Manufactured      ● Human      ● Natural      ● Social

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns <sup>2</sup> raised during such engagement
<b>Patients</b> 	Yes <sup>3</sup>	End users of our products. We are committed to meet their expectations	● ● ●	Patient care campaigns ‘Berok Zindagi’ and ‘Breathefree’ ‘Saath Saath’ Helpline Pharmacovigilance / drug safety helpline Websites	Event-based Periodic / Permanent Permanent Permanent Permanent	<ul style="list-style-type: none"> <li>▶ To understand the need of the patients</li> <li>▶ To create awareness and breaking various myths on managing various diseases or medical treatments</li> <li>▶ To provide access to palliative care</li> <li>▶ Patient related queries / feedback</li> <li>▶ To address any drug related concerns</li> </ul>

<sup>1</sup>GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44. Information in line with BRSR Question no 1 and 2 under essential indicator of Principle 4.

<sup>2</sup>There are no significant concerns identified by any of our stakeholders during FY 2021-22.

<sup>3</sup>The Company caters to a large number of patients, which includes patients belonging to vulnerable and marginalised group.

● Financial     ● Intellectual     ● Relationship     ● Manufactured     ● Human     ● Natural     ● Social

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<b>Channel partners</b> 	No	Vital for effective distribution and providing accessibility of our products	●	In-market visits Meetings	Event-based Periodic	<ul style="list-style-type: none"> <li>▶ To enhance access to medicines in various geographies</li> <li>▶ To develop a strong partnership for uninterrupted supply of vital medicines</li> <li>▶ To achieve higher market share through better coverage and penetration into new markets</li> <li>▶ To create awareness about new portfolio and initiatives</li> <li>▶ Partner for creditworthiness and fair business practices</li> <li>▶ To address any query/feedback by channel partners</li> </ul>
<b>Suppliers</b> 	No	Providers of all input materials, finished products and services that are critical to our operations	● ●	Supplier visits Supplier audits Grievance mechanism Supplier engagement on compliance and QMS	Quarterly Annual Permanent Event-based	<ul style="list-style-type: none"> <li>▶ To ensure business continuity and opportunities without any quality related challenges</li> <li>▶ To identify and close gaps at supplier facilities related to cGMP practices</li> <li>▶ To seek their confirmation on compliance with our Suppliers Code of Conduct</li> <li>▶ Create awareness on ESG parameters</li> <li>▶ To address any feedback/queries related to the product</li> </ul>
<b>Government and regulators</b> 	No	Engage with them on policies which impact our operations and long-term business objectives	●	Panel meetings Conferences Written communication Facility visits Engagement with Industry Associations / sub-committees Meetings	Event-based Event-based Event-based Event-based Periodic Periodic	<ul style="list-style-type: none"> <li>▶ To engage and make representations on various regulatory and policy issues</li> <li>▶ To strengthen the healthcare eco-system through policy interventions</li> <li>▶ Ensure timely access to quality medicines in their respective jurisdictions</li> <li>▶ To build thought leadership of Cipla through various meetings / conferences / high-level discussions around respiratory, anti-microbial resistance, wellness among the others.</li> </ul>

● Financial      ● Intellectual      ● Relationship      ● Manufactured      ● Human      ● Natural      ● Social

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<b>Healthcare professionals</b> 	No	Help us to understand the management of the diseases and the need of the patients	●	Conferences and seminars Visits by sales personnel Advisory meetings Knowledge-sharing series	Event-based Event-based Event-based Event-based	<ul style="list-style-type: none"> <li>▶ To understand the need of the patients and the market</li> <li>▶ Knowledge exchange on our products, availability of our medicines and healthcare solutions.</li> </ul>
<b>Communities</b> 	Yes <sup>4</sup>	Help us develop our business ecosystem and our focus on creating shared value	●	Interaction through CSR initiatives Cipla Foundation website	Periodic Permanent	<ul style="list-style-type: none"> <li>▶ Understanding areas for sustainable development</li> <li>▶ To develop a sustainable ecosystem for our communities</li> <li>▶ Understanding the social / development challenges / need of the local communities</li> </ul>
<b>Shareholders and investors</b> 	No	Providers of financial resources for sustainable business growth	● ●	Meetings / conferences Earnings conference call General meeting Grievance mechanism Financial results Stock exchange and other communications Annual report	Event-based Quarterly Annual / Event based Permanent Quarterly Event-based Annual	<ul style="list-style-type: none"> <li>▶ Understanding the expectations of the shareholders / investors and seeking their feedback and presenting it to the Company's management and Board</li> <li>▶ Communicating the business and financial performance and overall strategy of the Company</li> </ul>

<sup>4</sup>The Company undertakes various CSR activities for the local communities. Majority of beneficiaries of these CSR activities can be termed as vulnerable or belonging to marginalised groups.

● Financial     ● Intellectual     ● Relationship     ● Manufactured     ● Human     ● Natural     ● Social

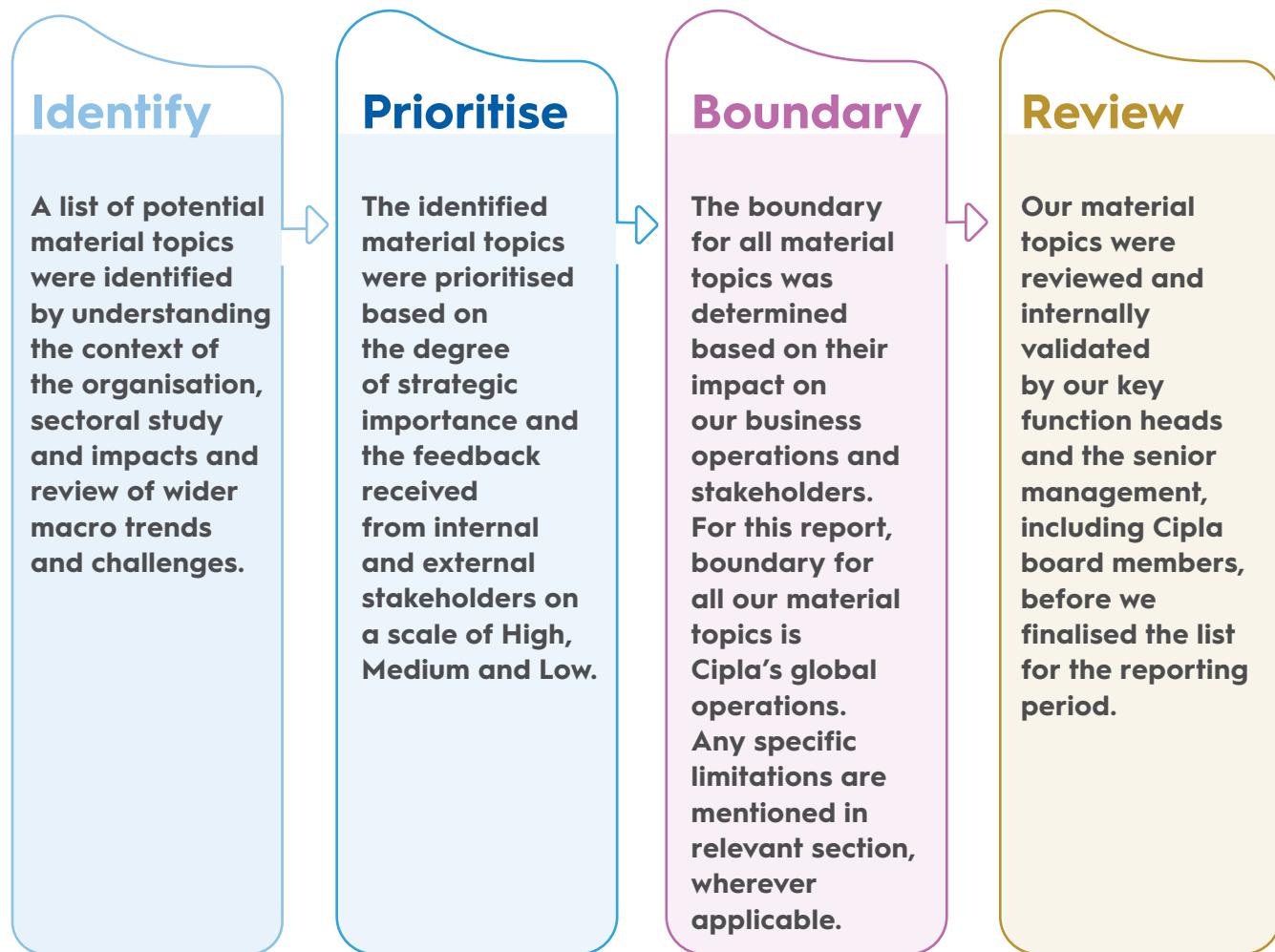
Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
B2B and institutional partners 	No	Play a pivotal role in the sale and marketing of our products	●	Meetings In-market visits Industry conferences	Periodic Event-based Event-based	<ul style="list-style-type: none"> <li>▶ To collaborate and provide vital medicines to our patients by leveraging on their infrastructure capabilities</li> </ul>
Employees 	Yes	They are the backbone of our business activities. They contribute towards productivity and efficiency. They also help boost our profits	●	Townhalls Employee engagement survey Skip-level meetings Appraisal, awards and recognition Grievance mechanism One-to-one manager connects	Quarterly Annual Periodic Annual Permanent Permanent	<ul style="list-style-type: none"> <li>▶ Performance and career development reviews</li> <li>▶ For building a safe, diverse and inclusive working environment</li> <li>▶ To communicate the performance and strategy of the Company</li> <li>▶ To seek their feedback on the work culture</li> </ul>



# Materiality Assessment<sup>1</sup>

**At Cipla, we continue to place emphasis on listening and meeting the expectations of our stakeholders. As per our practice, we conduct materiality assessment once in every three years. Accordingly, for FY 2021-22, we conducted a revised materiality assessment to update our material topics in the context of changing global and market conditions. The findings of the assessment provided valuable insights into specific Economic, Environmental, Social and Governance topics that could affect our ability to create long-term value for our stakeholders.**

The process followed for identification and prioritisation is shared below. This analysis enabled us to determine our material topics as prioritised by internal and external stakeholders:



Based on the feedback received from stakeholders during the materiality assessment, we have rationalised the material topics by consolidating the sub-topics into a common head wherever applicable. We have inserted two new topics 'Business continuity' and 'Health awareness' and omitted topics such as 'Growth uncertainties' and 'Pricing pressures' which reflected in our previous assessment. The material topics for FY 2021-22, ranked as per importance by our internal and external stakeholders have been provided in the table below. Additionally, we have also provided interlinkages with our six capitals and other sections of the Annual Report for further insight into how we incorporate these key focus areas into our operational performance.

<sup>1</sup>GRI 102-47 , GRI 102-49. Information in line with BRSR Question no.24 of Section A and Question no 1 under leadership indicators of Principle 4.

Material topics identified	ESG classification	Linkages with the integrated report	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications) <sup>2</sup>
<b>High</b>						
<b>Availability and Affordability of medicines</b>	Social	●	Opportunity	Only a small number of patients in some low and middle-income countries can afford medicines. Being a pharmaceutical company, it is imperative for us to improve access, availability and affordability for life-saving medicines for patient who cannot afford medicines.	NA	+
<b>Product Quality and Safety, and Data integrity</b>	Social Governance	●	Risk	Product Quality and Safety, and Data Integrity issues might impact our ability to fulfill the demand of our patients and create value for our stakeholders.	Refer Enterprise Risk Management on page no. 42	-
<b>Innovation</b>	Social	●	Opportunity	Continuous innovation in our operations helps us to deliver on our promise of providing affordable medicines to an increasing number of patients across the world.	NA	+
<b>Sustainable Supply Chain</b>	Social Governance	●	Risk	A sustainable and seamless supply chain is critical for the timely availability of our medicines to our patients across the globe.	Refer Enterprise Risk Management on page no. 42	-
<b>Corporate Governance</b>	Governance	●	Risk	Non-compliance with the regulatory and statutory requirements can impact our operations, ability to raise funds in future and valuation of the Company.	Refer Enterprise Risk Management on page no. 42	-
<b>Capital Allocation and Productivity</b>	Economic Governance	●	Opportunity	Capital Allocation and Productivity creates value for our stakeholders by channelising our financial resources in meaningful investments and expenditures based on our defined strategy.	NA	+
<b>Medium</b>						
<b>Promotion of Diversity</b>	Governance	●	Opportunity	We acknowledge diversity as an important asset for the organisation. It brings new ideas and experiences which can help us to bring innovative ideas for long term value creation for our stakeholders. It is our constant endeavor to provide inclusive work environment to our employees and celebrate their uniqueness.	NA	+
<b>Employee Health and Safety</b>	Governance	●	Risk	Employees are backbone of our business operations and it is our responsibility to provide them a healthy and safe environment. Additionally, Employee Health and Safety incidents pose regulatory, reputational, and business continuity risks. Risk of failure / non-compliance can impact our business operations and patient needs.	Refer Enterprise Risk Management on page no. 42	-
<b>Environmental Sustainability</b>	Environmental	●	Risk	Various consequences of climate change has potential to pose a threat to business continuity and human safety.	Refer Enterprise Risk Management on page no. 42	-
<b>Digital Business Model and Digitisation</b>	Governance	● ● ●	Opportunity	Leverage technology in our organisational processes for operational efficiency and delivering digital solutions to our patients across the globe.	NA	+
<b>Patient Experience and Health Awareness</b>	Social	● ●	Opportunity	The patient's voice has been instrumental in improving the way pharmaceutical products are conceived, tested, delivered and administered. Cipla thus recognises the value that patient centric innovations can bring to its mission of Caring for Life.	NA	+
<b>Investment in R&amp;D</b>	Social	●	Opportunity	Strengthen our research capabilities through world class laboratories and state of the art technologies for achieving operational excellence and creating value for our stakeholders.	NA	+
<b>Human Resource Development</b>	Social	●	Opportunity	Identifying, nurturing and retaining the best in class talent enables us to be ahead in the industry.	NA	+
<b>Low</b>						
<b>Community Engagement</b>	Social Governance	●	Opportunity	It enables us to create shared value for our local communities around our operations.	NA	+
<b>Business Continuity</b>	Social	●	Risk	We operate in a complex regulatory and geopolitical environment. In the absence of robust business continuity plans and measures, untoward incidents such as natural disasters, workplace accidents wars, sanctions, sustained cyber-attacks and other similar events can have a significant adverse impact on our operations and commitment to serve patient needs.	Refer Enterprise Risk Management on page no. 42	-

● Financial    ● Intellectual    ● Relationship    ● Manufactured    ● Social  
 ● Human    ● Natural    ● Report on Corporate Governance    ● Enterprise Risk Management

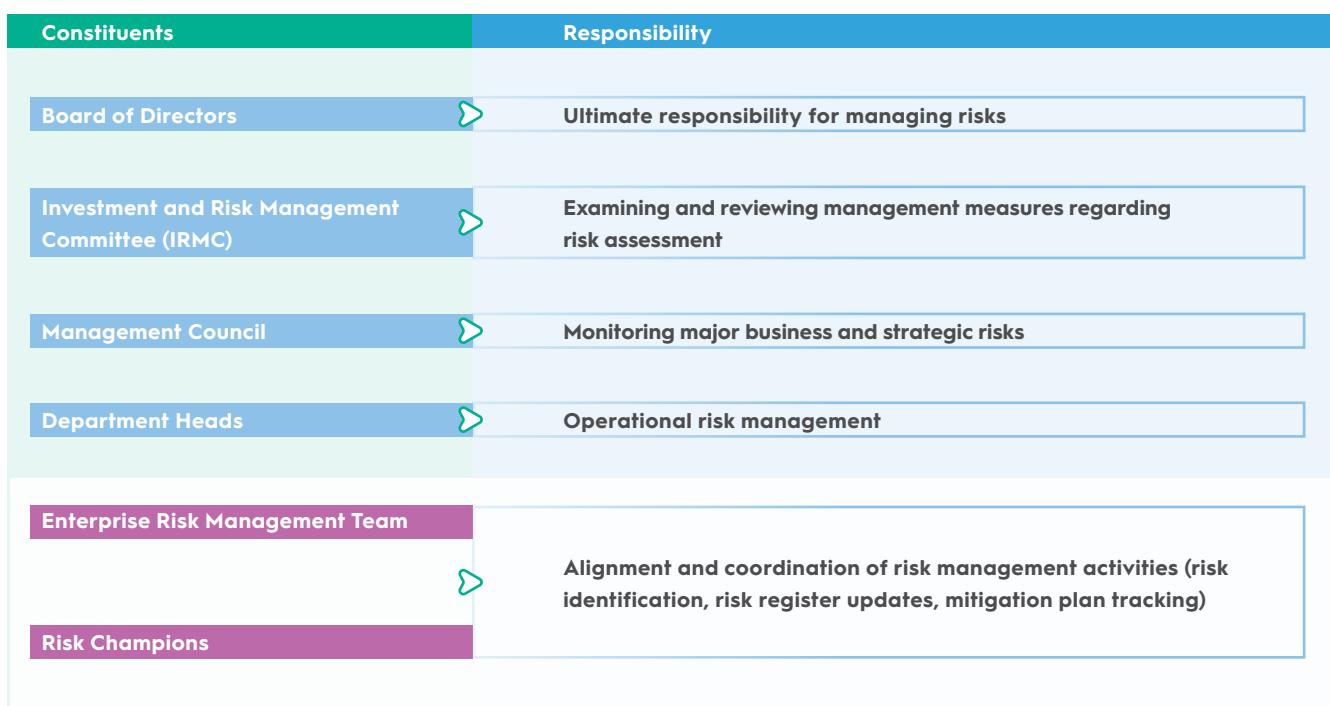
⊕ Positive    ⊖ Negative

<sup>2</sup>For further details on positive and negative impact please refer the respective capitals mapped to each material topic.

## Enterprise Risk Management<sup>1</sup>

**Our operations across multiple geographies bring to the fore a multitude of risks, which are closely monitored, mapped and mitigated through our robust Enterprise Risk Management ('ERM') framework. Our ERM framework identifies and manages uncertainties in the operating environment through the deployment of appropriate risk-mitigation measures. Our risk assessment process considers the impact and likelihood of risks, and the time horizon over which a risk could occur. We consider both current and emerging risks that could affect our ability to achieve our objectives. Our risk management framework complements our culture and is an intrinsic part of our business model. In keeping with our motto, 'Caring for Life', our conscious endeavour is to bring patient centricity in the way we identify risks and define risk mitigation measures.**

The below chart represents Cipla's risk architecture:



In addition to the above structures, various risk governance actions are taken by senior leadership teams at the enterprise, business unit and the function level. Business continuity planning is embedded in our framework, so we can continue business operations in the event of a crisis. The ERM activities

across the organisation are executed and monitored by the ERM team and reviewed by the IRMC.

Based on the management's review and deliberations during IRMC meetings, given below is a summarised account of some of our key risks and mitigation

measures. 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. Growth Uncertainties

Cipla faces growth uncertainties across geographies due to risks, which are unique to each geography.

### India

#### Risk Description

While we enjoy market leading positions in certain therapies, incremental high growth similar to previous years may prove to be challenging on account of continued commoditisation and hyper-competition. Additionally, the pharmaceutical regulatory authority in India defines the National List of Essential Medicines ('NLEM'). Medicines in the NLEM are subject to price control. Any regulatory decision to add new products to the NLEM or bring about change in the mechanism of calculating price ceiling can potentially impact our margins adversely. High level of competition in the generics space also impacts growth. Due to the unpredictable COVID-19 waves, we also faced inventory related risk in FY 2021-22 which may continue in future.

#### Mitigation

- ▶ **Prescription business:** We launched a comprehensive COVID-19 portfolio during the reporting period (Favipiravir, Remdesivir, Tocilizumab, Casirivimab, Imdevimab, and Molnupiravir). Besides, Cipla also ensured continued availability of certain products such as Budenoside, Azithromycin, Paracetamol, among others, which were complementary to the COVID-19 portfolio.
- ▶ **COVID-19 Diagnostics:** A range of COVID-19 related diagnostic tests (antibodies and rapid antigen) were launched in FY 2021-22

- ▶ **Cipla Health Limited:** We achieved a significant growth in consumer reach and portfolio expansion through new launches and inorganic growth in existing and new categories. We are expanding the products portfolio of consumer business to leverage the scale of operations
- ▶ As part of our One-India strategy, we continue to synergise the distribution and channel engagement for prescription, trade generics and consumer health segments
- ▶ We are improving access directly to consumers with therapy-shaping initiatives and ecosystem partnerships
- ▶ We have formulated a well-defined strategy for increasing reach in the interior areas, continued focus on core products and introduction of new products.

#### Enhancements in FY 2021-22

- ▶ We introduced several new innovative products through in-licensing deals with innovators.
- ▶ We continued to build the cost savings momentum to soften the impact of rising costs through cost reimagination programmes and the reduction of discretionary spending.
- ▶ We undertook several digital initiatives to enhance scientific engagement, market reach and ease of operations.

### US

#### Risk Description

The US market continues to be characterised by product pricing pressures owing to increased approvals of generic drugs both first generic approvals and follow-on generic approvals. Increased commodity prices including but not limited to crude oil, intermediates and APIs have resulted in higher cost of goods for products. Increased wage inflation and higher freight costs due to ongoing global political uncertainties are a major challenge for companies like us.

#### Mitigation

- ▶ We continue our growth in market share expansion for respiratory franchise such as Albuterol
- ▶ Launch value accretive and limited competition products
- ▶ Building value through the development of peptide based injectables, strategic intellectual property challenges and launch of products through institutional channels.

#### Enhancements in FY 2021-22

- ▶ Approval of new manufacturing facility for Albuterol production by USFDA, took Cipla a step closer in building future capabilities to expand its portfolio and manufacture new complex dosage forms in the US.
- ▶ Positive traction with regulatory authorities (Advair) and successful settlement of patent litigation (Revlimid) resulted in improved revenue visibility for FY 2022-23.

## South Africa ('SA'), Sub-Saharan Africa ('SSA') and Cipla Global Access ('CGA')

### Risk Description

The South Africa tender business was impacted during the year by price reductions and lower allocations as the Government accepted free donor stock. The pressure on pricing is also evident in the access businesses of CGA and SSA. On the regulatory front, uncertainty around delays by the South African Health Products Regulatory Authority ('SAHPRA') for registration of new products poses challenges in new launches. We may have impacts due to unforeseen event of riots like one during the year in South Africa where 1,000+ looters entered our facility and caused physical damage.

### Mitigation

- ▶ Our strategy in the private markets of SA and SSA is paying off as we recorded market-beating growth in both areas:
  - In the SA private market, we continue to focus on growth across the base business and organic launches, as well as the continued success of the MNC partnerships
- ▶ SSA presence widened and strengthened in 10 countries
- ▶ SA has actively reduced the reliance on the tender business to reduce the impact of market volatility and has seen an improved margin profile behind the shift to a lower tender base
- ▶ We have a focused approach to inorganic growth opportunities across all the private markets and continue to pursue these growth opportunities
- ▶ We remain committed to the access businesses and local manufacturing but continue to balance this with our private market growth aspirations
- ▶ We hedge our losses, through robust insurance contracts to protect us from any unforeseen events

### Enhancements in FY 2021-22

- ▶ In case of CGA, we strengthened our mainstay products into lucrative brands. In addition, continued focus on input costs secured meaningful savings, which allowed us to remain competitive in the year under review
- ▶ Our focus on receivables and costs (streamlining and consolidating procurements) ensured profitability and cost competitiveness
- ▶ We worked with SAHPRA for priority review on key products and cutting down the timelines from registration to launches
- ▶ We were able to recover from insurers our entire loss and also opportunity cost for the period that the plant was shut down.

## 02. Geopolitical Volatility

### Risk Description

Geopolitical risk covers a number of categories and situations; some events may be brief (though having a significant impact), while others have a more sustained effect on businesses. The scenarios may be economic or political, encompassing a range of threats

(terrorism, war, cyber incidents) as well as occurrences such as trade sanctions, foreign exchange volatility or restrictions on repatriation, liquidity issues, receivables risks, elections, parliamentary actions, and the push-and-pull of political movements in general. These events can threaten the conduct of existing business as well as its expansion.

### Mitigation

- ▶ We cap our overall exposure to high-risk countries in terms of sales, profits and invested capital to a defined threshold
- ▶ We continue exploring local manufacturing possibilities or tie-ups

- ▶ We register products at alternate manufacturing facilities to enable seamless production and supply
- ▶ We secure receivables by mandating advance payments or securing the Letter of Credit
- ▶ We minimise our foreign exchange losses through hedging or defining of repatriation schedules
- ▶ We evaluate entering into in-licensing deals in emerging markets to enhance growth
- ▶ We work with local government authorities to mitigate the forex impact with price increase

### Enhancements in FY 2021-22

We formalised and defined geopolitical risk assessment process which considers economic, political and sovereign risks and takes into account metrics such as corruption perception index and ease of doing business.

## 03. Quality

### Risk Description

Failure to comply with GxP (Good Laboratory Practices, Good Clinical Practices, Good Manufacturing Practices, and so on) by Cipla and its contractors or suppliers at any stage of product manufacturing can lead to sub-optimal product quality and pose a significant health hazard to our and can hamper the operations due to regulatory sanctions.

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

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

### Mitigation

- ▶ A team of quality professionals are aligned with each manufacturing site to provide oversight and assist the delivery of quality performance and ensure all-time audit readiness
- ▶ We follow a product life cycle management process which focuses on product quality
- ▶ We use information technology to digitalise and improve the quality assurance and quality control processes
- ▶ We consistently adhere to a quality improvement and training programme with a focus on historically known quality issues
- ▶ We investigate and follow robust Corrective and Preventive Action ('CAPA') for identified non-conformities
- ▶ We continue to institutionalise 'lessons learned' from past quality-related incidents of adverse nature
- ▶ We follow stringent evaluation of vendors and suppliers on quality parameters and ensuring compliance with cGMP requirements mandated by industry regulatory standards
- ▶ We conduct periodic desktop-based remote internal reviews performed across manufacturing sites to proactively identify concerns in processes and practices
- ▶ All corrective actions in response to Goa warning letter completed and necessary steps to enable re-inspection of site have been taken

### Enhancements in FY 2021-22

- ▶ We continued our progress in our digital quality systems initiatives which helps to ensure high product quality standards and ensure data integrity across our value chain
- ▶ We constantly update our global standard operating procedures in response to internal audit findings and based on regulatory surveillance update
- ▶ We imparted multiple trainings on critical topics
- ▶ We rolled out global CAPA at all sites based on continual learnings from audits conducted by regulatory agencies as well as internal reviews.

## 04. Product Development and Launch

### Risk Description

New product development is subject to a spate of risks such as significant upfront investment, patent litigation, competitor foray, clinical trial delays and regulatory roadblocks. Additionally, once a product is approved, incidents such as launch delays and lower than forecasted pricing can also adversely impact us. In markets such as the US, which is characterised by significant price erosion across therapies, growth is highly dependent on successful launches of differentiated products. Additionally, situation like COVID-19 can continue to create challenges in product development and launches. These challenges threatened to delay critical development projects.

### Mitigation

- ▶ We extensively research and deliberate at various levels on the new products identified for development which is approved by Global Portfolio Selection Committee at central level.

▶ We continue to identify and adopt new product development technologies to optimise project timelines, lower development costs, and enable smoother post-launch manufacturing which includes:

- In silico predictions of product performance using modelling and simulation and computational techniques to mitigate the risk of clinical failure
- Leveraging in-house safety screening laboratory to identify and eliminate hazards in our manufacturing processes
- ▶ We have a robust project monitoring framework to identify schedule slippages and enable deployment of mitigation measures in a timely manner
- ▶ We continue augmentation of R&D capabilities through partnering for product development
- ▶ We engage and align regulatory health authorities on innovative product development approaches and overall life-cycle management to accommodate their suggestions and avoid approval delays

▶ We also continue to add the learnings from past projects in current development projects

### Enhancements in FY 2021-22

- ▶ We strategically allocated investments to complex and differentiated products with limited competition that have greater potential of generating higher revenues
- ▶ We launched multiple value accretive products during the year across geographies
- ▶ We relentlessly continued our focus on upgrading R&D systems and processes to stay abreast with latest technological developments. Some examples are:
  - Harnessing IoT tools to integrate and automate documentation processes
  - Data mining and analytics for API, formulation, and analytical laboratories to enable the development of comprehensive dashboards for informed and efficient decision-making.

## 05. Supply Chain Disruptions

### Risk Description

Last year's supply chain ecosystem was characterised by rising raw material and transportation prices. We also witnessed minor disruptions due to COVID-19 from time to time. This has posed some challenges around timely availability of raw materials at reasonable costs

### Mitigation

- ▶ We adopt de-risking measures through inhouse, contract manufacturing organisation and contract development manufacturing organisation

▶ We maintain sufficient inventory coverage for key strategic molecules

- ▶ We prioritised supply strategy defined for critical, life-saving medicines to prevent stock-outs of APIs and intermediates
- ▶ We efficiently managed the export logistics by entering into rate contracts with sea liners and advance booking of slots in cargo
- ▶ We pursue programme for the development of alternate vendors for critical APIs and intermediates
- ▶ We place advance orders with vendors and transporters basis firm

manufacturing plan to ensure timely availability and cost optimisation

### Enhancements in FY 2021-22

- ▶ We increased our focus on alternate vendor development for packing materials and excipients
- ▶ We initiated rate contracting for commodity linked items.

## 06. Cyber Security

### Risk Description

Cyber security risk is the probability of exposure or loss of critical assets and sensitive information due to cyber security attacks which can lead to productivity and reputational damage. During the year, pharmaceutical companies continued to be a high value target for ransomware, phishing and other forms of cyber-attacks. With a significant percentage of employees across the globe operating from home, certain network and data related risks have aggravated.

### Mitigation

- ▶ We align cyber and digital risk management framework with ethos, principles and directives of Confidentiality, Integrity, Availability, Reliability and Safety

- ▶ Our cyber and digital risk management frameworks are aligned with global & industry leading cyber-infossec models, standards, guidelines and best practices
- ▶ We adopt relevant preventive and detective measures to safeguard against top cyber risks pertaining to information technology and operational technology environments
- ▶ We run 24x7 detect and response services supported by managed intelligence services with predictive analysis
- ▶ We pursue growth in cyber security maturity model and year-on-year cyber security roadmap
- ▶ We periodically check the efficacy of implemented security measures by corresponding key performance indicators and key risk indicators

- ▶ We follow an effective risk management and governance by a risk based approach, cyber risk quantification, cyber insurance and integrated reporting
- ▶ We are persistent in our efforts to build risk awareness culture in the organisation.

### Enhancements in FY 2021-22

- ▶ We continued the safeguards to strengthen agility and resiliency for hybrid work environment(s)
- ▶ We have adopted zero trust model / framework.

## 07. Data Privacy

### Risk Description

Failure to protect personal data and comply with data privacy regulations could risk companies in terms of financial penalties, operational inefficiencies, intervention by regulators and most importantly reputational loss. In many jurisdictions, privacy is considered as a fundamental human right, and data protection laws exist to guard that right. The data privacy landscape is complex, and it continues to evolve. The reporting period witnessed a spate of enactments of data privacy laws across geographies that we operate in. Additionally, in geographies where strong data privacy regulations existed, increased vigilance and disciplinary actions were observed.

### Mitigation

- We follow data protection controls and robust risk response mechanisms to cater to protection of personal data in the Cipla ecosystem through:
- ▶ Enterprise Data Privacy Management Policy and Framework roll-out
  - ▶ Fortification of processes to adhere with privacy-by-design concept
  - ▶ Creating awareness amongst employees on applicable privacy requirements
  - ▶ Perform systemic analysis to identify and mitigate gaps.

### Enhancements in FY 2021-22

- ▶ We continuously monitored compliances through compliance management framework
- ▶ We enhanced audit measures and reviewed compliance with Enterprise Privacy Handbook.

## 08. Environment, Health & Safety ('EHS') and Sustainability

### Risk Description

Safety at all Cipla workplaces is both a priority and a regulatory requirement. EHS incidents pose critical regulatory, reputational, and business continuity risks and impact long term sustainability. Cipla recognises the effect of global climate change on the environment and the communities that it operates in, together with the exposure to practices that negatively impact the environment and the people involved in the supply chain. Severe storms, flooding, accelerated melting of glaciers, and frequent droughts have strong correlation with climate change. Overall, the various consequences of climate change pose a threat to business continuity, human safety and long term sustainability.

### Mitigation

#### EHS

- ▶ Our corporate EHS function is an independent function, it provides oversight on safety and operating exposures and issues standardised corporate EHS guidelines to our manufacturing sites
- ▶ We ensure compliance with local regulations and best-in-class industry safety standards across our locations.
- ▶ We have implemented EHS management system for timely identification of potential risks

- ▶ We continue our efforts to reduce EHS risk through programmes like periodic internal audits, external audits as per ISO14001 and ISO45001, specialist external audits focusing on different EHS elements and Hazard Identification and Risk Assessment and HAZOP Studies
- ▶ We also conduct monthly theme based EHS campaigns focusing on various priority elements

#### Sustainability

- ▶ We have a robust corporate EHS Policy coupled with site EHS standards
- ▶ We have a strong governance model around sustainability with constitution of dedicated Sustainability Council for rolling out a road map, monitoring and reporting sustainability initiatives across Cipla.
- ▶ Our sustainability programme is designed to achieve carbon neutrality, water neutrality and zero waste to landfill by the year 2025
- ▶ We conduct ESG assessments for our critical suppliers
- ▶ We comply to the needs of the international supplier assessments for our customers

### Enhancements in FY 2021-22

#### EHS

- ▶ We ensured continuous improvements such as enhancement of safety infrastructure, improving workforce awareness and trainings through Learning Management system
- ▶ We carried out Bow-tie analysis for critical operations, asset integrity management procedures and plans
- ▶ We have a portal for reporting of occupational health statistics
- ▶ We have strengthened EHS practices in our warehouses and introduced a curated EHS programmes in India business

#### Sustainability

- ▶ Significant progress made in terms of improved waste recycling, increased use of renewable energy and investment in renewable energy projects, and reduction of water consumption and emissions
- ▶ We have implemented sustainability data reporting platform. Dashboard for monitoring and tracking the performance of each site. The deployment of module to capture Scope 3 emissions is underway.
- ▶ We have deployed e-learning modules to increase awareness and understanding on sustainability.

## 09. Statutory compliances

### Risk Description

As a global organisation, we must comply with the requirements of a dynamic and complex regulatory landscape, across multiple geographies. The fast pace of changes in the global regulatory environment has resulted in considerable increase in

regulatory scrutiny as well as stakeholder expectations vis-à-vis compliance. We recognise that failure to comply with applicable laws and regulations pose a threat to our financial and reputational standing, including criminal prosecution.

### Mitigation

- ▶ We have a comprehensive global compliance management framework that enables tracking of changes to applicable laws and regulations across various jurisdictions and functional areas and managing compliance obligations

- ▶ We periodically review regulatory compliance complemented by a fully digitised self-governance mechanisms.
- ▶ We have adequate and effective internal controls to monitor and prohibit unlawful and fraudulent activities.

### Enhancements in FY 2021-22

- ▶ We designed frameworks to help self-regulate challenges arising out of the ever-evolving regulations worldwide

- ▶ We established processes for periodic reviews to ensure continuous monitoring and remedial action.

## 10. Internal Controls

### Risk Description

Internal control risks are risks that affect the efficiency and effectiveness of internal controls and thus affect the achievement of business objectives. Lack of well-defined internal controls can have a potentially adverse impact on Cipla's profitability, brand, and business sustainability.

### Mitigation

- ▶ Internal controls defined in the Cipla's environment comprises a mix of preventive and detective controls. Such controls may be manual or automated in nature
- ▶ Principles followed while designing controls: we have segregated duties, authorisation, reconciliation, physical inventory, periodic review, and information technology general controls, including security and change controls
- ▶ We have a well-defined Code of Conduct spanning a multitude of scenarios and transactions, which are most vulnerable to fraud, coupled with robust whistle-blowing mechanism
- ▶ We have a comprehensive risk-based audit universe and audit plans which is further strengthened by robust internal financial controls system

### Enhancements in FY 2021-22

- ▶ We have automated risk analytics, designed and implemented across key audit areas to enable faster identification of red flags and potential internal control weaknesses/ failures
- ▶ We continued our focus on Code of Conduct through multiple awareness campaigns
- ▶ We developed control maturity index for each process to assess the level and areas of focus
- ▶ We continuously assessed the business landscape, complexity in operations and regulatory changes.

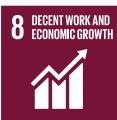


## Financial Capital

### Strategic Focus Areas



Capital allocation  
and productivity





**At Cipla, we are committed to provide access to high-quality life-saving medicines, making a positive impact on the lives of millions of patients. Across geographies, our operations are backed by robust scientific knowledge and digital capabilities that are geared towards delivering transformative health outcomes for communities with unmet medical needs. Our strategic goals are directed at building a sustainable foundation for our businesses across verticals and geographies.**

**Cipla is progressing well on its ESG goals targeted towards reducing its environmental footprint, advancing access to high quality generics and innovative medicines to patients and communities, and building globally benchmarked governance practices.<sup>1</sup>**

In FY 2021-22, we were at the forefront of ensuring access to high-quality medication in the wake of the pandemic and upholding our purpose of 'Caring for Life'. We maintained high serviceability levels to ensure timely supply of medicines, including COVID-19 products.

Our manufacturing facilities continue to operate at optimum levels and we are digitising and automating our operations for higher performance, operational excellence and resilience. We have launched a dedicated digital company to serve as an enabler of digital agenda for future readiness across functions.

In FY 2021-22, we established strong threshold for revenue and operating profitability. The overall revenue grew by a robust 14% Y-o-Y, driven by a strong momentum in One-India, North America and SAGA region. Our operating profitability grew by a healthy 6% and EBITDA margin stood at 21%.

The free cash generation (FY 2021-22: ₹ 2,596 crores) and operating efficiency continue to drive our strong net-cash position (FY 2021-22: ₹ 3,909 crores). Our inventory levels reflect our deep commitment to ensure the availability of medicines and de-risking of any business interruptions due to global supply chain disruption. In FY 2021-22, our return on invested capital ('RoIC') of 21.6% continued to be well above the long-term sustainable range of 17-20%. At Cipla, we continue to stay committed to servicing demand across global markets, monitoring critical filings, continued portfolio expansion, rigour on cost control, digital engagements, along with seamless coordination in manufacturing, supply chain and distribution.

During the year, we prepaid the long-term debt raised for InvaGen Pharmaceuticals Inc. acquisition which led to the reduction in financial leverage and moderation in return on equity and maintained a healthy dividend per share of ₹ 5 per share and dividend payout ratio of 16% in FY 2021-22.

**Capital allocation and productivity!**: We have a robust financial management process that assesses the requirement of funds for sustainable business operations and we continue to strategically commit capital across value-accretive avenues and future growth levers.

#### We invest our capital for:



Research and development to strengthen our complex portfolio



Enhancements in manufacturing infrastructure



Automation to bolster operating efficiency, brand building and workforce productivity



Renewable energy sources for reducing environmental impact

## Revenue

In FY 2021-22, our revenue grew by 14% to ₹ 21,763 crores (FY 2020-21: ₹ 19,160 crores) and the 5-year CAGR stood at a healthy 8%. In FY 2021-22 our performance was driven by a strong momentum in One-India, North America and SAGA region as well as support from COVID-19 products and core portfolio growth (excluding COVID-19) was 12% over FY 2020-21.

During the year, we continued to strengthen our complex portfolio development and execution capabilities, demonstrated by growth in our respiratory franchise, unlocking of peptide portfolio, expanding partnership with Eli Lily for anti-diabetic portfolio and inked a partnership with Kemwell Biopharma. The partnership encompasses the development, manufacturing and commercialisation of biosimilars.



## EBITDA<sup>2</sup>

In FY 2021-22, we reported EBITDA of ₹ 4,578 crores (FY 2020-21: ₹ 4,303 crores) with EBITDA margin of 21% (FY 2020-21: 22.5%). While the rigour on cost and operating efficiency continued, initiation of clinical trials and growth-linked investments continued in full swing. The reported numbers also include one-time COVID-19 related inventory provisions, business restructuring and other charges driving the moderation in comparison to last year's profit margins. The core operating profitability is strong and reflects the strength of our underlying business fundamentals.



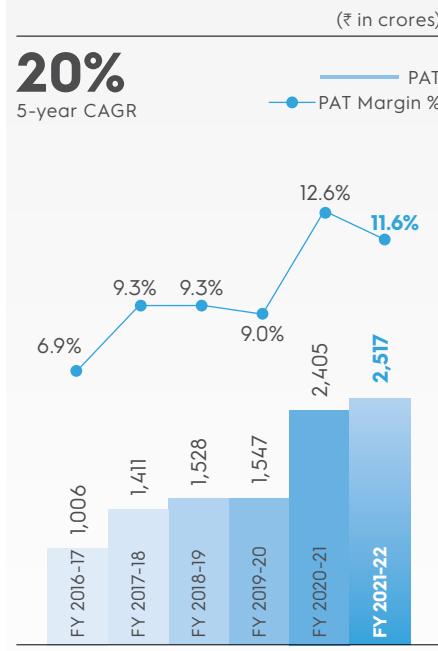
<sup>2</sup>EBITDA = Revenue from Operations - (Cost of Material Consumed + Purchase of Stock-in-Trade + Changes in inventory of Finished Goods, Work-in-Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses) | FY 2020-21 includes one-time income from a litigation settlement | FY 2021-22 includes one-time COVID-19 related inventory provision and other charges

<sup>3</sup>FY 2021-22 includes one-time impact of impairments and forex loss on receivables amongst others

## PAT and PAT Margin<sup>3</sup>

The profit after tax ('PAT') for the year was ₹ 2,517 crores or 11.6% of revenue (FY 2020-21: ₹ 2,405 crores or 12.6% of revenue). The growth in operating profitability, lower depreciation and lower interest expense on reducing debt drove the 5% growth in PAT in FY 2021-22.

The reported PAT numbers for FY 2021-22 include the impact of impairments in assets largely on account of the investment in our associate company Avenue Therapeutics Inc. as well as forex loss on receivables due to sharp depreciation of LKR in comparison to USD. These one-time items are driving the moderation in comparison to last year's profit margin. The effective tax rate for FY 2021-22 was 26.7%.



## Working Capital<sup>4</sup> and Cash Conversion Cycle<sup>5</sup>

Over the years, we have maintained a strong governance on working capital management through initiatives targeted at the management of inventory, receivables and payables.

In FY 2021-22, to improve liquidity and de-risk the business from supply shocks related to the pandemic as well as on-going geopolitical volatility, we have proactively collected receivables, maintained higher stocks of critical raw materials and finished products for new launches and COVID-19 products. Additionally, we are supporting supply chain and distribution partners to maintain an uninterrupted supply and distribution of medicines.



## Cash flow from Operations and Free Cash Flow<sup>6</sup>

In FY 2021-22, overall cash flow remained at healthy levels, which reflected in our cash flow from operations of ₹ 3,326 crores (FY 2020-21: ₹ 3,755 crores) and free cash flow to ₹ 2,596 crores (FY 2020-21: ₹ 2,856 crores). While profitability grew by 6% over last year, we continued to build strategic inventory to de-risk supply chain shocks for new launches as well as COVID-19 products, which is also reflected in the cash flow levels for FY 2021-22.

We have robust cash balances of ₹ 4,965 crores (FY 2020-21: ₹ 3,756 crores) and net cash positive position of ₹ 3,909 crores (FY 2020-21: ₹ 1,741 crores), significantly strengthening our balance sheet.



<sup>4</sup>Working Capital = Trade Receivables + Inventory - Trade Payables | Working Capital Turnover Ratio = Average Working Capital ÷ Revenue

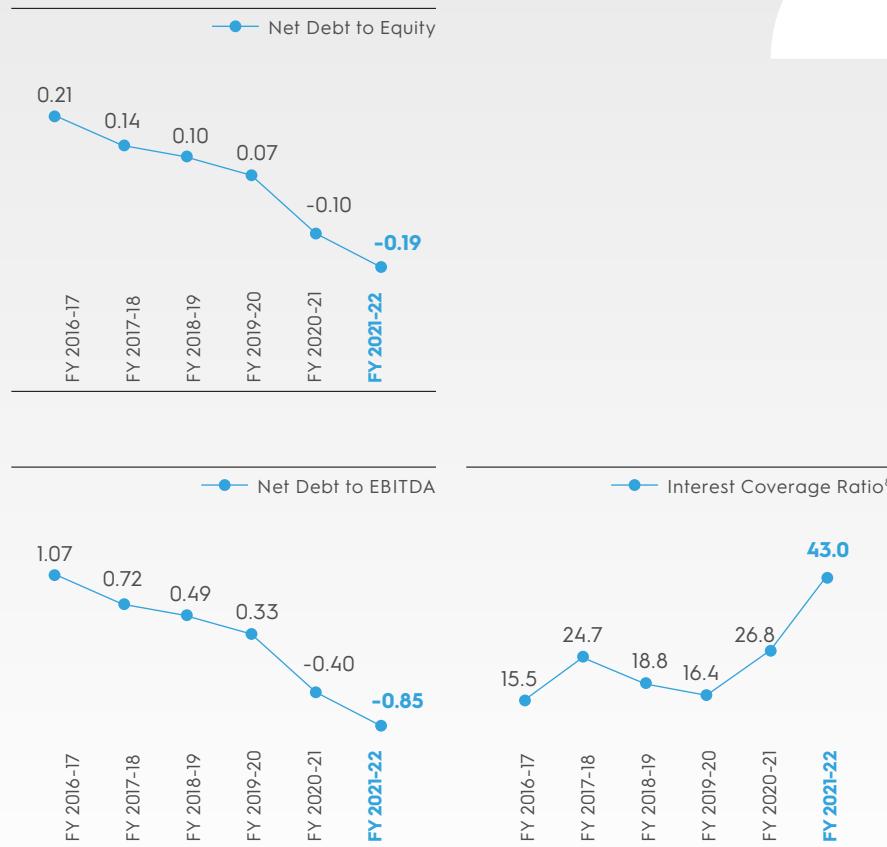
<sup>5</sup>Cash Conversion Cycle = Average Working Capital ÷ Revenue Per Day

<sup>6</sup>Free cash flow = Cash flow from operations (net of tax) + interest income - interest expenses - capex (tangible and intangible)

## Net Debt<sup>7</sup> to Equity

Healthy free cash flow generation enabled us to maintain robust net debt-to-equity ratio, improving to -0.19 (FY 2020-21: -0.10) attributed to our robust cash balances of ₹ 4,965 crores (FY 2020-21: ₹ 3,756 crores) and low debt of ₹ 1,056 crores (FY 2020-21: ₹ 2,014 crores). We prepaid USD 137 million term debt raised for InvaGen Pharmaceuticals Inc. acquisition one year ahead of schedule during the year; the balance as on date is nil. Driven by our relentless focus on cash generation and rigour on cost discipline, we continue to be a net cash-positive Company as on 31<sup>st</sup> March, 2022.

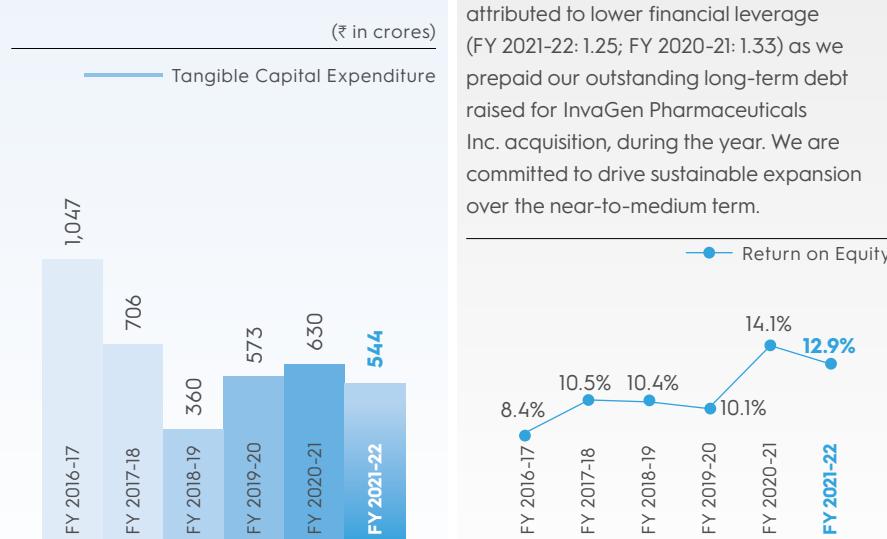
As on 31<sup>st</sup> March, 2022, our long-term debt stands at ZAR 720 million in South Africa and USD 7 million in Uganda. We also have working capital loans of USD 49 million, EUR 2 million and others, which act as a natural hedge towards receivables. We continue to be appropriately hedged for key global currencies according to internal policies. The Promoter and Promoter Group hold 33.42% stake in Cipla as on 31<sup>st</sup> March, 2022.



## Tangible Capital Expenditure

Over the years, we have also invested in expanding capabilities in the areas of technology, automation, safety, environment and data systems. In FY 2021-22, routine as well as growth investments continued largely in Indian plants exporting to overseas markets.

We continue to unlock capacities and strategically expand our footprint in line with patient demand patterns and serviceability levels. This includes de-risking of our supply chain for respiratory and mission-critical APIs as well as technological enhancements for re-imagination, automation and environmental sustainability.



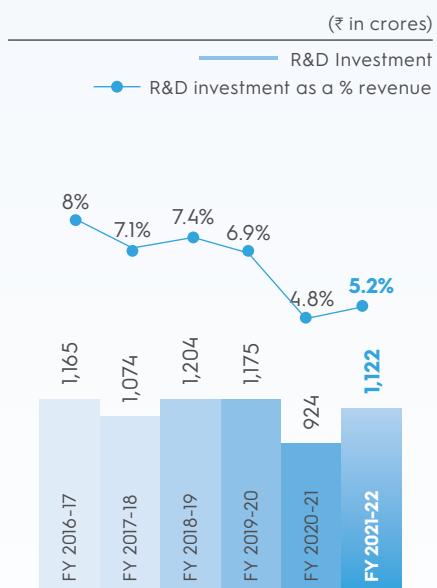
<sup>7</sup>Total borrowings = Total debt + lease liabilities | Net Debt = Total borrowings less Cash and Cash equivalents including fixed deposits, current investments, margin deposits and excludes unclaimed dividend balances

<sup>8</sup>Interest Coverage Ratio = EBITDA ÷ Total Finance Cost

<sup>9</sup>RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling interest)

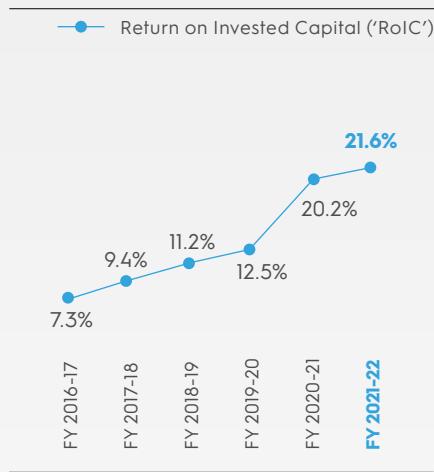
## R&D Investment<sup>10</sup>

In FY 2021-22, our total R&D investments stood at ₹ 1,122 crores or 5.2% of our total revenue. We continue to track the progress of priority projects and to maintain healthy investments in the developmental pipeline. In FY 2021-22, our R&D expenditure was 21% higher than FY 2020-21 base as clinical trials were initiated for a respiratory asset in FY 2021-22. Over the medium term, we expect our R&D expenditure to inch-up as select respiratory assets progress into clinical trials. At Cipla, our complex product pipeline consists of respiratory products, Para IV opportunities and partnered peptide injectables. We have also entered into a joint venture with Kemwell Biopharma for developing, manufacturing and commercialising biosimilars. The protocol and portfolio for preliminary studies was being finalised in FY 2021-22 and developmental activities will commence over the near to medium term.



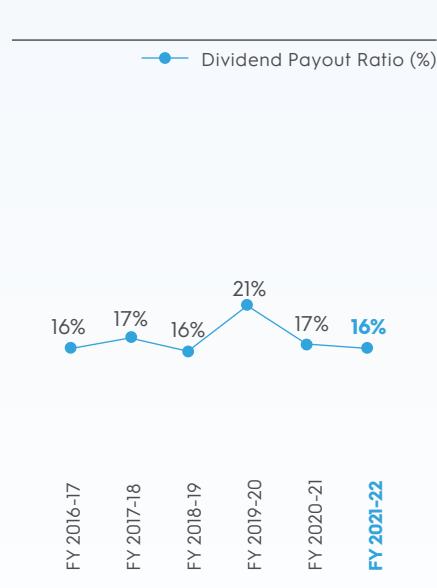
## Return on Invested Capital ('RoIC')<sup>11</sup>

In FY 2021-22, the business delivered a historic high RoIC of 21.6% (FY 2020-21: 20.2%), which tracks above the long-term sustainable range of 17-20%. We are committed to driving expansion from current levels by focusing on complex launches including respiratory and peptide injectables, continued cost rigour and governance, translating to sustainable margin expansion and high returns trajectory over the near-to-medium term.



## Dividend Per Share and Dividend Payout Ratio

In FY 2021-22, we maintained the dividend per share in line with growth in the overall profitability. The dividend per share for the year was ₹ 5 (FY 2020-21: ₹ 5) and the dividend payout ratio was 16% of consolidated PAT (FY 2020-21: 17%).



<sup>10</sup>Opex including depreciation

<sup>11</sup>RoIC = EBITDA - depreciation & amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowings)]



## Manufactured Capital

### Strategic Focus Areas



**Product Quality and Safety**



**Data Integrity**



**Digitisation**



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

## Capacity Highlights (in units) FY 2021-22



**32.72 billion**

Tablets and capsules



**50.60 million**

Nasal sprays



**750 million**

Repusles



**144.20 million**

Aerosol pMDI



**51.20 million**

Oral liquids



**11.45 million**

Lyophilised injections



**2.50 million**

Form fill seal eyedrops

**We strongly believe in our purpose of 'Caring for Life' in strategy and action. Our conviction enables us to leverage and invest our manufactured capital through facilities that are cGMP compliant and in conformity with national and international standards. We strive to strengthen our manufacturing competencies with the highest standards of technical and quality specifications and improve operational excellence through our digital transformation journey.<sup>1</sup>**

Our product pipeline is driven by 47 state-of-the-art manufacturing facilities across six countries. We also undertake manufacturing activities through Contract Manufacturing Organisations (CMOs), comprising 'Loan Licensing' and 'Principal to Principal' models. These CMO models offer cost benefits, additional capacities, enhanced management synergies and increased focus on in-house development and R&D activities. CMO sites are evaluated and selected, basis cGMP compliances, cost, capacity, Environment, Health & Safety and sustainability parameters.

**Cipla produces 1,500+ generic products in 65 therapeutic categories and 50+ dosage forms that serve patients globally.<sup>2</sup>**

In a constantly evolving and dynamic landscape, we strive to maintain capacity levels, commensurate to the demand, through continuous optimisation and modernisation of our manufacturing facilities. Major increase in capacity this year is on account of a new Aerosol line in Baddi and revamped injection line in Goa to cater to the North

America market. We sold one of our Oral Liquid Plants in Satara, Maharashtra, India, as part of network optimisation.<sup>3</sup>

**Our manufacturing plant in Qidong, China, was successfully commissioned during the year<sup>3</sup>** and obtained the manufacturing license, moving a step closer to regulatory filings in the US and other emerging markets.

<sup>1</sup>GRI 103-1, GRI 103-2, GRI 103-3.

<sup>2</sup>GRI 102-7.

<sup>3</sup>GRI 102-10.



## Digitisation in Manufacturing<sup>6</sup>



## Industry 4.0

The adoption of Industry 4.0 is revolutionising manufacturing processes. In line with our aspiration to create future ready plants, we at Cipla are reimagining manufacturing under project 'Pegasus' to make operations a source of competitive advantage for higher performance and resilience.

**We achieved our first milestone towards 'Touchless Manufacturing Sites', through the launch and implementation of the first fully integrated Electronic Batch Record Manufacturing Execution system in India, at our Patalganga Unit II site, digitising manufacturing from dispensing to dispatch.**

Cipla is committed to value creation through environment sustainability, asset integrity and reliability practices, thereby strengthening the legacy of quality in manufacturing, with right people and right capability. **With this approach, we have attained 98% plant availability and significant reduction in equipment failure.**

## Capex

	FY 2021-22 Amount (₹ in crores)	FY 2020-21 Amount (₹ in crores)	Details of improvements in environmental and social impacts
	<b>17.10</b>	<b>12.90</b>	<ul style="list-style-type: none"> <li>i. Zero liquid discharge</li> <li>ii. Energy savings and optimisation</li> <li>iii. Water conservation</li> <li>iv. Improvement in air quality</li> <li>v. Reduction in carbon footprint</li> <li>vi. Waste reduction</li> </ul>
	<b>2.30%</b>	<b>2.80%</b>	The reduction in capex investment on technology to reduce social and environmental impact, in terms of percentage, is on account of increase in overall capex spends made by Cipla during the current financial year vis-à-vis the previous financial year.

<sup>4</sup>GRI 102-10.

<sup>5</sup>Information in line with BRSR Question no. 1 under essential indicators of Principle 2.

<sup>6</sup>GRI 103-1, GRI 103-2, GRI 103-3.

We have deployed a suite of 15+ advanced analytics and digital applications including Dynamic Workforce Allocation Tool and Digital Performance Management. These digital analytical technologies enhance end-to-end product and equipment outcomes, enable near-real-time data-transparency and embed data-led decision making. Digital Analytics Automation quotient i.e., the overall digital maturity across nine of our phase one units located at Goa, Indore and Patalganga has improved from 25% to 78% as compared to previous year.

**Driven by continuous manufacturing and equipment level automation with closed loop process control, there is a constant focus on manufacturing technologies.** Implementation of following technologies were initiated during the year:

- ▶ Rotary Sifters at all our facilities, to sieve powders at high capacity with reduced manual intervention.
- ▶ Carton Collators, Bottle Case Packers, at our Indore, India and US plants for automation of packing line activities.
- ▶ Agitated Nutsche Filter Dryer and Rotocone Vacuum Dryer at our Active Pharmaceuticals Ingredients plants for safe filtration and drying operations, in a closed system, avoiding direct handling and exposure to the material.

These technologies reduce manual intervention, increase capacity, auto-detect and reject faulty outcomes and enhance safety, thereby increasing productivity and generating operational synergies.

## Ongoing Projects

We continue to scale up the ongoing automation projects, including expansion of SAP-based maintenance module, Electronic Batch Record and Supervisory Control and Data Acquisition system at all our sites. During the year, the coverage of Production Planning and Detailed Scheduling was extended to Unit III of our Goa and Kurkumbh manufacturing sites. We further strive to implement it in all our manufacturing plants by the end of FY 2022-23.

## Product Quality and Safety<sup>7</sup>

Led by the purpose of 'Caring for Life', we at Cipla are dedicated to provide high-quality medicines to patients at affordable prices. The quality mandate at Cipla is driven by the Quality Assurance team through well-defined Standard Operating Procedures (SOP) and policies, ensuring compliance throughout the product lifecycle.



### Quality targets for FY 2022-23

- ▶ All-time audit readiness
- ▶ On time regulatory filings
- ▶ Response on regulatory audit observations to be closed within defined timelines
- ▶ All plants to be in a state of control and compliance
- ▶ Improving aseptic practices in sterile operations to reduce microbiological excursions
- ▶ Ensure Right First Time for the batches manufactured
- ▶ Endeavour to close investigations within stipulated timelines

Cipla majorly achieved all the quality targets set for FY 2021-22.

Our vendors, suppliers and CMOs are also evaluated on quality parameters, to ensure they meet cGMP requirements of in-house SOPs, prepared according to the regulatory standards of the industry. In FY 2021-22 there were four voluntary recalls on account of discrepancies in packaging and cGMP deviations, and three forced recalls on account of non-conformity with local FDA specifications. Out of these, two recalls were under Class II category and the balance were under Class III category.<sup>8</sup>

There were no instances of re-occurrence of recalls during the year.

We have worked with the USFDA to comprehensively address the observations of our Goa plant and are awaiting re-inspections at the facility.

<sup>7</sup>GRI 103-1, GRI 103-2, GRI 103-3.

<sup>8</sup>Information in line with BRSR Question no. 4 under essential indicators of Principle 9.

## Quality highlights



### Developing a strong quality culture

We have instituted academies such as Gurukul Learning Academy, Respiratory Academy, Lean Six Sigma Academy, Manufacturing Science and Technology Group Academy, Engineering Academy and Digital-Analytics-Automation Academy with an aim to continuously strengthen technical capabilities and build next generation leadership in pharma quality and manufacturing.

**TRUST** - Towards a Robust, Unified and Sustainable (quality) Transformation is a programme that promotes a culture-led quality transformation within Cipla, spanning 25 units across Formulations and API in India. Through TRUST we endeavour to improve the quality and accessibility of our products by way of behavioural change, peer learning, engagement, and capability building.

### Safe product destruction

At Cipla, we follow well-established guidelines and SOPs for safe product destruction. Off specification and expired products are segregated, labelled, and stored separately as hazardous waste, under supervision.

Their records are maintained, manifests are documented, and product deactivations are done as per standard procedures under the superintendence of a designated officer.

All expired or defective products are disposed off through incineration at our treatment, storage and disposal facility. During the year, we have also diverted the waste to co-processing and explored pre-processing feasibility with respective state authorised vendors, ensuring that the waste disposed off, does not cause any harm to people or environment. Our sites have requisite permissions from the concerned authorities for such destruction and disposal methods.

### Counterfeiting of medicines

At Cipla, we are committed to prevent falsification and counterfeiting of medicinal products. Measures such as automated track and trace systems, unique serialisation of products intended for European Union and serialisation on primary packaging for all US-bound products, coding system such as pharmacode / 2D code on secondary packaging have been implemented to monitor and prevent the prevalence and spread of counterfeit drugs.

### Digitisation and Automation in Quality<sup>9</sup>



To enhance productivity and strengthen capacity, compliance and capability of our quality control processes, we initiated the implementation of following automation projects during the year:



#### Electronic-Test Data Sheet for paperless laboratory operations



#### Digitisation of Annual Product Quality Review process



#### Mobile Cobots for automation of cleanroom microbial monitoring operations, facilitating mistake-proof quantification and analysis of contaminants in the cleanroom



#### Check master for integration of different quality tests into one step

These projects will significantly reduce manual interventions, eliminating non-conformances and mitigating variability, ensure consistency, and accuracy of data and results in quality control processes.

## Quality Management System (QMS)

'Trackwise' an internal software platform to digitise and automate QMS data has been implemented by Cipla at its sites in India and overseas. The Trackwise system is designed for Complaint Management, Deviation Management, Corrective Action and Preventive Action (CAPA), Laboratory Non-Conformance, Laboratory Incidence, External Audit Management and Contract Laboratory Audit Management.

The data in the system is secured by a tamper proof audit trail. Complaints Management, Deviation Management and CAPA Management modules have been implemented at our Uganda, USA, and South Africa sites to further strengthen and automate our QMS. This system has improved operational robustness, increased transparency and risk management capability.

**During the reporting period, 3,864 complaints were resolved and 53 complaints are under the process of resolution as per the Company's policy.<sup>10</sup>**

## Data Integrity and Security<sup>11</sup>

We have implemented 25 Information Security Management System Policies and Guidelines. These include policies and guidelines on cyber security, data privacy, acceptable usage, incident management etc., covering the 'Dos and Don'ts' for a user, actions/measures to be taken in case of a cyber security incident as well as the actions that will be taken in case of any security policy violation. These policies have been uploaded on the Company's intranet network and are accessible to our employees.<sup>12</sup>

We follow best-in-class security practices and standards certified by the National Institute of Standards and Technology, International Organisation for Standardisation (ISO 27001), Open Web Application Security Project, Electronic Discovery Reference Model, and so on, to build an agile and resilient environment.

Three cycles of Internal Vulnerability Assessment were performed while two External Penetration Tests were carried out during the year. We have also implemented a vulnerability management platform for tracking

and closure of reported vulnerabilities. These vulnerability assessments and penetration tests are carried out by our Security Operations Centre using Extended Detection and Response platform, facilitating 24x7 incident monitoring and reporting. There were no cybersecurity incidents or data breaches reported during the year.<sup>13</sup>

Details on cyber security related measures and the enhancement during the year are provided under the Enterprise Risk Management section on page no. 47 of our annual report.

## Pharmacovigilance

**Cipla is committed to enhance patient experience and preventing any adverse effects of products. We have a dedicated phone line and mailbox through which patients / consumers, healthcare professionals and other stakeholders can approach the Company in case of any adverse effects.**

**Our pharmacovigilance team tracks and monitors latest trends and industry developments to identify improvement areas and ensure that our products have a favourable risk-benefit profile. Guidance on the process of reporting adverse events is uploaded on our website at <https://www.cipla.com/sites/default/files/Guidance-on-adverse-event-reporting.pdf>. The safety profile of drugs is assessed through regular interactions and engagements with patients. Awareness programmes on the importance of patient health and safety are also conducted for our on-field teams.**

**Our pharmacovigilance system continued to expand internationally during the year. We are setting up the pharmacovigilance system in Brazil and are also re-organising the systems in the SAGA region. During the year under review, there was an online pharmacovigilance inspection conducted by Rwanda FDA. No critical observations were reported.**

**We have achieved 98.97% compliance towards reporting of adverse events to regulatory bodies. We are also progressing towards digitisation of the pharmacovigilance system using cognitive technologies such as Artificial Intelligence, Machine Learning, Robotic Process Automation, Advanced Analytics to transform legacy data compilation processes. Automation projects initiated during the year inter-alia include Inbox Automation and Literature Search Automation, Paperless Work-Flow and Aggregate Report Scheduling through Trackwise.**

<sup>10</sup>Includes (a) medical device related complaints which are not yet integrated in Trackwise and (b) complaints towards USA contract manufacturing organisations which were lodged manually until October 2021. These CMOs are now integrated in the Trackwise system.

<sup>11</sup>GRI 103-1, GRI 103-2, GRI 103-3.

<sup>12</sup>Information in line with BRSR Question no. 5 under essential indicators of Principle 9.

<sup>13</sup>GRI 418-1, Information in line with BRSR Question no. 5 under leadership indicators of Principle 9.



## Intellectual Capital

### Strategic Focus Areas



**Investment in Research and Development ('R&D')**



**Innovation**



**Digitisation**



**1,246**

Cumulative DMFs

**142**

Cumulative US DMFs

**₹ 1,122**

crores

R&D Expenditure<sup>1</sup>**269**Cumulative  
ANDA's/ NDA's<sup>2</sup>**5**

R&amp;D units

**4**Publications / journals  
of National and  
International repute**93**New Products  
Launched**278**Patents Granted  
till Date

**Our work is not just making medicines, it is about making a difference to the millions of lives we touch. Therefore, innovative thinking is important for achieving our purpose of 'Caring for Life'. We continue to strengthen our research capabilities through world-class laboratories with state-of-the-art technologies for achieving operational excellence and creating value for our stakeholders worldwide.**

**We are committed to create solutions through continuous improvement and leverage best-in-class technology that positively impact our patients worldwide by providing affordable high-quality medicines.<sup>3</sup>**

### Bolstering our R&D<sup>3</sup>

Our 1,500+ R&D colleagues represent the bedrock for creating sustainable, social and financial benefits for all our stakeholders.

**In FY 2021-22, our R&D spend increased by 21% vis-à-vis the previous financial year.** We invested

5.16% of the consolidated revenue on strengthening our R&D prowess. The Company's R&D expenditure in various technologies is focused on improving the environmental and social impacts of our products / processes.



The Company's five state-of-the-art R&D facilities are located at New York in the US and at Maharashtra and Karnataka in India. During the year, we optimised our R&D capabilities by closing one of our R&D facilities, located in Kurkumbh, Maharashtra.

We ensure our R&D colleagues are abreast of the regulatory developments through 'Cipla Regulatory Intelligence Shared Platform'. We impart training on International Council for Harmonisation through our 'RegSqaare' platform on our Learning Management System. During FY 2021-22, new modules on guidelines for drug device combinations and regulatory guidelines for Brazil and China were released for the benefit of our R&D colleagues.

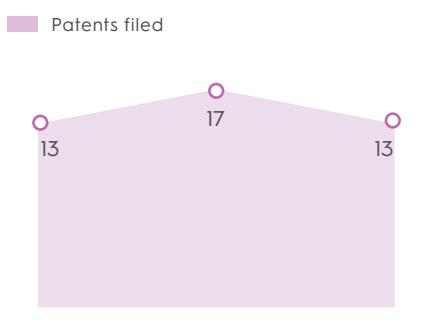
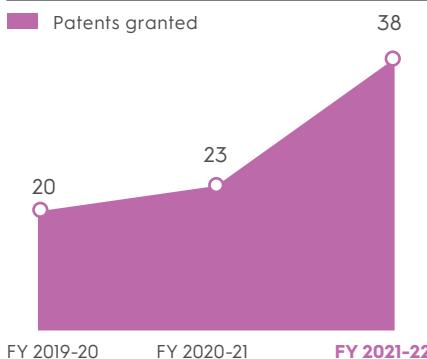
<sup>1</sup>Operating expenditure including depreciation

<sup>2</sup>Includes under approval, tentatively approved, approved ANDAs/NDAAs / PEPFAR ANDAs & NDAs for Cipla Limited / InvaGen Pharmaceuticals Inc. Pharmaceuticals Inc. / Partners

<sup>3</sup>GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-10. Information in line with BRSR Question no 1 under essential indicators of Principle 2.

## Building our Intellectual Property<sup>4</sup>

Cipla files patents for its newer processes / newer products / newer solid forms / newer drug delivery systems / newer medical devices / drug re-purposing in both local and international markets.

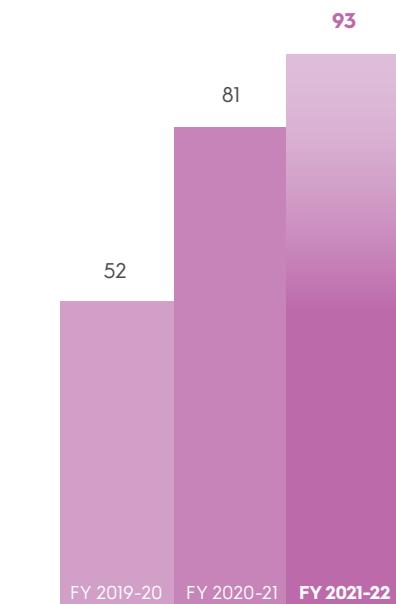


Our humanitarian purpose of 'Caring for Life' inspires us to provide equitable access to healthcare. Hence, Cipla follows a flexible approach in enforcing our patents for select therapies and geographies, allowing accessibility of medicines in the underdeveloped and under-served markets. We believe, the Company does not own or has acquired any intellectual property based on traditional knowledge. During the year, there were no adverse orders received by the Company in intellectual property related disputes involving the usage of traditional knowledge<sup>5</sup>. During the year, the Company did not file any patent in the low-income economies<sup>6</sup>.

## Expanding our product portfolio

Our strong intellectual capital has powered our ability to consistently expand our product portfolio. During the year, we launched 93 products across the globe.

### New Products Launched



## Geography-wise key product launches in FY 2021-22



### 16 products launched in USA including:

- ▶ Sumatriptan Nasal Spray 20 mg
- ▶ Arformoterol Tartrate Inhalation Solution 0.015 mg / 2 ml
- ▶ Difluprednate Ophthalmic Emulsion 0.05%, 5mL in 5ml



### 20 products launched in Europe including:

- ▶ Posaconazole Tablets 100 mg
- ▶ Paracetamol+Codeine Tablets, 500mg+8mg
- ▶ Bevacizumab injection 400mg



### 32 products launched in South Africa including:

- ▶ Fluticasone Propionate and Salmeterol ('FPSM') Dry Powder Inhaler 100mcg, 250mcg
- ▶ Abacavir, Lamivudine, Dolutegravir tablets 600 mg / 300 mg / 300 mg
- ▶ Solifenacin tablets 5 mg and 10 mg



### 15 products launched in Emerging Markets including:

- ▶ FPSM DPI 100 mcg / 250 mcg
- ▶ Deferasirox Tablets 90mg, 180mg, 360mg
- ▶ Tadalafil Tablets 20 mg

<sup>4</sup>GRI 103-1, 103-2, 103-3

<sup>5</sup>Information in line with BRSR Question no. 4 and 5 under leadership indicators of Principle 8

<sup>6</sup>Low income economies as identified by World Bank

<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

## Noteworthy products

Cipla's consistent focus is on addressing unmet patient needs. During FY 2021-22, our key product launches were as follows:

### a. Tiova Synchobreathe

This product encompasses a synchobreathe technology, which was welcomed by patients with Obstructive Airway Disease globally. It is very simple to use and eliminates coordination challenges, faced by patients using conventional pressurised metered dose inhalers. Synchobreathe technology allows the patients to track doses, thereby encouraging patient compliance and also help in reducing the time required by healthcare providers to spend to train patients for using inhalers correctly.

### b. Arformoterol Tartrate Inhalation

According to the WHO estimates, 65 million people have moderate to severe chronic obstructive pulmonary disease ('COPD')<sup>7</sup>. To treat this disease and to serve our purpose of 'Caring for Life', we have launched Arformoterol Tartrate Inhalation Solution 15 mcg / 2 mL®.

### c. Spirofy

Cipla launched India's first pneumotach based portable, wireless Spirometer, on World COPD Day. It aims to transform Obstructive Airway Disease diagnosis in India. Spirofy® is entirely wireless with good battery backup, making it suitable for use in outdoor camps, remote areas with power shortages and providing physicians flexibility and ease of use.

It ensures a high level of accuracy and individual patient safety using Bacterial Viral Filters. The device generates reports in real-time, which

can be printed using a portable wireless thermal printer instantly, or a pdf version can be shared on the phone. It brings a social impact in terms of safe, affordable and accessible diagnosis of Asthma, COPD patients in India.

### d. Difluprednate Ophthalmic Emulsion 0.05%, 5mL

This is a complex corticosteroid emulsion formulation. It is used for the treatment of inflammation and pain associated with ocular surgery and for the treatment of endogenous anterior uveitis.

### e. Lanreotide Injection

Cipla received approval for Lanreotide injection based on a New Drug Application submitted under the 505(b)(2) filing pathway. The injection is supplied in three different strengths, 60 mg/0.2 ml, 90 mg/0.3 ml and 120 mg/0.5 ml single-dose prefilled syringes. It is used for the treatment of adult patients with gastroenteropancreatic neuroendocrine tumours to improve progression-free survival. It is also indicated for the long-term treatment of acromegalic patients, who have had an inadequate response to or cannot be treated with surgery and/or radiotherapy.

### f. Lanthanum Chewable Tablets

Cipla received approval of its Abbreviated New Drug Application (ANDA) for Lanthanum Carbonate Chewable Tablets, 500 mg, 750 mg and 1000 mg. This product is a phosphate binder indicated to reduce serum phosphate in patients with end-stage renal disease.

## Engagement with regulatory bodies and collaborations with other companies / institutions

### Regulatory Bodies

- US Food and Drug Administration
- Brazilian Health Regulatory Agency (ANVISA)
- Medicines and Healthcare Products Regulatory Agency
- China Food and Drug Administration
- World Health Organisation
- Drug Controller General of India
- Therapeutic Goods Administration
- South African Health Products Regulatory Authority

<sup>7</sup><https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3775194/#ref7>

Cipla partners with regulatory authorities worldwide to remain aligned with global best practices around innovation, scientific discussions and prioritisation filing and lifecycle management of DMFs, ANDAs, NDAs and Marketing Authorisations. At Cipla, we also represent as experts in the standard setting process of European Directorate for the Quality of Medicines & Healthcare and the United States Pharmacopeia for global acceptance of Cipla standards.

During FY 2021-22, we collaborated with renowned companies and academic institutions - to enhance our R&D capabilities specially in the science frontier for computational methods of assessing dry powder inhaler performance for Cipla assets and to develop new platform technologies for anti-cancer agents and skin treatments.

We augment our R&D capabilities by partnering with renowned government institutions such as the Indian Institute of Science Education and Research, National Chemical Laboratory, Raja Ramanna Centre for Advanced Technology for solid state studies, novel polymorph and peptide characterisations.

Cipla and Council of Scientific and Industrial Research, Lucknow ('CSIR') have entered into strategic partnership to develop non-hormonal contraceptive, where CSIR shall complete non-clinical studies and Cipla shall develop the product. The goal of this partnership is to provide a better contraceptive with a low-dose non-hormonal drug, thus reducing the chemical burden.

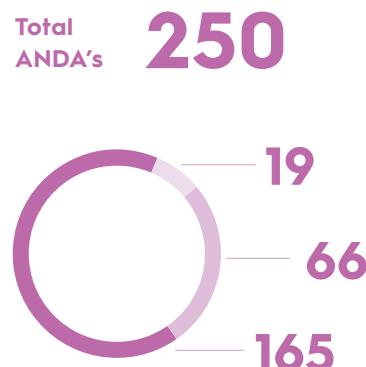
## List of ANDA's approved in FY 2021-22

- 1) Vilazodone hydrochloride tablets 10 mg and 40 mg (final approval) and Vilazodone hydrochloride Tablets 20 mg<sup>8</sup>
- 2) Dolutegravir Tablets 50mg<sup>8</sup>
- 3) Emtricitabine and Tenofovir Disoproxil Fumarate Tablets, 200 mg/300 mg
- 4) Arformoterol Tartrate Inhalation Solution, 15 mcg/2 mL unit-dose Vials.
- 5) Penicillamine Capsules USP, 250 mg
- 6) Difluprednate Ophthalmic Emulsion, 0.05%
- 7) Fosfomycin Tromethamine Granules for Oral Solution, 3 g (base)
- 8) Lanthanum Carbonate Chewable Tablets, 500 mg, 750 mg, 1000 mg.
- 9) Dolutegravir and Lamivudine Tablets, 50 mg/300 mg<sup>8</sup>
- 10) Deferasirox Oral Granules, 90 mg, 180 mg, and 360 mg.
- 11) Meclizine Hydrochloride Tablets USP 12.5 mg, 25 mg, 50 mg
- 12) Meclizine Hydrochloride Chewable Tablets 25 mg

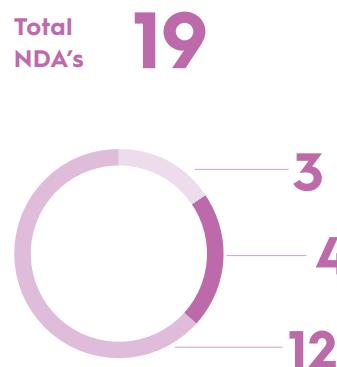
ANDA's approved	ANDA's filed	ANDA's launched	NDA approved	NDA filed	NDA launched
12	11	15	2*	1*	1

\* Includes NDA for PEPFAR

## ANDA's and NDA's portfolio and pipeline as on 31<sup>st</sup> March, 2022



- Approved ANDA's
- Tentatively Approved ANDA's
- Under Approval ANDA's



- Approved NDA's
- Tentatively Approved NDA's
- Under Approval NDA's

## Successful filings in FY 2021-22

Regions	Filings	Approvals	Product launches	DMFs
United States of America	12	13	16	12 <sup>9</sup>
South Africa & Global Access	195	97	32	6 <sup>10</sup>
Europe	16	49	20	16 <sup>11</sup>
Australia and New Zealand	12	7	-	3
India	38	22	10	2
Emerging Markets	150	87	15	54 <sup>12</sup>
<b>Total</b>	<b>423</b>	<b>275</b>	<b>93</b>	<b>583</b>

## Clinical Research and Development

The clinical trials at Cipla are strongly governed by the International Standards of Good Clinical Practices and ethical regulations to safeguard the rights and safety of study participants.

We strive to optimise the product development strategies using multiple levers such as cost and timeline optimisation, adopting de-risking strategies through pre-alignments with regulatory agencies, etc. Complex clinical trials which require high investment were worked upon extensively by shifting the focus from US only studies to India + US studies, which are bringing about 30% cost savings in the study budgets.

Multiple regulatory communications were undertaken to help in securing biowaiver approaches, (for oral and topical formulations) saving the cost on clinical developments. In some cases of high investment clinical studies, regulatory communications helped in optimising the study designs and increasing the success rates of the study.

## Innovation-led business growth<sup>13</sup>

Every year apart from focusing on improving the development process at R&D facilities, we also focus on sustaining and improving the initiatives taken earlier, which in turn help us in strengthening our R&D abilities.

The various innovative initiatives undertaken in API and formulations sections are provided below:



### API

During the year, we extended our last year's initiative 'Safety Screening Laboratories' to all our manufacturing locations and have filed four patents on new polymorphs. The following initiatives were undertaken in FY 2021-22:

#### a. Impurity Synthesis

Cipla has an exclusive well-equipped in-house laboratory with experts for synthesising impurities. The laboratory also helps in the separation and identification of unique impurities. During the year, we have made many new impurities such as formulation degradation impurities, impurities resulting from drug-drug interaction, complex peptide impurities, isomers, among many others. This has resulted in an overall saving of ~ ₹ 3 crores during the financial year.

#### b. Peptide Development

We developed an in-house capability for synthesis and characterisation of peptide related impurities and various peptide characterisation techniques for amino acid sequencing, N&C terminal determination, Di-sulphide bond location, etc.

#### c. Deuterated API molecules

Deuteration of an API in some cases can retard and/or alter API metabolism by exploiting the primary kinetic isotope effect. This initiative will help in improving the metabolic profile of API's, higher oral bio-availability and lower dosages compared to their conventional API counterparts.

#### d. Analytical Development Laboratory ('ADL')

ADL is built around best-of-breed technology platform that test and validate methods for a varied range of products. During the year, in ADL we introduced 'Morphologi 4 ID', a development tool for reverse engineering and 'Field Emission Scanning Electron Microscope' a tool for biowaiver approach to compare the morphology of API and excipients in Test & Reference Listed Drug products as per FDA guidelines.

<sup>9</sup>Includes 4 amendments

<sup>10</sup>Includes 2 amendments

<sup>11</sup>Includes 12 amendments

<sup>12</sup>Includes 160 amendments

<sup>13</sup>GRI 103-1, 103-2, 103-3

## Formulation



### a. Green Chemistry

We have continued our solvent elimination and continuous improvement initiatives to get cost-effective and environment-friendly manufacturing processes. We are aiming to convert our entire organic solvent base system to aqueous base system across all sites globally.

**Highlights of the green chemistry initiatives are as follows:**

**Elimination of about 90,679 kgs of Iso-propyl alcohol (IPA) and 8,575 kgs of Methylene Dichloride (MDC) from coating process.**

**For one of the key commercial products in the US market, we have changed our granulation process from hydro-alcoholic system to aqueous system by removing the organic solvent completely.**

**Avoided about 358 MT CO<sub>2</sub>e of GHG emissions by reducing the IPA usage.<sup>14</sup>**

**Elimination of 2,440 kgs of IPA, 1,395 kgs of MDC and 505.44 kgs of ethanol from the granulation process of finished product manufacturing.**

We have developed an extended release tablet formulation using a matrix-based technology for treating IPF, which helps in reducing pill burden. We are also evaluating multiple sophisticated simulation techniques/tools for drug product manufacturing process optimisation, which will help in achieving the optimised process with fewer experiments and significantly reducing product development time.

Cipla has initiated the development of innovative methodologies for simultaneous determination of drug dissolution and permeation for solid oral formulations using prototype drug molecules. This methodology will help in reducing or eliminating the need to conduct costly animal studies / human bio studies. This methodology is also suitable for all biopharmaceutics classification system classes of drugs and the data is generated in relatively short period of time and at significantly less cost.



### b. Preservative-free eye drops

Preservatives are added in most of the ophthalmic medicaments to prevent the growth of microbial contaminants and to avoid biodegradation. Preservatives may cause potential adverse effects on certain patients. To eliminate such adverse effects, we have developed, preservative-free eye drop formulations using multidose eye dropper, delivering consistent drops for better patient adherence. Brimocom PF, Dorzox, Lowprost eye drops were developed and launched in India market. The preservative free container closure system is designed in a way to maintain sterility using a one-way valve approach. The eye drops device prevents content back contamination by using valve system and air filters.

### Quality by Design ('QbD')

In continuation to our QbD efforts, we have undertaken 'Process Analytical Technology' initiative in our manufacturing locations which will help us to achieve consistency in quality throughout the life cycle of the product. We have also implemented Accelerated Stability Assessment Programme, which will help us to give an indication about the fate of our products well in advance and to take the necessary corrective actions during the development process.

<sup>14</sup>Based on Emission factor for IPA, C<sub>3</sub>H<sub>8</sub>O, where 1 kg of IPA has an emission factor is 3.84 kg CO<sub>2</sub>e GHG footprint: [https://www.winnipeg.ca/finance/findata/matmgt/documents/2012/682-2012/682-2012\\_Appendix\\_H-WSTP\\_South\\_End\\_Plant\\_Process\\_Selection\\_Report/Appendix%207.pdf](https://www.winnipeg.ca/finance/findata/matmgt/documents/2012/682-2012/682-2012_Appendix_H-WSTP_South_End_Plant_Process_Selection_Report/Appendix%207.pdf)

## Combating Anti-Microbial Resistance ('AMR')

The global rise of AMR has attracted the attention of the WHO and several other stakeholders. To address this issue, we have developed the following 3 part strategy:



During FY 2021-22, we evaluated 40+ anti-infective medicines, of which five anti-infective medicines are being selected for launch in India in the coming four to five years.

As a responsible manufacturer, a third-party agency was empanelled for a compliance assurance programme focusing on AMR. Through this programme, our domestic manufacturing locations and identified suppliers of API and formulations went through a self-assessment questionnaire and desktop review conducted by the third-party agency. The self-assessment questionnaire is prepared as per the requirements of common antibiotic manufacturing framework developed by AMR Industry Alliance and also aligned with Pharmaceutical Supply Chain initiative. A total of 91% of domestic suppliers of antibiotic APIs and

formulation have completed the self-assessment and desktop review on AMR. The actionables arising out of the said assessment shall be taken up for action in FY 2022-23.

### AMR Benchmark Evaluation

We participated in the 2021 benchmark evaluation conducted by the Access to Medicine Foundation. The evaluation of the companies was based on four parameters:



**We have performed above average in the evaluated research areas when compared to the other generic medicine manufacturers. We have also performed strongly in the stewardship parameter by scoring 87%.**

### Digitisation and Automation<sup>15</sup>

Our key focus area is to leverage the latest technological developments in our R&D and product development initiatives. This will allow us to enhance our operational efficiency, develop sustainable products and increase our profitability margins. During FY 2021-22, we extended the coverage of our last year initiatives of Internet of Things ('IoT'), and Modelling & Simulation ('M&S'). IoT was implemented for critical laboratory instruments such as chromatography and particle size analyser. M&S was initiated in the formulation R&D centre

at Vikhroli and it will help in reduction of product development cycle time. Robotic Process Automation ('RPA') and Artificial Intelligence ('AI') were implemented for searching custom based targeted information in the regulatory space. This has not only saved the manual search time, but helped us to stay ahead of the curve in obtaining almost real-time information published by various authorities.

### During the year, we launched various initiatives such as:

#### Key Performance Indicator monitoring for R&D Laboratories

We are using technology for presenting various KPIs of laboratory operations to check the work allocation, resource utilisation, project status and various other key performance indicators on a real-time basis.

#### Integrated Product Development Dashboard

The dashboard helps us to fetch out the real time analytical status of all batches initiated by IPD such as development, registration, stability, hold time, AVD, launch, and so on.

#### Regulatory Affairs Dashboard

We are in the process of building a system which will help us to provide real-time status about our filings, renewals and variation submission in various markets.



## Human Capital

### Strategic Focus Areas



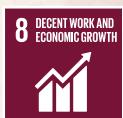
#### Human Resource Development



#### Promoting Diversity



#### Employee Health and Safety



## Highlights



### Great Place To Work

certified, four years in a row



### 87%

Employee engagement score in MiVoice Global Engagement Pulse Survey



Succession cover of more than

### 75%

for senior management roles



### ~30%

of Management Council members are women



### Zero

fatalities across manufacturing facilities

**At Cipla, people are our biggest assets - they are the constant enablers for realising our purpose of 'Caring for Life'. It is their relentless dedication that has enabled us to serve millions of patients worldwide over the past 86 years.**

We believe in an inclusive work culture that puts employees' aspirations first, and encourages them to deliver with courage and imagination. We have an unwavering commitment towards building and fulfilling well-rounded careers for our employees, anchored around respect, care and purpose. It is this commitment, that fuels our unwavering focus on the trinity of Human Resource Development, Promoting Diversity and Employee Health and Safety.<sup>1</sup>



## Our Global Workforce<sup>2</sup>

Cipla has employees in 20 countries across the globe. Our diverse workforce, help us serve our patients worldwide, with their deep understanding of the geographies we operate in and the varied patient needs. As on 31<sup>st</sup> March, 2022, women colleagues constituted nearly 13.34% of our global permanent workforce.

Category	<30 years		30-50 years		>50 years		Male	Male %	Female	Female %	Grand Total
	Male	Female	Male	Female	Male	Female					
<b>Permanent Employees</b>											
Top Management	-	-	3	1	3	3	6	60.00	4	40.00	10
Senior Management	-	-	77	13	61	9	138	86.25	22	13.75	160
Middle Management	277	71	3,850	524	164	50	4,291	86.93	645	13.07	4,936
Junior Management	7,624	903	8,251	1,262	155	73	16,030	87.75	2,238	12.25	18,268
Associates / Non-Management	42	23	220	84	113	29	375	73.39	136	26.61	511
Indian Subsidiaries	403	99	928	219	53	6	1,384	81.03	324	18.97	1,708
<b>Permanent Workers</b>											
Workers	4	5	134	48	106	37	244	73.05	90	26.95	334
<b>Total permanent workforce (a)</b>	<b>8,350</b>	<b>1,101</b>	<b>13,463</b>	<b>2,151</b>	<b>655</b>	<b>207</b>	<b>22,468</b>	<b>86.66</b>	<b>3,459</b>	<b>13.34</b>	<b>25,927</b>
<b>Non-Permanent Employees</b>											
Non-Permanent Employees	1,297	261	1,566	262	51	7	2,914	84.61	530	15.39	3,444
<b>Non-Permanent Workers</b>											
Non-Permanent Workers	3,945	927	2,451	917	207	40	6,603	77.80	1,884	22.20	8,487
<b>Total non-permanent workforce (b)</b>	<b>5,242</b>	<b>1,188</b>	<b>4,017</b>	<b>1,179</b>	<b>258</b>	<b>47</b>	<b>9,517</b>	<b>79.77</b>	<b>2,414</b>	<b>20.23</b>	<b>11,931</b>
<b>Grand total (a)+(b)</b>	<b>13,592</b>	<b>2,289</b>	<b>17,480</b>	<b>3,330</b>	<b>913</b>	<b>254</b>	<b>31,985</b>	<b>84.49</b>	<b>5,873</b>	<b>15.51</b>	<b>37,858</b>

Note: Headcount data includes 2 part time permanent male employees.

## Differently-abled employees and workers<sup>3</sup>

Particulars	Total	Male		Female	
		Male	Female	Male	Female
Permanent employees	9	8	88.89	1	11.11
Permanent workers	2	2	100.00	-	-
<b>Total differently-abled employees and workers</b>	<b>11</b>	<b>10</b>	<b>90.91</b>	<b>1</b>	<b>9.09</b>

Note: Data for differently-abled employees and workers under the non-permanent category is not available with the Company.

<sup>2</sup>GRI 102-7, GRI 102-8, GRI 405-1 and Information in line with BRSR Question no. 18(a) of Section A

<sup>3</sup>GRI 405-1 and Information in line with BRSR Question no 18(b) of Section A

## Country-wise headcount for permanent employees and workers as on 31<sup>st</sup> March, 2022<sup>4</sup>



### Human resource development<sup>5</sup>

We place great emphasis on the holistic well-being of our employees which is aligned to our purpose of 'Caring for Life'. For all-round human resource development, we focus on careers, learning and development, on-boarding talent, employee experience and their well-being.

### Crafting Meaningful Careers

At Cipla, we offer compelling career paths and learning opportunities to our employees. Our talent and learning strategies are anchored around the following objectives:

- ▶ Diverse opportunities help build meaningful careers.
- ▶ Best-in-class executive and leadership development opportunities to groom leaders with the right philosophy and approach.
- ▶ Focus on strengthening contemporary functional and technical capabilities to remain competitive in our respective areas, and leverage the ever-changing requirements.

Our process for building capability and growing careers is mentioned below:

#### Identify Talent

- ▶ Institutionalise talent management process through periodic Talent Review Boards.
- ▶ Succession planning.
- ▶ Digital talent management platform, to ensure timely data-based decision making.

#### Build Capability

Future-ready leadership and functional capabilities, through institutionalised processes



Partnership with top universities for senior leadership development



External executive coaching/ in-house mentorship programme for select leaders



Highly customised internal facilitator led programmes for middle/junior management



Self-reflection basis diverse perspectives

#### Grow Careers



Extending career movement opportunities to a significant percentage of our employees



Increase focus on cross-functional and geographical movements, role enlargement, internal job postings and cyclical promotions

<sup>4</sup>GRI 102-8

<sup>5</sup>GRI 103-1, GRI 103-2, GRI 103-3

## Details of performance and career development reviews of employees<sup>6</sup>

Our employees engage in regular performance reviews and receive necessary feedback, as defined by our performance management process – DNA which stands for Develop, Nurture and Achieve. DNA aims at achieving a high-performance culture by developing leaders and nurturing talent to perform to their full potential, enabled through continuous monitoring and developmental coaching.

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. (B)	% (B / A)	Total(C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	22,224	19,749	88.86	21,863	19,597	89.64
Female	3,369	2,956	87.74	3,431	2,973	86.65
<b>Total</b>	<b>25,593</b>	<b>22,705</b>	<b>88.72</b>	<b>25,294</b>	<b>22,570</b>	<b>89.23</b>

Note: Performance appraisal is conducted for workers and employees who have joined on or before 31<sup>st</sup> December, 2021 and who are on the payroll of the organisation in the said appraisal cycle.

## Learning and Development<sup>7</sup>

At Cipla, the environment of continuous learning enables us to stay inspired and helps sharpen our innovative edge. Our holistic efforts towards our employees promote their professional as well as personal growth. Our learning and development efforts include:

- ▶ Leadership training
- ▶ Functional training
- ▶ Policy compliance training

Cipla University (CU) is our multi-faceted learning engine, which leverages experts from internal leaders and external faculties to design, create and impart state-of-the-art learning interventions. We partner with best-in-class educational institutes or consultants, to leverage different modes of learning, like self-paced asynchronous learning and instructor-led synchronous learning.

CU has a network of academies dedicated to functional areas like Supply Chain, Manufacturing, R&D, Sales and Marketing, Quality, and so on within the Company and has a unique learning approach with multiple learning interventions. These initiatives adopt a proactive approach and stems from an over-arching learning philosophy to connect across all functions and geographies.

Our functional academies focus on growing functional capabilities

such as launch excellence, complex drug development, sterile capability, continuous improvement, customer centricity, regulatory awareness, go-to-market capability, and leadership development. It caters to an enterprise-level requirement of building future leaders at Cipla. Under Policy and Compliance training, we educate our employees on the policies, procedures and actions required to prevent both problems at the workplace and violations of the law. This encompasses Business Ethics, Pharmacovigilance, Code of Conduct, POSH and First Aid Training.

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

## Our key leadership training programmes are provided below



### Cipla Leadership Ascent Programme

(‘CLAP’) in partnership with Cornell University and The Works Partnership, is an advanced programme strengthening strategic and global perspectives of our mid-senior leaders. 17% of our leadership team participated in CLAP in FY 2021-22.



### Accelerated Capability Enhancement

(‘ACE’), in partnership with Singapore Management University, Indian School of Business and SGA Bocconi, is a programme curated for high-performing leaders across Sales and Marketing, Operations and HR functions. Nearly 200 leaders participated in ACE in the FY 2021-22.

### Global Cross-cultural Cohesiveness

Programme, facilitated in partnership with Hofstede insights, helped in sharpening global and cultural awareness in 44 participants in FY 2021-22.



### Leadx

Leadx, is an in-house designed programme that helps in building enterprise-leadership capabilities in our managers. 89 managers participated in Leadx in FY 2021-22.

<sup>6</sup>Information in line with BRSR Question no. 9 under essential indicators of Principle 3 and GRI 404-3

<sup>7</sup>GRI 404-2

Throughout the employee lifecycle, there is an immense focus on skill building and career development, including development of functional skills for all employees at Cipla.<sup>8</sup>

**Developing Functional Excellence:** The world has leapfrogged into the digital era like never before, entailing wide-ranging transformations in business operations and decision-making. To ensure that Cipla remains ahead of the curve in nurturing next-generation capabilities such as artificial intelligence, analytics, robotics and other disruptive technologies, our digital academy and Cipla University have put together learning curriculums in partnership with globally renowned universities, institutions and experts. These digitally immersive learning courses have resulted in substantial savings in on-boarding costs, improved product stability, risk assessment and mitigation and above all enhanced a digital mindset.

#### Category-wise training hours details for FY 2021-22:<sup>9</sup>

Category	Average training hours		
	Male	Female	Total Average
<b>Permanent employees</b>			
a. Top Management	5.96	1.24	4.27
b. Senior Management	19.26	39.78	22.04
c. Middle Management	42.85	14.94	39.31
d. Junior Management	39.27	22.81	37.30
e. Associate / Non Management	0.30	0.41	0.33
f. Indian subsidiaries	2.13	1.85	2.08
<b>Permanent workers</b>	5.39	7.08	5.83
<b>Non-Permanent employees</b>	4.24	4.30	4.25
<b>Non-Permanent workers</b>	0.86	0.63	0.81
<b>Total</b>	27.98	12.08	25.59

**13,20,957**

Overall training hours

**30.44**

Overall average training hours per person

**₹ 3,605**

Average amount spent for training and development for permanent employees and workers

#### Details of skill upgradation training of employees and workers<sup>10</sup>

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. (C)	Percentage (C / A)	Total (D)	No. (F)	Percentage (F / D)
<b>Employees</b>						
Male	30,009	26,734	89.09	28,107	25,060	89.16
Female	4,548	3,771	82.92	4,439	3,675	82.79
<b>Total</b>	<b>34,557</b>	<b>30,505</b>	<b>88.27</b>	<b>32,546</b>	<b>28,735</b>	<b>88.29</b>
<b>Workers</b>						
Male	6,865	895	13.04	7,042	328	4.66
Female	1,976	509	25.76	2,000	86	4.30
<b>Total</b>	<b>8,841</b>	<b>1,404</b>	<b>15.88</b>	<b>9,042</b>	<b>414</b>	<b>4.58</b>

#### On-boarding Talent

We have strengthened our hiring and on-boarding exercise, by digitising relevant processes. This enhances both experience of candidates as well as the speed of on-boarding talent. The availability of real-time data and analytics for tracking key hiring touchpoints, provides valuable insights for improved decisions, that impact quality, speed and cost.

WECARE, our on-boarding platform at Cipla, facilitates a seamless transition into the organisation. Integral to WECARE, is our online 30-60-90-day feedback platform for our new recruits, which enables them to share their experiences and the support required, thereby accelerating their assimilation and setting them up for success at Cipla.

<sup>8</sup>Information in line with BRSR Question no. 4 under leadership indicators of Principle 3 and GRI 404-2

<sup>9</sup>GRI 404-1. Only average training hours excludes trainings provided on employee, health and safety. The number for 'overall training hours' and 'overall average training hours' have reduced compared to previous financial year as few of the trainings provided on our SOPs were not captured on our learning management system due to system upgradation activity.

<sup>10</sup>Information in line with BRSR Question no.8 under essential indicators of Principle 3. This data includes employees / workers who were active and separated during the year.

**Total New Joiners in FY 2021-22<sup>11</sup>**

Category	<30 Years		30-50 Years		>50 Years		Grand Total
	Male	Female	Male	Female	Male	Female	
<b>Permanent Employees</b>							
Top Management	-	-	1	-	-	-	1
Senior Management	-	-	12	1	4	2	19
Middle Management	81	29	366	91	9	4	580
Junior Management	4,158	356	599	84	11	7	5,215
Associates/ Non-management	26	25	69	22	23	10	175
Indian subsidiaries	242	44	102	9	4	-	401
<b>Total</b>	<b>4,507</b>	<b>454</b>	<b>1,147</b>	<b>205</b>	<b>51</b>	<b>23</b>	<b>6,391</b>

Note: In FY 2021-22, there have been no new recruit in the permanent worker category.

**ALIVE Campus Programme**

ALIVE (Aspire, Learn, Innovate, Voice and Engage) is our campus engagement programme to attract top talent, from premier business schools across the country, in roles such as management trainees, technical operations and sales. ALIVE has strengthened its brand, increasing reach by 2.5x on social media platforms such as LinkedIn and Instagram. 81 Young Management Professionals are part of Cipla, since the inception of the ALIVE Campus Programme.

**NEEV - Work Integrated Learning Programme**

NEEV, in partnership with BITS Pilani, launched in FY 2021-22, is a work integrated learning programme, based on the earn-while-you-learn concept. The programme has an objective of building frontline technical capability for our manufacturing operations. Candidates are selected through a rigorous process, who undergo an on-the-job, interactive course, over a four-year period, concluding with a graduation and an opportunity to build a rewarding career at Cipla.

40

Candidates were selected for NEEV in FY 2021-22.

**Succession Planning**

Building and strengthening a strong talent pipeline not only ensures talent retention, but it is also integral to our philosophy of crafting meaningful

careers for our employees. We follow a systematic and focused approach to groom talent, through institutionalised Talent Review Boards. The succession planning process at Cipla is led and governed by the Apex Talent Review Board and reviewed by the Nomination and Remuneration Committee.

**As on 31<sup>st</sup> March, 2022, the Company has succession cover of more than 75% for senior management roles.**

**Attrition**

In the midst of the Great Resignation scenario, we have taken several initiatives around human resource development, capability building, employee experience and well-being to minimise our attrition rate by retaining the right talent. Our attrition rate for the last three years are as follows:<sup>12</sup>

Category	FY 2021-22			FY 2020-21			FY 2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	19.14	2.55	21.70	14.75	2.42	17.17	21.81	2.66	24.47
Permanent Workers	5.06	0.56	5.62	3.63	0.52	4.15	2.54	-	2.54

**Enriching Employee Experience**

Our focus on holistic well-being of our employees enables them to contribute wholeheartedly and not only ensures growth and success of Cipla but also helps us to carry forward the Cipla legacy of care.

**Rewards and Recognition**

Our recognition platform Applause, enables our colleagues to appreciate and reward employees on demonstrating

our credo behaviours and delivering breakthrough results. Our employees are rewarded through SPOT recognitions and accolades across functions.

Over 300 colleagues were felicitated with a badge of honour and a monetary reward, for their selfless service towards our employees, communities and business partners, during the COVID-19 pandemic.

**Holistic Well-being**

Our focus on the holistic well-being of our employees, is aligned to our purpose

<sup>11</sup>GRI 401-1.<sup>12</sup>Information in line with BRSR Question no. 20 of Section A and GRI 401-1.

of 'Caring for Life' and covers physical, mental, and financial well-being. Several initiatives were planned under these three pillars:

#### a) Physical fitness

**3,458** Ciplaites are using our wellness app, that offers online doctor consultations, nutrition counselling, virtual workouts, discounted medicines and pathology tests to monitor and enhance their physical fitness and that of their dependents.

**A 21-day Walk2Fit Step Challenge** was conducted where 1,500 Ciplaites walked over 23 crores steps to complete the challenge. Team Cipla (with 109 participants) also won the 2021 GOQii Corporate Challenge among 15 organisations, by achieving a daily target of 30,000 steps.

**A 21-day Immunity Boost Challenge** was also conducted to help employees, enhance their nutritional intake, gut health, and improve their sleep.

#### b) Mental well-being

Our Work Life Assistance Programme is a 24x7 professional and

confidential counselling service for employees and their dependents. To help our colleagues, cope with mental stress, anxiety and grief, multiple webinars were conducted on topics such as 'speaking without fear', 'handling difficult people', 'identifying and reducing employees stress' and many more. An exhaustive online repository on mental health articles and self-assessments are also available to employees, to enhance focus on self-care and increase mindfulness.

#### c) Financial well-being

We support our colleagues, in taking charge of their investments and enabling better financial planning. Cohort-specific webinars are conducted on wealth creation, taxation, savings and investments across life stages.

**2,473**

colleagues have attended specially curated, financial well-being webinars throughout the year and gained valuable insights.

#### Leadership connects

Our OneCipla Global Townhall, is an engaging platform for employees to connect with the leadership team. In FY

2021-22, we conducted Townhalls with a real-time connect with leaders, through a LIVE virtual Q&A segment. Senior leaders also shared their reflections and perspectives on building an inclusive culture and enhancing diversity and empathy.

Reflections is a platform, where senior leaders participate with the Management Council, bi-annually, and discuss future priorities. The #WeAreListening platform is a channel for employees to share their ideas, thoughts, concerns, suggestions, anonymously – if they so desire, with the management, which are periodically reviewed, and appropriate actions are taken. 'Chai pe Charcha' and 'Skip Level' connects across teams, encourage colleagues to share new ideas and express their opinion. Through these connects and interactions, we continue to strengthen two-way communication, transparency and collaboration across the organisation.

#### Caring for our Community

Our virtual volunteering platform, 'Cipla for Change' arranges multiple events around the year, offering our colleagues an opportunity to contribute meaningfully to the underprivileged and marginalised sections of society.

**9,448 Ciplaites contributed over 24,000 volunteering hours to serve our communities, by participating in 202 events and activities related to conserving the environment, education, skilling, caring for the elderly and differently-abled people. These initiatives have made a positive impact in the lives of 3,633 beneficiaries.**

## Employee Benefits and Policies<sup>13</sup>

As a responsible employer, we actively work towards the well-being of our employees. Our approach to employee welfare, extends beyond industry benchmarked monetary benefits to offer a broad portfolio of benefits.

Time away from work	Inclusive ecosystem	Flexibility	Family support	COVID-19 support
Different types of leaves: <ul style="list-style-type: none"> <li>► Maternity</li> <li>► Paternity</li> <li>► Adoption</li> <li>► Sabbatical</li> <li>► Transfer</li> <li>► Medical</li> </ul>	<ul style="list-style-type: none"> <li>► Medical insurance for self, spouse, children, live-in partners, same sex partners and their respective parents and parents-in-law</li> <li>► Day-care centre and creche facilities</li> <li>► Gender neutral washrooms</li> <li>► Accessibility facilities for differently-abled colleagues</li> </ul>	<ul style="list-style-type: none"> <li>► Hybrid working model at corporate office locations</li> <li>► Flexibility to work from home, 2 days in a month, for women in field roles.</li> </ul>	<ul style="list-style-type: none"> <li>► Life insurance in the event of death of employees/ workers</li> <li>► Education Merit Awards for children of employees</li> </ul>	<ul style="list-style-type: none"> <li>► 'Caring For Life' Financial Assistance Policy</li> <li>► Financial, medical and education support for bereaved families</li> <li>► Compassionate relief programme</li> <li>► Teleconsultation with medical professionals</li> <li>► Mediclaim cover for COVID-19</li> </ul>

<sup>13</sup>GRI 401-2

**Parental Leave<sup>14</sup>**

We acknowledge that our employees need support at certain stages of their life while they build careers with us, and parenthood is one such special phase. The details of parental leave for FY 2021-22 are as follows:

Number of employees that took parental leave in FY 2021-22	No of employees who were due to return to work in the reporting period after parental leave ended		Number of employees who returned to work in the reporting period after parental leave ended		Out of the employee who returned to work, how many have completed 12 months after returning to work		Return to work rate			Retention rate			
	Male	Female	Male	Female	Male	Female	Male	Female	Total	Male	Female	Total	
	1,636	126	1,633	102	1,630	100	1,156	106	99.82%	98.04%	99.71%	85.63%	76.26%

**Coverage of well-being benefits for employees and workers<sup>15</sup>**

Category	Total (A)	Percentage of employees covered by									
		Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities <sup>16</sup>	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	20,849	20,829	99.90	20,801	99.77	NA	NA	20,849	100.00	11,913	57.14
Female	2,565	2,562	99.88	2,553	99.53	2,565	100.00	NA	NA	2,305	89.86
<b>Total</b>	<b>23,414</b>	<b>23,391</b>	<b>99.90</b>	<b>23,354</b>	<b>99.74</b>	<b>2,565</b>	<b>100.00</b>	<b>20,849</b>	<b>100.00</b>	<b>14,218</b>	<b>60.72</b>
<b>Permanent workers</b>											
Male	118	117	99.15	118	100.00	NA	NA	118	100.00	118	100.00
Female	27	27	100.00	27	100.00	27	100.00	NA	NA	27	100.00
<b>Total</b>	<b>145</b>	<b>144</b>	<b>99.31</b>	<b>145</b>	<b>100.00</b>	<b>27</b>	<b>100.00</b>	<b>118</b>	<b>100.00</b>	<b>145</b>	<b>100.00</b>

Note: The Company extends employee benefits to non-permanent employees and workers such as health insurance, accident insurance and day-care facilities, except maternity / paternity benefits.

**The details of retirement benefits for the current and previous financial year are as follows:<sup>17</sup>**

Benefits	FY 2021-22			FY 2020-21		
	No. of employees covered as a percentage of total employees	No. of workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a percentage of total employees	No. of workers covered as a percentage of total workers	Deducted and deposited with the authority (Y/N/N.A.)
Provident Fund	98.26	100.00	Y	98.00	100.00	Y
Gratuity	98.26	100.00	N.A.	98.00	100.00	N.A.
ESI	14.70	-	Y	14.00	-	Y

<sup>14</sup>GRI 401-3. Information in line with BRSR Question no. 5 under essential indicators of Principle 3. This data pertains to permanent employees and workers of Cipla Limited and Indian subsidiaries. During FY 2021-22, parental leave was not availed by any of the permanent workers.

<sup>15</sup>Information in line with BRSR Question no. 1(a) and 1(b) under essential indicators of Principle 3 and GRI 401-2. This data is specific to Cipla Limited and its Indian Subsidiaries.

<sup>16</sup>Sales field permanent employees of One-India business are not included in coverage of day care facilities. The coverage also excludes our Bommasandra and Virgonagar manufacturing sites, which are exempted due to unsafe exposure to hazardous chemicals.

<sup>17</sup>Information in line with BRSR Question no. 2 under essential indicators of Principle 3 and GRI 401-2. This data is specific to permanent employees and workers of Cipla Limited and its Indian subsidiaries.

## Promoting Diversity<sup>18</sup>

Our #EqualCipla agenda is anchored around our purpose of 'Caring For Life'. We believe building a diverse and inclusive Cipla is not just the right thing to do, it makes great business sense too. Understanding and respecting the perspectives, identities and preferences of our patients, employees and business partners will enable us to cater to diverse needs and learn from their experiences.

A critical goal in our #EqualCipla journey, is our intent to enhance our global gender diversity to 20% by FY 2023-24. Our Inclusion and Diversity Council, comprising leaders from each function and geography, reviews progress on gender diversity numbers on a quarterly basis. Last year, we launched several initiatives, to further ingrain the ethos of inclusion in our work culture.

### 1 Gender diverse profiles

There has been a constant focus on having more gender diverse profiles for hiring at all levels. **Our rotacap packing line at unit I of Sikkim site and bulk packing line at unit III and IV of Goa site is completely managed by women colleagues.**

### 2 Role modelling and leadership advocacy

Our #WinningAtWork social media campaign, showcased success stories of our women colleagues, who have fulfilling careers at Cipla. Another social media campaign #EqualCipla, featured few senior leaders, on what inclusion means to them and how we can play a part, in building a more open and enabling ecosystem at Cipla.

### 3 Shifting mindsets and driving behavioural change

In FY 2021-22, we conducted **18 unconscious bias workshops for over 535 mid-level and senior leaders.**

### 4 Launch of the #EqualCiplaEqualVoices networking platform

To encourage more open and honest conversations on inclusion, we launched this platform, enabling Ciplaites to connect, share and learn from varied experiences. We also invited external speakers and hosted interactive virtual conversations, on the importance of support systems at work, equal parenting, empathetic leadership, differently-abled and LGBTQ inclusion, as part of this initiative. Women@Cipla (an Employee Resource Group) launched under this platform, provides a forum for women to connect with peers, ideate and network beyond work.

### 5 Creating an enabling ecosystem

To support our women colleagues in sales, the Flexi Field Days policy was launched. It offers women in field roles, 2 days flexibility to work from home. This enables them to strike a better work-life balance and prioritise their well-being.

## Compliance

Cipla's Corporate Responsibility Policy and Code of Conduct reinforce our OneCipla credo, sustain our ethical, fair

### Details of minimum wages paid to employees and workers:<sup>22</sup>

Category	No. (A)	FY 2021-22		More than Minimum Wages No. (B)	% (B/A)
		Male	Female		
<b>Permanent Employees</b>					
Male	<b>20,849</b>		<b>20,849</b>		<b>100.00</b>
Female	<b>2,565</b>		<b>2,565</b>		<b>100.00</b>
<b>Permanent Workers</b>					
Male	<b>118</b>		<b>118</b>		<b>100.00</b>
Female	<b>27</b>		<b>27</b>		<b>100.00</b>

Note: Payment of minimum wages to non-permanent employees and workers is the responsibility of the respective contractor.

and responsible behaviour and enable a culture of compliance. In addition to our employees, they also apply to our contractors, consultants, trainees and service providers to ensure broader compliance standards.

At Cipla, we are committed to provide a safe, conducive and an enabling work environment to our employees and workers. We have different policies in place such as Code of Conduct and Employee Grievance Redressal Policy wherein the employees and workers can raise their concerns or grievances in accordance with the procedure laid down in these policies. Detail of the complaints received under these policies have been provided under question no. 23 of the BRSR on page no. 147 of this Report.<sup>19</sup>

For all our differently-abled colleagues, the infrastructure facilities across our offices and majority of our site locations, adhere to accessibility standards<sup>20</sup>. Our Equal Opportunity Policy safeguards the rights of our differently-abled colleagues and is compliant of the provisions of The Rights of Persons with Disabilities Act, 2016. The policy can be accessed from this link <https://www.cipla.com/sites/default/files/Equal-Opportunity-Policy.pdf><sup>21</sup>

<sup>18</sup>GRI 103-1, 103-2, 103-3

<sup>19</sup>Information in line with BRSR Question no.6 under essential indicators of Principle 3

<sup>20</sup>Information in line with BRSR Question no.3 under essential indicators of Principle 3

<sup>21</sup>Information in line with BRSR Question no.4 under essential indicators of Principle 3

<sup>22</sup>Information in line with BRSR Question no.2 under essential indicators of Principle 5. This data is specific to Cipla Limited and Indian subsidiaries

## Human Rights

At Cipla, we maintain zero tolerance towards discrimination and harassment of any kind, based on race, religion, colour, age, sex, pregnancy, sexual orientation, nationality, disability or any other classification as mandated by local laws.

We have instituted robust mechanism for prevention and redressal of any form of abuse or violation of human rights. Our Human Rights Policy applies to all our stakeholders and is available on our website at <https://www.cipla.com/sites/default/files/2022-07/Human-Rights-Policy.pdf>. Our business agreements and contracts contain a standard provision of compliance with all the applicable laws, conventions and policies etc., which encompasses the human rights requirements.<sup>23</sup>

In line with the United Nations Guiding Principles on Business and Human Rights, we provide a grievance channel through our Whistle Blower Policy. Any human rights related concern can be reported directly to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at [ethics@cipla.com](mailto:ethics@cipla.com).<sup>24</sup>

We have zero tolerance for retaliation against whistle blower or any employee who reports any complaint in good faith. We ensure complete confidentiality of the complainant or the whistle blower and protection from retaliation during investigation and thereafter.<sup>25</sup>

For FY 2021-22, the policies and processes pertaining to human rights were reviewed at the global level and comprehensive human rights due diligence (viz. child labour, forced

labour, freedom of association, right to collective bargaining, equal remuneration, employee health and safety and discrimination) for employees was carried out for two facilities in India by an independent professional. The policies and practices for safeguarding human rights were found satisfactory with no major observations. The CAPA for various identified human rights risk will be implemented at the two facilities.<sup>26</sup> The Company endeavors to conduct human rights assessment across its operational locations in FY 2022-23.

We have formally established a mechanism to record the human rights training from March 2022 onwards and accordingly, during the current financial year, human rights training were imparted to 715 employees /workers.<sup>27</sup>

In FY 2021-22 and FY 2020-21, the Company did not receive any complaints for discrimination at work place, child labour, forced / involuntary labour and wages. Details of the complaints received on other issues in

FY 2021-22 and FY 2020-21 are provided in question no. 23 of BRSR on page no. 147 of this report.<sup>28</sup>

We respect the rights of our workers to enter into collective bargaining agreements and freedom of association, by acknowledging and supporting labour unions. We have three associations in India, at Patalganga, Kurkumbh and Bengaluru. None of our operations have significant risk for incidents of child or forced or compulsory labour or where the workers right to exercise freedom of association may be violated or at risk.<sup>29</sup>

Before implementing significant operational changes, we provide reasonable notice to employees regarding operational changes. We have also specified minimum notice period required to be complied with in case of operational changes in our collective bargaining agreements.<sup>30</sup>

### Membership of employees and workers in associations or Unions recognised by the listed entity:<sup>31</sup>

Category	FY 2021-22			FY 2020-21		
	Total workers (A)	No. of workers who are part of association(s) or Union (B)	% (B/ A)	Total workers (C)	No. of workers who are part of association(s) or Union (D)	% (D/ C)
<b>Total Permanent Workers</b>						
Male	244	240	98.36	284	284	100.00
Female	90	90	100.00	94	94	100.00

Note: None of our permanent employees are part of any associations / unions

<sup>23</sup>Information in line with BRSR Question no.8 under essential indicators of Principle 5

<sup>24</sup>Information in line with BRSR Question no.4 and 5 under essential indicators of Principle 5

<sup>25</sup>GRI 403-2 and Information in line with BRSR Question no.7 under essential indicators of Principle 5

<sup>26</sup>Information in line with BRSR Question no.2 under leadership indicators of Principle 5 and Question no 9 under essential indicator of Principle 5. GRI 412-1

<sup>27</sup>Information in line with BRSR Question no.1 under essential indicators of Principle 5 and GRI 412-2.

<sup>28</sup>Information in line with BRSR question no. 6 under essential indicators of Principle 5 and GRI 406-1

<sup>29</sup>GRI 407-1, GRI 408-1, GRI 409-1

<sup>30</sup>GRI 402-1

<sup>31</sup>Information in line with BRSR Question no. 7 under essential indicators of Principle 3 and GRI 102-41

## Putting People Safety First<sup>32</sup>

We are committed to provide a safe and healthy workplace for permanent and non-permanent employees and partners (including, contractors, consultants and visitors on site), and the communities around us.

### Governance oversight for safety

1

We have a well-documented procedure for Hazard Identification and Risk Assessment for routine and non-routine work. Hazard studies are conducted through a six-level stage gate process, namely HS-1 through HS-6. Hazard studies are coupled with the new product introduction framework for risk assessment for all new and modified products and processes in the API manufacturing. Risk assessment is also conducted for the potent molecules before taking a decision about allocation of formulation facilities for its manufacturing.<sup>33</sup>

2

All our sites have dedicated health care facilities for all our employees and workers

3

All our employees and workers undergo pre-employment and periodic health assessments to ensure good health.

We have well defined procedure for reporting of various observations of unsafe acts and unsafe conditions along with its categorisation through which we are able to identify high risk categories of unsafe conditions. Safety committees are formed at different levels which includes management and workers for discussions, resolving, escalating different safety issues and track status of implementation of the recommendations. The details of the safety committee meetings are as follows:<sup>34</sup>

FY 2021-22	Meetings	Frequency
Plant Level	130	
Department Level	1,096	Monthly/ Quarterly
Company/ Business Unit/ Regional Level	220	

### Safety Management Systems<sup>35</sup>

1

**We have implemented our Occupational Health and Safety management system (ISO 45001:2018) at all manufacturing sites in India, covering all our workers within the boundary of Cipla. The system is based on recognised risk management system standards.**

2

**Safety audit as per Factories Act, 1948 are undertaken as per stipulated intervals at the sites as per the applicable provisions of the respective jurisdiction.**

3

**Need-based external specialist audits are conducted in the different areas such as process safety, electrical safety, fire water demand assessment, ergonomic studies, water audit and lightning arrester integrity audit.**

4

**We have initiated a Behavior Observation System at all our manufacturing sites where more than 2,30,000 observations for both safe and unsafe acts were reported by our employees.**

5

**The Company has not received any complaints from employees and workers w.r.t working conditions and health and safety during FY 2021-22 and FY 2020-21.<sup>36</sup>**

<sup>32</sup>GRI 103-1, GRI 103-2, GRI 103-3 and in line with BRSR Question no. 12 under essential indicators of Principle 3

<sup>33</sup>GRI 403-2 and Information in line with BRSR Question no. 10 (b) under essential indicators of Principle 3

<sup>34</sup>GRI 403-4

<sup>35</sup>GRI 403-1, GRI 403-8 and Information in line with BRSR Question no. 10 (a) under essential indicators of Principle 3

<sup>36</sup>Information in line with BRSR Question no. 13 under essential indicators of Principle 3

## Process Safety<sup>37</sup>

We have established the Process Safety Cell consisting of qualified Process Safety Engineers. The cell conducts Hazard identification, Risk Assessment of all new processes and existing processes. Cipla has also conducted process safety gap assessment through internationally renowned process safety consultant. During the year, total 112 HAZOP studies and 33 bow-tie assessments were conducted to safeguard new as well as existing processes across Cipla sites. Three audits were carried out by process safety external consultant and two safety integrated studies were carried out for our API sites which is a clear indication of moving towards next level of safety controls.

## EHS in Commercial Operations

In the reporting year, the EHS processes and systems were extended to the commercial operations at India Business. This consists of road safety, safety in warehouse operations, defensive driving training and vehicle safety training.

## MySetu-Embedding information technology in our safety systems

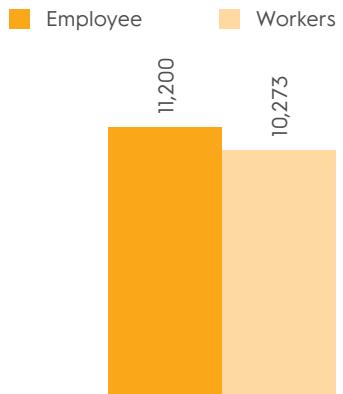
Our employees report safety events through our digital platform MySetu Incident Tracking System, which includes online reporting of all incidents (including near misses) and observations. MySetu supports system guided incident investigation and root cause analysis to provide recommendations that are converted to Corrective and Preventive Action ('CAPA').

While defining CAPA hierarchy of control is deployed in order of elimination, substitution of engineering control, administrative control and use of personal protective equipment. The software sends out email alert at each stage for predefined action to all the relevant personnel in Cipla.

## Safety Training<sup>38</sup>

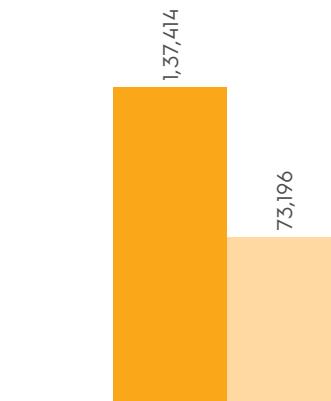
All our employees and workers undergo EHS training on a regular basis, which is conducted by experts and in-house safety personnel. Training needs are assessed, based on the job specific hazards in different workplaces such as stores, manufacturing, engineering and quality laboratories. We also conduct mock drills at regular intervals across operating sites and offices. During the reporting year, we held 103 emergency mock drills. Also, through our driver safety programmes, practical road safety guidance are shared with our employees. This enables employees / workers to take safety measures while working and also helps to understand the steps to be taken to remove them from work situation that they believe can cause injury or ill health.

## Number of people trained during FY 2021-22



## Total man-hours training during FY 2021-22

Employees      Workers



## OHS Average Training hours per person during FY 2021-22

**10.50** Employees

**11.00** Workers

**10.16** Overall

## Access to occupational / non-occupational medical and healthcare services<sup>39</sup>

Occupational Health Centre with qualified doctors and nurses are functional at all manufacturing sites. Factory medical officer reviews the report of OPD, surveillance checkup and annual medical examination. Deviated health cases are counseled, treated and referred for further medical examination and intervention. We maintain the confidentiality of people and health-related information. All our employees and workers undergo pre-employment health assessments to ensure good health.

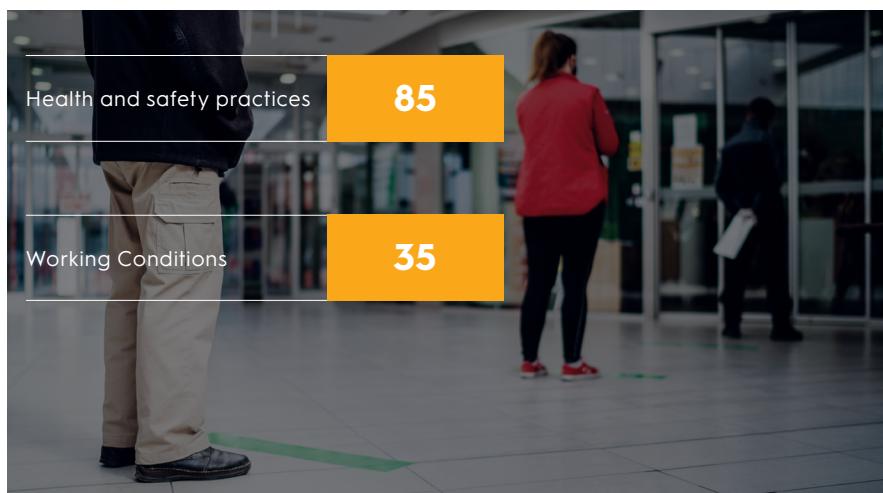
<sup>37</sup>GRI 403-2

<sup>38</sup>GRI 403-2, GRI 403-5 and Information in line with BRSR Question no. 8 and 10(c) under essential indicators of Principle 3. The data in the above bar-graph "number of people trained during FY 2021-22" are not unique numbers for employees and workers

<sup>39</sup>GRI 403-3 and GRI 403-6 and Information in line with BRSR Question no. 10 (d) under essential indicators of Principle 3

We have digital platforms, Wellness Corner for specialist referral and one-on-one help for mental health for the employees. We also have an Industrial Hygienist-cum-Occupational Health Specialist to drive activities related to Occupational Health and Industrial Hygiene. Our sites are assessed for both Health and Safety Practices and working conditions by third parties.<sup>40</sup>

### Percentage of plants and offices that were assessed (by entity / statutory authorities / third parties)



**82**

Internal audits



**35**

External audits



### Our safety performance during the year is mentioned below:<sup>41</sup>

Safety Incident/Number	Category	FY 2021-22	FY 2020-21
Lost Time Injury Frequency Rate (LTIFR) (per one million person hours worked)	Employees	<b>0.03</b>	0.29
	Workers	<b>0.03</b>	0.05
Total recordable work-related injuries	Employees	<b>16</b>	11
	Workers	<b>17</b>	7
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

Note: Lost Time Injury Frequency Rate (LTIFR) = (No. of lost time injuries in FY x 10,00,000)/(Total hours worked by all staff in same FY)

### Health and Safety Initiatives<sup>42</sup>

We have deployed drone technology with remote operated aerial vehicle for thermographic inspection of chimney and ultrasonic thickness measurement of chimney which helped in reduction and elimination of perilous manual work. Workplace surveillance, canteen surveillance and seasonal surveillance are regularly conducted to detect human exposure. Appropriate CAPA are undertaken to mitigate consequences. Medical emergency preparedness mock drill are periodically conducted to ensure preparedness for management of potential mass / individual causality.

<sup>40</sup>Information in line with BRSR Question no. 14 under essential indicators of Principle 3

<sup>41</sup>GRI 403-9 and Information in line with BRSR Question no. 11 under essential indicators of Principle 3

<sup>42</sup>GRI 403-7 and Information in line with BRSR Question no. 15 under essential indicators of Principle 3



## Relationship Capital

### Strategic Focus Areas



**Availability and Affordability of Medicines**



**Patient Experience and Health Awareness**



**Sustainable Supply Chain**



**Digitisation**



**14 lac**

Respiratory patients counseled through Breathfree program

**8,600 +**

Suppliers globally

**5,25,000+**

Interactions with HCPs

**25 crores+**

Reach of Berok Zindagi campaign

**At Cipla, we believe that to sustain and grow a value-accretive business, it is important to nurture long-term relationships, based on mutual trust and respect. Such an approach extends to our growing fraternity of stakeholders and safeguards the organisation through the ebbs and flows of business and economic cycles.**

**Our unwavering focus on addressing the emerging needs of our patients, creating value for our suppliers by enhancing business transparency and sustainability, catalysing inclusive growth of communities we work with, has contributed towards creating significant relationship capital.<sup>1</sup>**

#### Our key stakeholders include



Patients



Customers



Healthcare professionals



Shareholders and investors



Institutional partners



Channel partners



Governments and associations



Suppliers and vendors

#### Augmenting accessibility and availability of medicines<sup>2</sup>

With over two billion people estimated to lack regular access to essential medicines, healthcare access cannot currently be described as equitable.

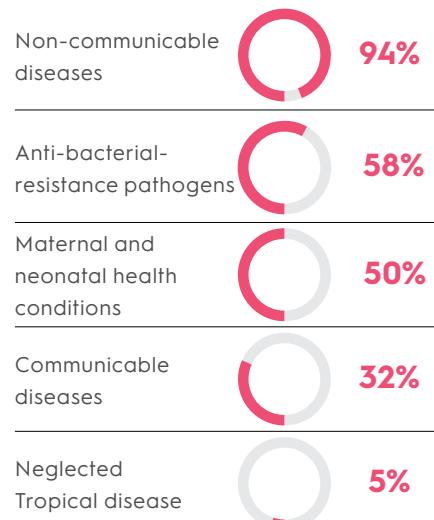
Recognising that only a small number of patients in some low- and middle-income countries can afford medicines, Cipla works to improve access, availability and affordability for life-saving medicines in such countries.

**Currently, we provide access to drugs for ~45% of diseases on the World Health Organisation ('WHO') Essential Medicine List ('EML'), including five of the seven antibacterial-resistant pathogens prioritised by India's National Antibacterial Surveillance Network.**

Cipla has performed strongly in the stewardship parameters by scoring

87% in Anti Microbial Resistance (AMR) Benchmark Report 2021 conducted by Access to Medicine Foundation.

#### Percentage of diseases on WHO EML with Cipla's product availability



Cipla's long-standing partnership with global funding organisations has been at the forefront of providing access to affordable care, one of which is its pivotal role in expanding access to medicines for HIV/AIDS. In 2001, we had launched a paradigm-changing triple antiretroviral therapy for HIV/AIDS for patients in Africa.

Our philosophy of 'Caring for Life' has been demonstrated during the COVID-19 pandemic. Despite the challenges and constraints, we brought affordable medicines that met critical patient needs to market by building partnerships with global and domestic players. Cipla's key initiatives during FY 2021-22 on COVID-19 are outlined below. Please refer our 'Intellectual Capital' section for key products launched during the year.

### ViraGen (COVID-19 RTPCR test)

We announced the commercialisation of a reverse transcription polymerase chain reaction ('RT-PCR') test kit 'ViraGen' for COVID-19 in India, in partnership with Ubio Biotechnology Systems Private Limited. ViraGen is Cipla's third offering in the COVID-19 testing segment. ViraGen is a real-time detection kit approved by the ICMR (Indian Council of Medical Research), and is based on multiplex PCR technology.

### Cipmolnu®

We were granted Emergency Use Authorisation ('EUA') permission by the DCGI for the launch of the oral anti-viral drug - Molnupiravir in the country, under the brand name Cipmolnu® for the treatment of mild-to-moderate COVID-19 in patients who are at high risk of developing a severe disease.

### Casirivimab and Imdevimab (Antibody Cocktail)

We announced the distribution of Roche's Antibody Cocktail (Casirivimab and Imdevimab) in India for restricted emergency use for the treatment of mild to moderate COVID-19 in patients who are at a high risk of severe COVID-19.

## Partnerships and acquisitions

**We continually broaden our product portfolio of vital and affordable medicines through strategic partnerships. While our focus is on chronic ailments such as non-communicable diseases, asthma and chronic inflammatory lung disease ('COPD'), the intent is to build stronger channels that help us support the community at large. We have also entered into partnerships for embedding sustainability into our business for cleaner and greener renewable energy.**

## Collaboration with other pharmaceutical companies for the launch of Molnupiravir

We entered into a licensing agreement with Merck Sharpe Dohme, a trademark of Merck & Co., Inc. Kenilworth, NJ., USA for the manufacture and distribution of Molnupiravir, the investigational oral antiviral drug for Phase 3 trial for the treatment of non-hospitalised patients with confirmed COVID-19.

We also collaborated with Dr Reddy's Laboratories Ltd., Emcure Pharmaceuticals Limited, Sun Pharmaceutical Industries Limited and Torrent Pharmaceuticals Limited for the clinical trial of Molnupiravir for the treatment of mild COVID-19 in an outpatient setting in India.

## Licensing agreement and strategic partnership with Lilly

We signed a royalty-free, non-exclusive voluntary licensing agreement with Eli Lilly and Company, US, for the manufacture and commercialisation of the drug Baricitinib for the COVID-19 indication.

We also entered into a strategic partnership to enhance the reach of Eli Lilly's diabetes products - Humalog® [Insulin Lispro I.P. (rDNA Origin) injection] and Trulicity™ (Dulaglutide), wherein Cipla has the rights to sell, promote and

distribute the aforesaid two diabetes products from Eli Lilly in India.

## Acquisition of stake in Clean Max Auriga Power LLP and AMP Energy Green Eleven Private Limited

Cipla entered into definitive agreements for acquisition of 33% partnership interest in Clean Max Auriga Power LLP and 32.49% stake in AMP Energy Green Eleven Private Limited for setting up renewable power generation plants in Karnataka and Maharashtra, respectively. This is in line with Cipla's commitment to enhance the share of renewable power source in its operation and to comply with regulatory requirement for being a captive user under Indian electricity laws.

## Joint venture agreement with Kemwell Biopharma

We entered into a joint venture agreement with Kemwell Biopharma Private Limited for undertaking the business of developing, manufacturing, and other allied activities relating to biologic products.

## Partnering for a sustainable future – Terra Carta

In FY 2020-21, we pledged support to 'Terra Carta', a landmark charter that puts sustainability at the heart of the private sector. We continue to support Terra Carta and this provides us opportunities to drive the Environment, Social and Governance ('ESG') discourse across the pharmaceutical sector globally and at the regional level.

## Alliances for policy advocacy<sup>3</sup>

Cipla believes in transparent engagement with the external stakeholders on various outreach activities including policy and regulatory issues governing the industry, best practices of the industry, strategic guidance and support in the areas concerning quality, accessibility, and

<sup>3</sup>GRI 102-13, Information in line with BRSR Question no. 1 under essential and leadership indicators of Principle 7.

affordability in pharmaceuticals and healthcare. Our engagement efforts are concerted in geographies having Cipla's presence, in India, the US, South Africa, China and other 80+ countries, including key emerging markets, in line with the motto of 'Caring for Life' to ensure timely access to quality medicines.

Even during the pandemic, Cipla has undertaken advocacy on several issues concerning the industry to ensure business continuity and access to life-saving drugs. Our advocacy is also aligned for ensuring better access to international markets and to resolve trade barriers by amicably working with the respective embassies and regulators.

We actively participated in several notable industry events and forums lending our voice and perspectives to shape a holistic healthcare ecosystem. We continue to build positive dialogue and strengthen awareness around Cipla's priority areas such as respiratory, tuberculosis, cancer, diabetes, AMR, wellness, besides others. The efforts are directed towards building a constructive dialogue on policy interventions to develop conducive healthcare ecosystem across quality, manufacturing, supply chain, access, technology, research and development and digital value chain.



## Key stakeholder engagement

We have nurtured and built positive connects with key stakeholders at the Central, State as well as the local level on various issues pertaining to the pharmaceutical and healthcare sector. The key government interactions over the previous year have been with the Prime Minister's Office, Ministry of Health and Family Welfare, Ministry of Chemicals & Fertilisers, Department of Pharmaceuticals, National Pharmaceutical Pricing Authority ('NPPA'), CDSCO, ICMR, Ministry of Finance, Ministry of Commerce & Industry, Director General of Foreign Trade ('DGFT'), Ministry of External Affairs, Ministry of Environment Forest and Climate Change, National Health Authority, NITI Aayog, among others.

At the state level, we continue to engage with key state-level departments, Food and Drug Administration, Pollution Control Boards and State Industrial Development

Corporations on various issues of importance to ensure compliance with regulatory requirements. Our outreach efforts are also undertaken to ensure access to several international markets including the concerned Ministries, Embassies and the Indian Ministry of External Affairs. Apart from these authorities, we also engage with industry associations to undertake advocacy on critical sectoral and industry-specific issues across geographies.

## Industry associations

We serve as active members in industry association for public advocacy mentioned below. We do not provide any funding to association beyond routine membership fees.

- 1 Indian Pharmaceutical Association
- 2 Confederation of Indian Industry
- 3 Federation of Indian Chambers of Commerce & Industry
- 4 Federation of Pharma Entrepreneurs
- 5 Pharmaceutical Export Promotion Council
- 6 Federation of Indian Export Organisations

## Enhancing patient experiences and health awareness<sup>4</sup>

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

## Berok Zindagi - A Cipla initiative for asthma patients

Berok Zindagi is one of our largest patient awareness initiatives aimed at helping asthmatic patients live unstoppable lives with inhalers. The initiative focuses on creating awareness about asthma and the role of inhalers in managing the disease. The campaign has reached over **25 crore people** during the last financial year.

The Berok Zindagi campaign was executed with a digital focus and it started with a set of films highlighting why inhalers are the right treatment for asthma. **The myth buster series featuring popular faces like Sonali Bendre, Mandira Bedi, Satish Kaushik and Priyanshu Painyuli addressed the top 4 barriers regarding inhalers through their personal stories.**

Social Media Movement promoting #SayYesToInhalers led to 10,000+ posts supporting the cause.

**The campaign's highlight was the first of its kind 'Inhalers Hain Sahi' song which reached to over 3 crore listeners through radio, caller tune and audio streaming apps. The song inspires people with asthma to take control of their life by making the right choice.** The initiative was also supported by over 100 doctors in 64 cities who came forward to speak about inhalers and asthma on radio and spread the message to the listeners.

## Public relations

As part of the Berok Zindagi campaign, the Public Relations activities fetched **over 5.6 crores reach** and generated 180 stories that included 20 large format articles projecting the campaign and inhalers in positive light.

## Breathefree

Breathefree is one of the biggest patient support programs from Cipla. The program aims to support respiratory patients through their journey from awareness of diseases, acceptance, and adherence to treatment.

**With 850+ educators, Breathefree has counselled more than 14 lac respiratory patients in FY 2021-22. The patients were counselled on better disease management with a specific focus on disease monitoring, device training and hygiene.**

**The Breathefree Chemist network of nearly 7,500+ chemists has been**

**developed across India and it provides device training services to patients.**

Through the Healthy Device Healthier Lungs initiative, educators counselled several patients to clean and maintain their devices and to also regularly change them every six months to ensure device effectiveness. Under this initiative, nearly 1.4 lacs unhealthy devices were replaced in FY 2021-22.

We also partnered with CREST Private Limited to conduct CORD (Certificate Course on Obstructive Airway Diseases) programs to train 100+ Breathfree Educators on inhaler devices, spirometers, obstructive airway diseases and counselling skills.

Breathfree Digital Educator, India's 1<sup>st</sup> digital educator for inhaler device training aims at supporting patients with correct inhaler device technique, eventually improving the effectiveness of inhalation therapy. Breathfree Digital Educator is a video calling based platform, where the patients can interact with certified digital educator. The digital educators are trained on handling queries related to device usage and maintenance.

**The Breathfree Digital Educator program trained 55,000+ patients last year. Breathfree Digital Educator is now available across India in 7 different languages (Hindi, English, Bengali, Kannada, Telugu, Tamil and Malayalam).**

## Ciplamed Flix

Cipla launched 'Ciplamed Flix' an OTT knowledge-sharing platform for reaching out to healthcare professionals ('HCP') on respiratory therapy.

The platform is designed to simplify collaboration and amplify access to medical information on formulations. With a breadth of choices, the HCP can choose to view a news feed, article, presentation, continuous medical education (CME) programs including our flagship international CME, Healthcare Superstars. Constant user acceptance testings adoptions and the use of customer engagement tools helps the platform to stay relevant to the needs of the present.

## Current statistics:

**10,500+**

Doctors have access to the platform

Average engagement time of

**16**

minutes on the application

Presence in

**30+**

countries

**60+**

content uploaded

**Cipla aspires to engage approximately 20,000 doctors representing 35 countries by the end of FY 2022-23.**

## Digital Medical Representative ('DMR') platform – Decentralised Doctor Engagement

DMR platform is being used in Cipla Emerging Markets and Europe DTM's by medical representatives to stay connected with doctors through different digital communication channels. Key features include video call, telecall, email, SMS, WhatsApp and Viber. All activities are being tracked to measure the effectiveness of content through click rate. Contents are developed centrally and broadcasted by the medical representatives.

**About 50,000 touch points are being generated on a monthly basis in addition to physical visits and the content is available in 2 languages (English and French) which is available in 8 countries with 200+ users.**

## Virtual Medical Representative ('VMR') platform – Centralised Doctor Engagement

 Additional reach to 20% doctors through VMR platform which are not covered by medical representatives

 Communication of Ciplamed Flix to doctors in 70 + countries centrally

## Interactions with healthcare professionals

In FY 2021-22, with pandemic impacting our ability to reach doctors, Cipla switched to digital mode for our **Continuing Medical Education ('eCME')** Programmes, achieving 5,25,000+ doctor touchpoints through 19,400+ webinars. The Company engaged with ~25,000 national and ~225 international faculties / speakers by conducting 1,400 advisory boards and 50 empanelled doctor meetings.

## Combating Anti-microbial Resistance ('AMR')

AMR is a global threat with potentially devastating consequences to those infected with resistant pathogens and high direct and indirect costs to society. In future, the lack of effective antibiotics could make routine medical interventions extremely dangerous, make other more complex interventions and procedures impossible, reducing our ability to respond to outbreaks of new infectious diseases. For these reasons, AMR must be regarded as a global, regional, and national priority for health organisations and governments.

Cipla reports its strategy to minimise the environmental impact of wastewater and solid waste from antibacterial manufacturing at its sites, including audits conducted. Cipla reports discharge limits in the receiving environment for all antibacterial

manufactured at its sites, based on Predicted No-Effect Concentration to limit AMR, as recommended by the AMR Industry Alliance. Discharge levels are quantified using a mass balance approach, verified by chemical analysis, if applicable.

Cipla has completed third party AMR assessment of its domestic manufacturing sites and self assessment of overseas sites is in progress. **91% of domestic suppliers of antibiotic APIs and formulations have completed the self-assessment and desktop reviews.** We have identified overseas suppliers of antibiotic APIs supplying to overseas sites, for carrying out AMR self assessments. Cipla has completed testing of wastewater generated for 100% of the molecules being manufactured.

Cipla is actively engaged and committed to a multi-faceted approach to stewardship that educates physicians about the appropriate use of antibacterial drugs. We support and conduct medical education outreach initiatives for healthcare providers through medical symposia and virtual programme to ensure the appropriate use of antibiotics for infection prevention and control.

We have also provided the necessary support for investigator-initiated studies, education, and stewardship activities for its brands specifically Elores and Colistin.

Cipla adapts brochures and packaging to facilitate the appropriate use of itraconazole, amorolfine, oxiconazole and Fosfomycin trometamol by patients. Cipla also provides packages and leaflets for these products with QR codes that direct patients to information regarding fungal infections and instructions on dosing in eight to ten regional languages in India. This information aims to improve adherence to treatment.<sup>5</sup>

Cipla has joined the AMR India Innovation Hub and has provided feedback on the next-5 Year National Action Plan on AMR (2022-2027).

### Maximising shareholder value

At Cipla, we adhere to all regulatory and statutory compliances and preservation of investor interest by ensuring the most stringent governance protocols and address their concerns through our Investor Servicing and Grievance Redressal Policy. We engage with our investors regularly through earnings calls, presentations, meetings and conferences. Details of interactions and communications with the shareholders forms part of the Report on Corporate Governance on page no. 164 of this report.

We continue to be a member to the FTSE4 Good Index Series for the fourth consecutive time, a testimony to our robust Environmental, Social and Governance ('ESG') practices. (FTSE4 Good is a global sustainable investment index series that measures the performance of companies with strong ESG practices.).

### The Company was also ranked one of the most sustainable healthcare companies in the Dow Jones Sustainability Emerging Markets Index.

### Cipla is also a constituent of the MSCI All Country World Index and has an ESG Rating of BB.

### Relationship with Customers

At Cipla, we prioritise patient centricity and have feedback processes in place to continually track and improve customer satisfaction levels.

We serve a wide range of customers including business partners, institutional

partners, governments and consumers, by providing high quality-affordable medicines across the globe.<sup>6</sup>

The Company carries out consumer satisfaction surveys for its OTC products as a part of its product launch process. Products are put to rigorous consumer checks before the launch to integrate consumer feedback and post launch for continuous improvement and for understanding market acceptance.<sup>7</sup>

In FY 2021-22, we enhanced our Corporate Quality Assurance system to improve responsiveness to customer complaints on product quality. Our advanced and secure complaint tracking system facilitates investigations of complaints through a fair and transparent process. The system responds to all complaints and helps avoid recurrence.

There were no significant cases filed or pending against the Company regarding unfair trade practices, irresponsible advertising, or anti-competitive behaviour for the reporting period.<sup>8</sup> All products are considered significant and quality team assesses health and safety impacts of all products. We had no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services.<sup>9</sup>

We take steps to educate customers, especially from the vulnerable and marginalised segments, on the safe and responsible use of our products and services.<sup>10</sup> Our product labelling follows all applicable regulatory norms and any additional information subject to specific product and packaging requirements.<sup>7</sup> We had no instances of non-compliance with regulations concerning product labelling.<sup>11</sup> Cipla is a part of pilot projects run by WHO to test electronic product labelling using 2D datamatrix codes. This project can lead to the elimination of physical leaflets from all WHO products, thus reducing both costs and environmental footprint.<sup>10</sup>

<sup>5</sup>Information in line with BRSR Question no. 2 under leadership indicators of Principle 9, GRI 417-1

<sup>6</sup>Information in line with BRSR Question no. 17(c) of Section, GRI 102-6

<sup>7</sup>Information in line with BRSR Question no. 4 under leadership indicators of Principle 9

<sup>8</sup>GRI 417-3

<sup>9</sup>GRI 416-1, GRI 416-2

<sup>10</sup>GRI 417-1

<sup>11</sup>GRI 417-2

## Building a Sustainable Supply Chain<sup>12</sup>

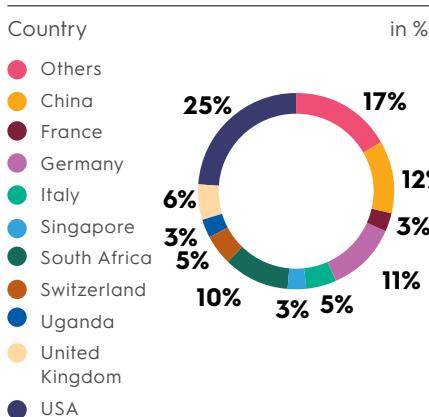
At Cipla, we prioritise a sustainable and seamless supply chain for the timely availability of our medicines, and to ensure business continuity in the face of disruptions. We firmly believe in complying with regulatory requirements and reinforcing ethical behaviour across our operations and our value chain. This is reflected in our expertise in responsible supply chain management.

We have more than 8,600 (more than 7,600 for FY 2020-21) upstream and downstream suppliers of which 433 (487 for FY 2020-21) are critical suppliers. We spend 65% (57% for FY 2020-21) of our total procurement budget on local sourcing, which reflects as 598 (677 for FY 2020-21) local-based suppliers for our manufacturing facilities globally.<sup>13</sup>

During the year, out of the total input materials sourced by the Company, ~8.76% were sourced from MSME suppliers, in comparison to ~8.81% in FY 2020-21.<sup>14</sup>

### Supplier geographical distribution

~89% of our total suppliers around the globe are based in India. The breakup of geographical distribution of remaining suppliers ~11% is provided below:



<sup>12</sup>GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-9, GRI 102-10

<sup>13</sup>GRI 204-1, We define local as 'local to the country of operation (India, South Africa, USA and Uganda)', Information in line with BRSR Question no. 4 under essential indicators of Principle 8

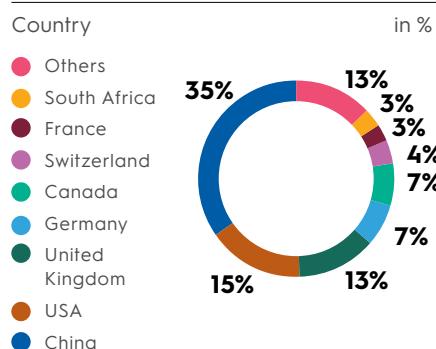
<sup>14</sup>Information in line with BRSR Question no. 4 under essential indicators of Principle 8

<sup>15</sup>GRI 103-1, GRI 103-2, GRI 103-3, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 308-1, Information in line with BRSR Question no. 5 under leadership indicators of Principle 3, Information in line with BRSR Question no. 4 under leadership indicators of Principle 5, Information in line with BRSR Question no. 9 under leadership indicators of Principle 6, Information in line with BRSR Question no. 2(b) under essential indicators of Principle 2.

<sup>16</sup>Information in line with BRSR Question no. 1 under leadership indicators of Principle 1

### Procurement spend

India accounts for ~80% of our global procurement spend. The breakup of geographical spend for remaining suppliers ~20 % is provided below:



### Supplier Code of conduct<sup>15</sup>

Sustainability parameters are integrated into our overall supply chain through various measures, including a comprehensive Sustainability Policy and Code of Conduct applicable to all our suppliers. The Policy and Code of Conduct outline the criticality of adhering to environmental and social parameters such as reducing environmental impact of their operations, waste management, collective bargaining, prohibition of child labour and forced labour, health and safety practices, working conditions, and so on, in a transparent manner. This ensures that present and future business relationships with Cipla are built on ethical values to realise sustainable economic, social and environmental benefits. During the year, 221 vendors comprising 175 critical vendors confirmed alignment to the Cipla's Supplier Code of Conduct in comparison to 169 vendors for FY 2020-21.

During the year, the Company has completed desk based assessment on ESG parameters for 81 (31 for FY 2020-21) vendors comprising of 75 critical vendors and all the vendors (except 4 MSME vendors) scored above the internal threshold limits. For FY 2022-23, we have set the target for completion of desk-based assessment of 100 vendors. During the year, we also organised our first virtual ESG workshop for our suppliers, comprising representatives from 48 vendors and our internal teams.<sup>16</sup>

### Quality within Supply Chain Management ('SCM')

To ensure quality procurement, vendor or new site are added after a strict site audit conducted every three years for API, excipients and packaging, as per Good Manufacturing Practices ('GMP') regulations. We also conduct site audits for our contract manufacturing organisations ('CMOs') and principal to principal contract vendors. We ensure the timely closure of audit observations along with monitoring the closure of Corrective Action Preventive Actions ('CAPA'). During FY 2021-22, 326 (218 for FY 2020-21) vendor audits and 94 (57 for FY 2020-21) CMO audits were conducted on parameters such as GMP, facility compliance, quality management system controls and documentation.

In FY 2021-22, we had carried out a vendor engagement programme to identify and close gaps at supplier facilities related to cGMP practices, regulatory compliances and audit readiness. These engagements help ensure business continuity and reduce the risk of vendor disqualification based on audits. The programme encourages our suppliers to improve their facilities and resolve product-related challenges.

During FY 2021-22, despite the pandemic, we excelled our target and achieved 100% compliance for 22 vendors and supported 11 vendors in improving their on-time and in-full ('OTIF') scores as well as quality scores by 5%. For FY 2022-23, we have set a compliance target of 85% compliance for 20 vendors. We also intend to support additional 10 vendors to improve the OTIF and quality scores by 5%.

Our supplier grievance mechanism is governed under Company's Code of Conduct. For the reporting period, we received one supplier grievance, which was duly resolved.

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

## Innovation and Technology in SCM<sup>17</sup>

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

### Some of these initiatives include:

#### Ariba

A cloud-based network with a suite of services to digitalise, simplify and add visibility to the overall source-to-pay process.

#### Supplier scorecard

Supplier scorecard is a performance monitoring tool that evaluates all supplier transactions on quality, delivery and cost-related parameters. We use the ratings to conduct a root-cause analysis of suppliers with low scores and help them improve their scores. The Company evaluates over 1,000 suppliers annually and works with top 25 critical vendors as part of our strategic relationship management.

#### Vendor managed inventory

A collaborative partnership with packaging material and excipient vendors to manage inventory through pre-decided stock norms.

#### Market intelligence dashboard

Dashboard capturing market intelligence on commercial and R&D APIs, to be on top of market trends and dynamics, competitor profile and EXIM information.

#### E-auction

Ariba Electronic Auctions (e-auctions) facilitate buyers to seek competitive pricing by participating in a real time

dynamic online event. Over 3,500 e-auctions have been conducted since its implementation in 2018.

#### Integrated Business Planning ('IBP')

A cloud-based platform that is integrated with our core SAP system and provides end-to-end demand and supply visibility was introduced in FY 2020-21.

#### Digital warehouse management system

During the year, the Company rolled out a pilot Digital Warehouse Management System ('WMS') to automate and digitise our warehousing processes.

#### Customer engagement platform

South Africa distribution team has developed a customer service mobile application and Whatsapp service to provide customers with quick access and resolution of FAQs and queries and to improve customer account management.

#### Direct to pharmacy initiative

North America business has launched direct to pharmacy initiative for accelerating and creative distribution mechanism by improving overall distribution efficiency and costs.

## Pharmaceutical Supply Chain Initiative

Cipla has joined as an associate member of the Pharmaceutical Supply Chain Initiative. The initiative shall help its members to develop supplier capability programmes and in implementing shared supplier audit collaboration programmes.

### De-risking of supply chain

Our responsibility and progress towards sustainable business practices does not end with compliance. We work to elevate the quality of our processes and practices. We have taken this forward through a Continuous Improvement Programme, which focuses on the optimisation of processes through cost effective procurement of raw materials and reductions in the cost of APIs.

We follow an Alternate Vendor Development ('AVD') strategy for sourcing APIs, which has significant cost-reduction opportunity and to promote local manufacturing. It also aims to eliminate risks, via screening and addition of vendors who offer a cost advantage. Additionally, a 360-degree review is conducted with geographical and climatic parameters to assess vendor performance and potential, catering to varying levels of demand. We take a proactive approach in identifying bottlenecks to resolve logistical challenges in our supply chain. Our AVD strategy ensures uninterrupted supply of raw materials.

We completed 71 AVD processes, which are aimed at de-risking and serviceability in FY 2021-22 as compared to 58 AVDs in the previous year.

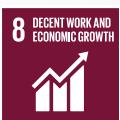


## Social Capital<sup>1</sup>

### Strategic Focus Area



#### Community Engagement



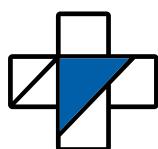
<sup>1</sup>GRI 103-1, GRI 103-2, GRI 103-3, GRI 413-1.

**At Cipla, we believe our business can grow sustainably only in an ecosystem of interdependence with society. We focus on giving back to society and empowering vulnerable communities by using both art and science of development, involving communities and forging partnerships to enable informed choices.**

Cipla's vision for an equitable world is built on the foundation of 'Caring for Life'. We recognise the importance of building long-term relationships with all our stakeholders and working collaboratively to achieve positive societal change. While our long-term goal remains to support Agenda 2030, as laid out by the United Nation's Sustainable Development Goals, we also address immediate challenges.

Our work in the community is carried out pre-dominantly through Cipla Foundation, the Philanthropy arm of the Company. The Foundation works with credible institutions, non-government organisations ('NGOs'), government agencies and domain experts (as permissible under the CSR Rules) to execute our social initiatives.

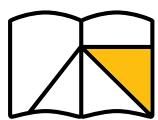
During the year, our Foundation worked across four focus areas in India and South Africa:



Health



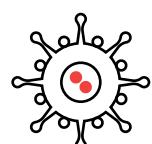
Skilling



Education



Disaster Response



COVID-19

We have also undertaken initiatives to serve and support the community in response to the COVID-19 pandemic.

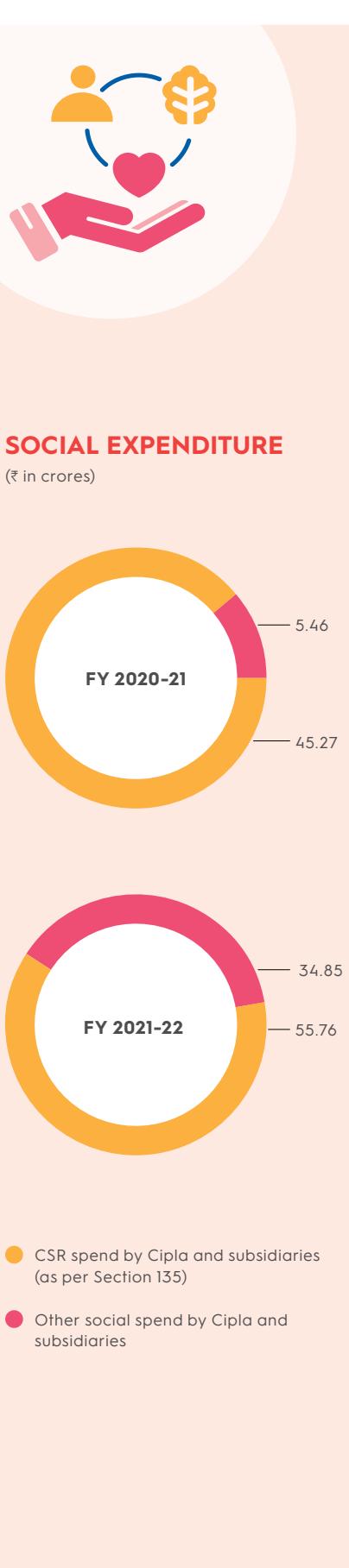
During the pandemic, we stood by the most underserved communities, reaching out to **10,00,000+** people across India. Staying true to our purpose-driven and socially conscious legacy of 'Caring for Life,' we supported several initiatives. This included working with the Government of India, local administration, healthcare workers and NGOs.

### Strong Governance, Robust Systems

The Foundation maintains the highest standards of compliance and due diligence, with robust auditing and monitoring mechanisms to govern our engagements with partners and stakeholders.

#### Our strong CSR governance is based on three pillars:

Board	CSR Committee	Cipla Foundation
Approves CSR policy and Annual Action Plan	Recommends CSR policy	Identifies CSR projects as per CSR Policy and proposes to the Committee
Reviews and ensures fund utilisation as per approved plan	Recommends Annual Action Plan and modifications, if any	Implements and monitors projects as per board approval
Monitors projects along with CSR Committee	Monitors project implementation through transparent monitoring and management mechanism	Maintains robust mechanisms to ensure compliance with the approved proposal, CSR policy, and applicable laws



## ENHANCING COMMUNITY HEALTH



Our health agenda includes response, recovery, and rehabilitation support to communities. We ensure access to healthcare by focusing on palliative care, respiratory healthcare, and other need-based medical interventions in India and in South Africa. Our work goes deeper across Cipla manufacturing units and depots, with an aim to address the healthcare needs of vulnerable communities, especially children, women, the elderly and the differently-abled.

Some of the key focus areas within healthcare include:



### Creating Access to Palliative Care

Palliative care is specialised medical care for children and adults with serious illnesses. Palliative care recognises that the challenges faced by a person with a serious illness are not just confined to the disease alone and acknowledges the physical, psychological, social and spiritual needs of both the patients and their families. Palliative care is provided by a specially trained team of doctors, nurses, social workers and other specialists who work together with a patient's treating doctor. The goal of palliative care is to provide the best possible quality of life at every stage of the serious illness.

During the year, we created access to palliative care by strengthening our services at the Cipla Palliative Care and Training Centre in Pune and collaborating with new partners across the country. We also supported a unique training programme for patient navigation and launched a national helpline service Saath Saath (**1800-202-7777**) to connect callers to their nearest palliative care service.



### Palliative Care Centre

Through the Cipla Palliative Care & Training Centre in Pune, established in 1997, we continued to respond to the needs of patients and families living with cancer. We also trained healthcare professionals to ensure the development of a robust palliative care ecosystem. Despite the COVID-19 pandemic, the Centre remained open and accessible through our inpatient, outpatient and home care services, supplemented with a video and tele-calling facility.

**800+**

Inpatient admissions

**6,000+**

Outpatient consultations

**7,700+**

Homecare visits

**2,600+**

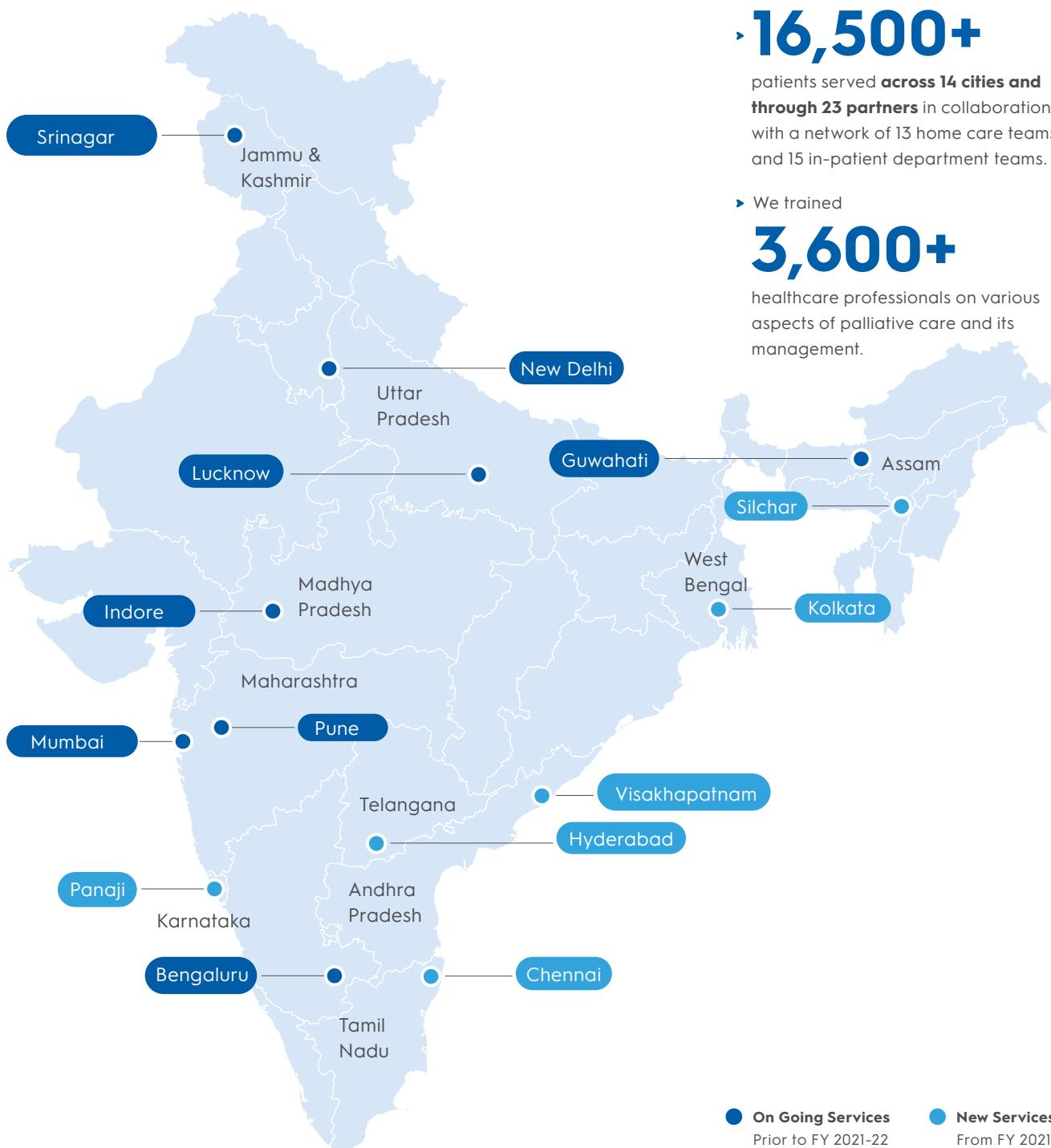
Healthcare professionals trained

**During the year, the Centre doubled the number of home care teams to ensure better access for patients needing palliative care in their homes. The Centre's outreach team continued to provide outpatient palliative care services in government and private hospitals in Pune.**

**B**

## Palliative Care Partnerships

In FY 2021-22, we scaled our palliative care efforts to support 23 palliative care providers across India in Delhi, Maharashtra, Assam, West Bengal, Jammu and Kashmir, Madhya Pradesh, Karnataka, Tamil Nadu, Andhra Pradesh, Uttar Pradesh, Goa and Telangana, reaching out to both children and adults and providing holistic care to patients with serious illnesses and their families.



## Some highlights of our partnerships during FY 2021-22

- ▶ To widen the reach of palliative care beyond cancer, we supported three new paediatric palliative projects, including a Neonatal Palliative Care unit in collaboration with the Department of Neonatology of KEM Hospital, Mumbai. Through these partnerships, palliative services are being provided to children with serious illnesses. Parents are also being supported to manage their children's pain and symptoms.
- ▶ We supported the setting up of India's first of its kind Neuro-Palliative Care Centre at the National Institute of Mental Health & Neurosciences ('NIMHANS'), Bengaluru to address the needs of patients with neurological conditions such as advanced Parkinson's disease and Dementia.

C

### A Unique Skill-building Programme

Taking our commitment towards cancer care further, during the year, we started supporting the Kevat Programme of Tata Memorial Hospital, Mumbai. A unique blend of skill and value-based learning, the programme aims to train individuals to identify and address the gaps in the delivery of cancer care, mitigate barriers, and empower patients and caregivers to advocate for their needs. We intend to train 40+ professionals by the end of FY 2022-23.



D

### India's First National Palliative Care Helpline

The 'Saath Saath' helpline 1800-202-7777 is a collaborative effort of 11 leading palliative care organisations, including Cipla Palliative Care & Training Centre, with a shared vision to provide equitable access to palliative care.

**1,000+** calls have been received since inception and **120+** patients referred to partner organisations across the country.

**Through the Foundation we continue our commitment to integrate palliative care into the healthcare system and work towards making palliative care accessible to all.**

2

## Setting Up Pulmonary Rehabilitation Centres

COVID-19 impacted lung health, especially for patients with severe infection. Several research studies showed that pulmonary rehabilitation can help improve the lung health for such patients including patients with chronic respiratory diseases. Pulmonary rehabilitation through its comprehensive, multi-disciplinary intervention not only helps improve the people's physical condition but also improves the quality of life and supports recovery.

Our Foundation supported the setting up of Pulmonary Rehabilitation Centres, offering multi-disciplinary approaches including cardiopulmonary physiotherapy, nutritional and psychological services to the patients.

In FY 2021-22, **550+** patients enrolled in the programme and undergoing different stages of pulmonary rehabilitation.

3

## Continued COVID-19 Response

The COVID-19 pandemic caused an unprecedented interruption to daily lives. Cipla continued its support and relief efforts on COVID-19 both in India and South Africa in collaboration with NGO partners and local administration. The support included immediate response as well as rehabilitation support. We supported frontline workers, healthcare personnel, patients, students and communities with masks, sanitisers, food packets and medical equipment as well as other operational support. We worked

with respective local health authorities to support vaccination by ensuring the availability of vaccines through designated agencies across Mumbai, Bangalore, Raigarh and Pune. We also ensured educational continuity for children in rural areas.

Other support included **11,000+** face masks / PPE kits / Disposal gowns & gloves; **500+** oximeters / IR thermometers; **4,400+** sanitisers / face shields; **100+** O<sub>2</sub> Concentrators / Enrichers / Ventilators and **50,000+** Rapid Antigen Kits.

# 1,00,000

COVID-19 vaccinations supported in India

# 3,50,000+

beneficiaries in India

## 4

### Reaching The Last Mile Through Mobile Healthcare Vans

Doorstep health has been a key component of our CSR interventions since inception. In partnership with HelpAge India, our Mobile Healthcare Vans have provided free-of-cost health consultations and medicines around our manufacturing units in Baddi, Bangalore, Indore, Patalganga and Kurkumbh.

# 1,20,000+

Patients benefited

## 5

### Supporting Children with Rare Illnesses

The Foundation provides comprehensive support and care for treating rare illnesses like Thalassemia including support for medicines, blood transfusion and bone marrow transplants for children from low-income families.

During the year, we have supported 55+ children with life-changing bone marrow transplants, resulting in an improved quality of life. We also supported the provision of blood transfusions for **100+** children.

## 6

### Building Capacity for Hepatitis Elimination

Through Project Prakash, we continued to support training sessions for healthcare professionals on the diagnosis and management of hepatitis and to bridge the gap of poor awareness, action and management of the illness. This was a joint effort with the Institute of Liver and Biliary Sciences, New Delhi - A WHO Collaborating Centre ('WHOCC') for viral hepatitis and liver diseases.

# 1,400+

Healthcare professionals trained across 21 states in India in FY 2021-22

## 7

### Initiatives in South Africa

# 50,000+

Patients served and provided with easy and enhanced healthcare access

# 5,64,000+

Medicine parcels delivered through 50 pickup points, benefitting **1,76,000+** people. The project also provided direct employment opportunities to 130+ people, generating USD 7,200 revenue.

- An innovative infrastructure deployed to improve access and speed of vaccine administration in partnership with provincial health departments

# 90,000+

COVID-19 vaccines administered and the momentum continues.

- In partnership with Operation Smile, the Miles for Smiles initiative over the last five years facilitated 320+ life-changing cleft and corrective lip surgeries.

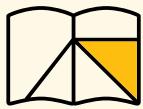
- Through nine Early Childhood Development Centres ('ECDs'), located in disadvantaged communities, we provide high-quality infrastructure to create an environment of growth for children, including quality care, nutrition, and education. 1,000+ children were supported with

# 41,000+

meals in the year.



## EDUCATION



Unlocking the opportunities in education through digital and e-learning solutions, we are working towards creating a conducive environment in schools for enhanced learning. Additionally, we are providing infrastructure support and student scholarships, as well as enabling teachers through training and capacity building.

1

### Digital Learning

Our D-LEAD (Digital Learning Experience And Development) programme continued to create access to education through digital tablets with a pre-loaded curriculum. Children across Baddi (Himachal Pradesh), Sikkim, Goa, Indore and Dhar (Madhya Pradesh), Bangalore (Karnataka) and Mumbai, Patalganga and Kurkumbh (Maharashtra) have been able to continue their education during the pandemic, minimising their learning loss.

# 42,000+

Students benefitted

# 4,300+

Tablets distributed to students from low-income communities

2

### Education Scholarships to Children in Need

Children who lost their family members during the COVID-19 pandemic and were at risk of dropping out of school

were identified across Mumbai, Thane and Hyderabad with the help of Pratham Foundation. Educational scholarships were provided to **490+** children, especially those with disabilities and those vulnerable to trafficking or child marriage.

Quality education was ensured for **1,000+** girl students from underprivileged communities through a project called Nanhi Kali across Barabanki (Uttar Pradesh), Ratlam (Madhya Pradesh), Mumbai and Pune (Maharashtra).

3

### Nurturing Aspirations for Higher Education

The initiative aims to provide students from the seven North-eastern states with an opportunity to learn and interact with CSIR-IICT scientists, prepare them to be industry-ready or pursue a PhD in chemistry at the same time, giving them a chance to experience diverse cultures.

# 48

students underwent the mentorship programme at IICT, Hyderabad last year.

4

### Capacity building of Anganwadi Workers

In Goa, under the Gyandeep training programme of the Integrated Child Development Scheme ('ICDS'), we collaborated to support a cadre of Mukhiya Sevikas and Anganwadi workers in acquiring knowledge and learning new skills for addressing the pressing needs of differently-abled children.

# 12,000+

Anganwadi workers and 47 Mukhiya Sevikas trained under the ICDS in Goa

## SKILLING AND LIVELIHOOD



We support skilling initiatives with an aim to empower youth, differently-abled individuals and low-income communities to be adept for better employment opportunities. One of the initiatives during the year was in partnership with Skill and Entrepreneurship Development Institute ('SEDI') at Nalagarh, Himachal Pradesh where students were enrolled on seven different short-term courses.

**450+** Students completed the course and about 60% of students are successfully employed.

In the aftermath of COVID-19, many families were left without employment or the means to survive. Through a family assistance programme across Jaipur, Hyderabad and Lucknow, we supported **300+** families to set up small-scale businesses. This support helped with continued income and ensured the fulfilment of their basic needs including health. Under this programme we also trained **400+** youth of which 200 were employed.

### SAANS Mask Project

During the pandemic, through the Foundation, we supported the designing of low-cost, scientifically validated face masks through a unique collaboration with CSIR - IICT. The project helps to create access for affordable face mask to community members for preventing infections. The project also created much-needed livelihood opportunities for self-help groups of women from low-income communities.

The project operated under the name 'SAANS' (Breathe) mask and was operational across Maharashtra, Bihar, Himachal Pradesh, Gujarat and Pondicherry region in collaboration with our partners.

During the year, 500 women across four partner organisations in five states were engaged. These women from self-help groups helped manufacturing of **5 lacs +** masks.

**₹ 180+ lacs**

revenue generated for women from self-help groups

**₹ 35 lacs**

profits earned

#### DISASTER RESPONSE



In FY 2021-22, several natural disasters hit the states of Tamil Nadu, Kerala, Odisha, and Maharashtra and added to the plight of communities already impacted by COVID-19. We reached out to 2,800+ families in Maharashtra (Raigad, Chiplun, Mumbai), Odisha (Kendrapada), Kerala (Kottayam) and Tamil Nadu (Chennai). The support included the distribution of hygiene kits, face masks, dry rations, shelter and relief material.

**36,000**

cooked meal boxes were distributed in government and charitable hospitals to COVID-19 Warriors

**5,000+**

hygiene and grocery kits were distributed to the affected families

## GLOBAL RESPONSE

In line with our commitment to improving access to life-saving drugs, Cipla donated HIV-AIDS, Cancer, Respiratory and other critical medicines worth

**₹ 33.64 crores**

to organisations providing humanitarian aid to vulnerable communities in distress world-wide.



**The Company through the Foundation continues its passionate journey of social change through collaborations. We endeavour to empower vulnerable communities and keep them at the heart of all our CSR initiatives.**



## Natural Capital

### Strategic Focus Area



#### Environmental Sustainability



6 CLEAN WATER  
AND SANITATION



7 AFFORDABLE AND  
CLEAN ENERGY



9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE ACTION

## Highlights



Share of  
renewable energy  
in the energy mix



Equivalent  
post-consumer plastic  
waste collected



Of water recycled  
and reused



Reduction in absolute  
GHG emissions

**At Cipla, we believe that when purpose meets passion, people and planet are the winners. Our sustainability initiatives are aligned with the prevailing megatrends such as climate change, circular economy and water stewardship.**

Our long-term vision is to bring our partners, customers and suppliers together to create smarter solutions to augment our purpose of 'Caring for Life' to people, nature and planet. We consistently strive to ensure responsible management of our environmental footprint and conservation of natural capital around us.

We are working towards a low-carbon pathway, reducing dependence on freshwater consumption, pollution control and maximising value from waste. We are exploring more opportunities in the circular economy and enhancing the Earth's biodiversity across the value chain.

### Governance for Natural Capital Management<sup>1</sup>

In keeping with our responsible manufacturing ethos, we drive sustainability initiatives through technological innovation in our operations and products. This approach delivers a positive environmental and social impact for all stakeholders.

The commitment is ingrained in our Environment, Health and Safety ('EHS') policy, which acts as an overarching guidance manual for our stakeholders. All our subsidiaries and joint venture partners have either adopted this policy or have aligned their internal systems and processes to it. The governance and

execution of the EHS policy are detailed on page no. 81 of the report.

All our manufacturing sites across India are certified for the Environment Management System ('EMS') ISO 14001:2015 and Occupational Health & Safety Management System ('OHSMS') on ISO 45001:2018.

An established auditing process helps ensure consistent improvement in the defined areas. This year, our facilities have gone through 35 external and 82 internal audits, with no major non-compliance/observation being reported. We have further strengthened our EHS culture in warehouses and our India Business. We have also introduced

monthly theme based EHS campaigns focusing on various priority elements to reciprocate our EHS standards.

**At end of the financial year, we do not have any open showcause or legal notices, and the environmental regulators levied no penalties<sup>2</sup>. Our efforts are directed towards building and enhancing employee capacity on EHS through training programmes which are detailed in the Human Capital section of the report on page no. 82**

Our sites in India are assessed on water stress risk in line with guidance from Central Ground Water Authority ('CGWA') and Science Based Targets Initiative model for GHG emissions reduction goals. Three sites (Baddi, Goa and Sikkim) are utilising the groundwater, of which two are safe zone as per CGWA block assessment 2020. Various water reduction initiatives have been taken during the reporting year. The analysis is being used to plan for investments to achieve our carbon and water neutrality target. All our sites have a business continuity and disaster recovery plan, to minimise disruptions. These plans are being optimised to incorporate the potential threats arising from climate change.

Cipla's robust digital data management system strengthens our sustainability performance monitoring and analytics. The fuel and power savings are monitored till its realisation stage through an online portal, managed centrally. Similarly, resource consumption and waste disposal data are entered on the platform, and findings from the detailed analysis dovetail into **our 2025 goals of becoming Carbon Neutral, Water Neutral, Zero Waste to Landfill, AMR Stewardship, Green Chemistry and Making it Right, while ensuring the well-being of our employees and partners.**

<sup>1</sup>GRI 103-1, GRI 103-2, GRI 103-3

<sup>2</sup>GRI 307

We have deployed the tool for sustainability data management system to capture environmental sustainability parameters for strengthening integrity and completeness of data. The accuracy of data is assured by providing controls at different levels of data reported at site level, which is reviewed by site EHS heads and approved by the site heads. The tool has security features such as anomaly detection, improved visualisations in the form of dashboards and graphs for granular level datapoints that has improved visibility in trends and analysis. We have also introduced one click reports that have saved a considerable amount of manhours, both at the site and central level.

**Cipla has been selected for S&P Dow Jones Sustainability Index ('DJSI') for the Emerging Markets for 2021, with a ranking of 93 percentile in the industry.**

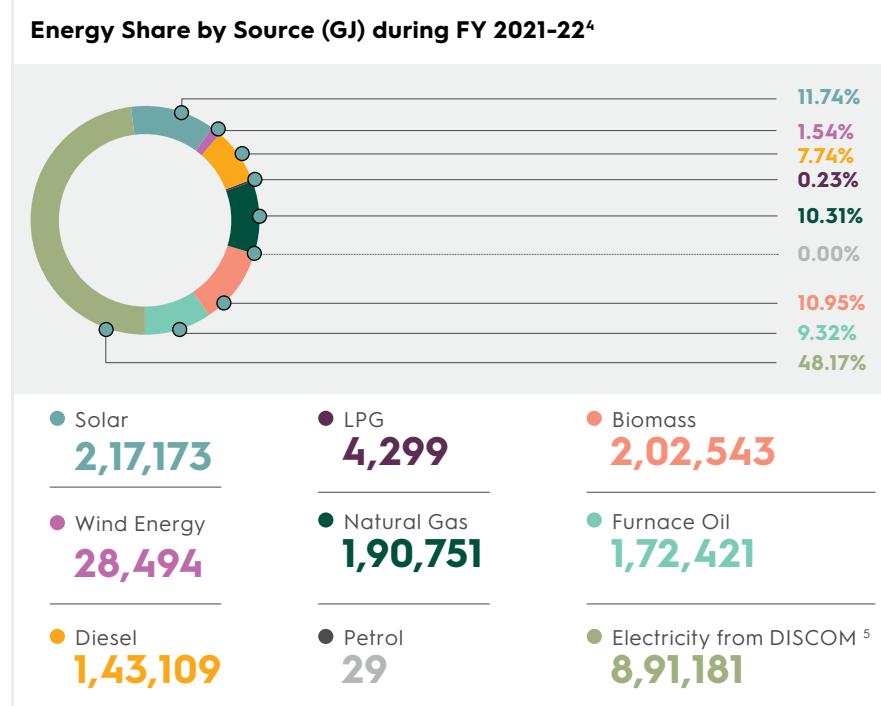
## Energy Management<sup>3</sup>

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

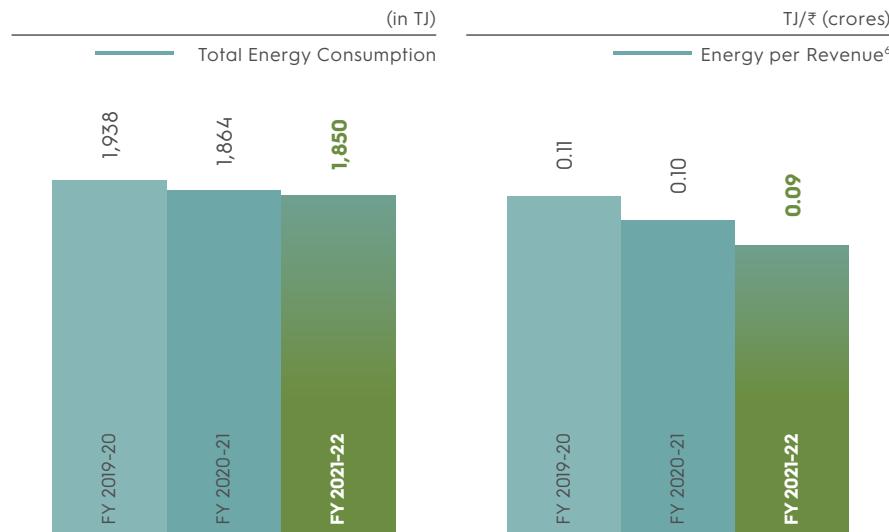
- 1** Improving energy efficiency across our operations through awareness and monitoring
- 2** Adopting new technology
- 3** Enhancing the proportion of renewable sources in the total energy consumption mix.

The details of energy conservation initiatives such as the adoption of new technology and retiral measures are included in the Board's Report in Annexure III on page no. 137 of this report. Energy management and energy intensity are a key metric for the performance measurement across teams at the site level as well as at the EHS leadership level.

Internal audits are conducted every six months, and the progress against CAPA is monitored at frequent intervals till its point of closure. The knowledge transfer is done across all sites in monthly or bimonthly meets.



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



<sup>3</sup>GRI 302-1, GRI 302-3. For further information, refer BRSR question no 1 under essential indicators of Principle 6

<sup>4</sup>Reference for fuel conversion values: 2006 IPCC Guidelines for National Greenhouse Gas Inventories - Volume 2 (Energy)

<sup>5</sup>[https://cea.nic.in/wp-content/uploads/pdm/2020/12/growth\\_2020.pdf](https://cea.nic.in/wp-content/uploads/pdm/2020/12/growth_2020.pdf) DISCOM = Distribution Company

<sup>6</sup>It includes energy consumed from all sources.

## Energy Savings<sup>7</sup>

We undertake persistent and continuous efforts to conserve energy by the adoption of innovative measures to reduce wastage and optimise consumption. Some of the specific measures undertaken comprise:

### Electronically Commutated (EC) Blower Installation

### Utility Automation System

### Installation of Variable Frequency Drive for Brine Chiller

### Heat Pump Installation

### Optimisation of multi-effect Evaporator and Vertical Thin Film Dryer

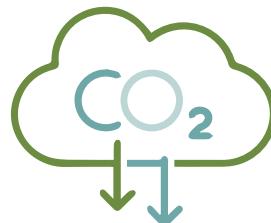
### Air Changes/Hour Optimisation

### Installation of Inline Vertical Energy Efficient Pump

We have also invested in energy conservation initiatives such as adopting new technologies, retrofitting existing assets (Variable Frequency Drives, EC in Air Handling Unit, among others) and optimising process area equipment. Through investments and technological enhancements in processes and utilities, there has been energy savings of around 10.15 TJ, which accounts for approximately 0.55% of total energy consumption in FY 2021-22. Compared to FY 2020-21, Cipla's energy consumption decreased by around 0.77% in FY 2021-22.

**The energy intensity in terms of GJ/INR (lacs) has improved by around 11% from 0.96 in FY 2020-21 to 0.85 in FY 2021-22**

The details related to the capacity and usage of renewable energy for power usage forms part of Annexure III of the Board's Report on page no. 137



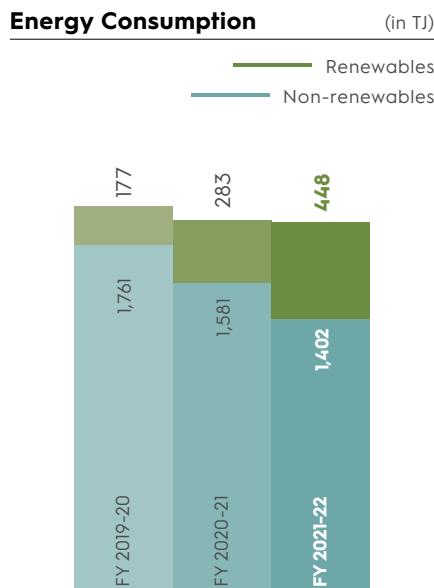
## Greenhouse Gas Emissions<sup>8</sup>

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

We have reduced our Scope 1 emissions, caused by diesel, natural gas and furnace oil (residual fuel oil) consumption by using alternative fuels and enhancing energy efficiency<sup>9</sup>. During the year, we have sourced total 245.7 TJ of electricity through renewable sources through various initiatives such as solar/wind open access (third party / captive), onsite roof top/ ground mounted solar project, leading to 53,911 tonnes of GHG emissions reduction (Scope 2 emission)<sup>10</sup>. The operationalisation of solar projects and adoption of biomass briquette at Indore and Goa sites are some of the major projects in the pipeline. This is in addition to mass-scale afforestation, as a move towards our goal for carbon neutrality.

Our transition to alternate fuels has increased the proportion of usage of biomass briquette and thus the biogenic emissions have increased by around 36% from 14,833 tonnes to 20,224 tonnes.

**Our total renewable energy share stands at 24% in FY 2021-22, compared to 15% share in FY 2020-21.**



<sup>7</sup>GRI 302-4

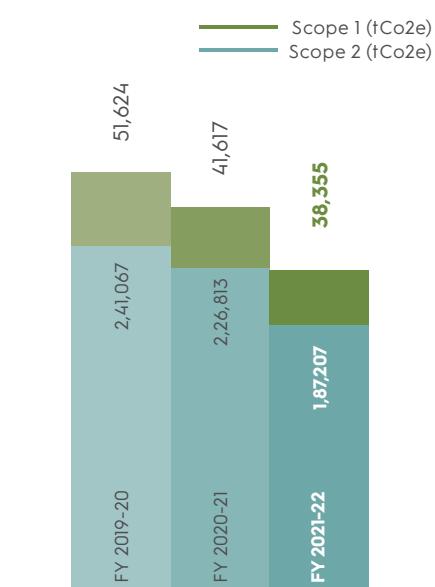
<sup>8</sup>GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5. For further information, refer BRSR question no 6 and 7 under essential indicators of Principle 6.

<sup>9</sup>The emission factor for electricity in India has been updated from 0.82 tCO2e/MWh to 0.79 tCO2e/MWh in line with the latest notification of Version 16.0, published by the Central Electricity Authority.

<sup>10</sup>CEA (Central Electricity Authority) emission factors for grid electricity in India is used for calculating the appropriate reduction in emissions.

The chart shows our Scope 1 and 2 emissions for last three years<sup>11</sup>. Over the years, our absolute emissions have steadily declined as seen in the graph below.

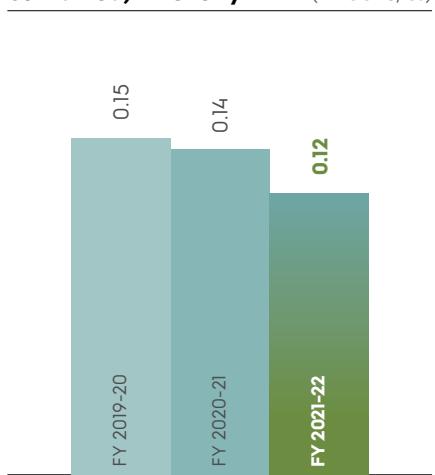
### Cipla Emissions (Scope 1 & 2) (in tonnes)



The intensity of our emissions has also declined, as outlined in the table below<sup>12</sup>.

### The emissions (Scope 1 & 2 combined) intensity in terms of tCO<sub>2</sub>e/₹ (lacs) has improved by around 25% from 0.14 in FY 2020-21 to 0.10 in FY 2021-22

### Emissions (Scope 1 & 2 combined) Intensity (in tCO<sub>2</sub>e/GJ)



<sup>11</sup> References for emission factors: The Intergovernmental Panel on Climate Change Assessment Report 4, India Central Electricity Authority 2021 report, IGES List of Grid Emission Factors - version 10.12 and United States EPA eGrid Database.

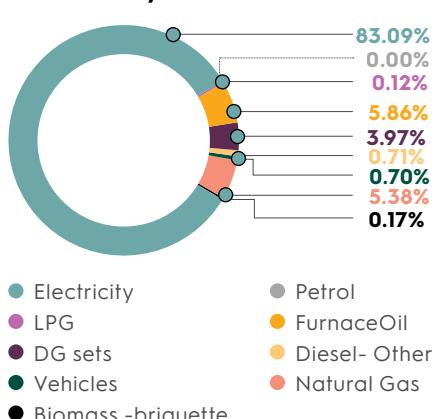
<sup>12</sup>GRI 305-4

<sup>13</sup>GRI 303-1, GRI 303-3, GRI 303-5. For further information, refer BRSR question no 3 under essential indicators of Principle 6.

<sup>14</sup>Based on CGWA guidance on rainwater harvesting methodology

<sup>15</sup>GRI 303-1. Data excludes information from corporate offices in Mumbai, depots and subsidiary Jay Precision Pharmaceuticals Private Limited.

### Emissions by source



Even as electricity occupies a major share in the current emissions mix (Scope 1 and 2), Cipla aims to reduce this share to catalyse the cut in emissions, in line with our target to being carbon neutral by 2025.

### Water Management<sup>13</sup>

Water is a critical resource essential for the sustenance of life and health. Its management and conservation is a crucial aspect of natural capital management at Cipla. We have set a target to become water neutral by 2025. Our approach to water neutrality rests on three pillars, – reduce the usage of blue water, enhance the use of rainwater and treated water, and support our communities through water conservation programmes. Across our facilities, we have implemented the 5R approach (reduce, recover, recycle, reuse and recharge) for responsible use of water.

Rainwater harvesting systems have been installed in our manufacturing facilities at Kurkumbh, Indore, Baddi, Bommasandra, Sikkim, Goa and Kundaim in the form of underground tank, recharge pits and shafts.

### The combined annual rainwater harvesting potential of these sites is 1,20,648 KL<sup>14</sup>.

We have amplified our efforts for water management by contributing towards outside projects such as dam renovation. We have also installed piezometers to monitor ground water level at our manufacturing sites.

We supplement our efforts with water conservation measures such as use of Sewage Treatment Plant treated water, Reverse Osmosis ('RO') Plant reject water and Air Handling Unit condensate, reducing domestic water consumption, fixing leakages, following the controlled usage for cleaning purposes and making our water treatment plants more efficient. As a result, the total water consumption has decreased by 17% from 1,879 ML in FY 2020-21 to 1,554 ML in FY 2021-22.

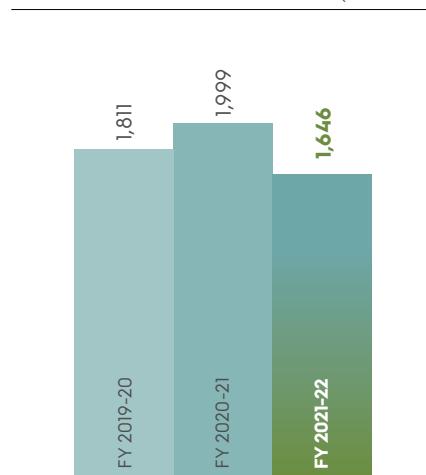
We have conducted the Environmental Impact Assessment for all our API sites. No major impact on water has been found based on the operations.

Our manufacturing facilities utilise the treated wastewater within the premises, except Patalganga and Baddi who discharge the wastewater through the Common Effluent Treatment Plants ('CETP'). We track water withdrawal by sources across our facilities and have began tracking the water recycled and reused separately<sup>15</sup>.

**The intensity of our water withdrawn in terms of kL/₹ (lacs) has also declined by around 26% from 1.03 in FY 2020-21 to 0.76 in FY 2021-22**

### Water withdrawal

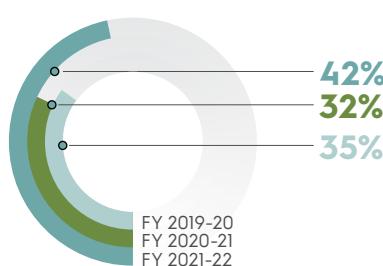
(in '000KL)



## Water Withdrawal by Source



## Water recycled and reused



**In FY 2021-22, 42% of water drawn for our operations was recycled/reused.**

## Wastewater Management<sup>16</sup>

Our responsible wastewater management is critical for the safety of local ecosystems, the health of our neighbourhoods and the protection of our farm lands for food security. Cipla has undertaken Zero Liquid Discharge ('ZLD') projects as part of our wastewater management initiatives.

The wastewater generated are treated in our in-house Effluent Treatment Plant or Zero Liquid discharge plant. The treated water quality is well within the prescribed limits of treated water as per Bulk drug and Pharmaceutical Industry.

We are constantly strengthening the efficiency of our Effluent Treatment Plants ('ETPs') to reach levels where we can convert our existing ETP to ZLD.

**In FY 2021-22, we recycled 88% of the wastewater generated and discharged 91,932 KL of waste water – a decline of 23%, compared to that of the previous year.**

The discharge from Patalganga, Baddi, and other overseas sites goes to Common Effluent Treatment Plants ('CETPs') and Publicly Owned Treatment Works ('POTW'), adhering to discharge limits.

and Disposal Facilities ('TSDF'). We are increasing the share of recycling and co-processing to bring down the quantity of waste disposed to landfills.

Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste and others, are inventoried periodically and are disposed of in compliance with applicable government regulations. We have increased the number of waste categories to easily track and align with the ones under consent.

At our formulation sites, the primary waste consists of process waste, plastic waste and chemical sludge. These are sent to Treatment, Storage and Disposal Facilities ('TSDF') and are subjected to thermal destruction in incinerators, while some of it is sent for co-processing. We have extended our efforts towards co-processing of waste to Alternative Fuels and Materials ('AFR'). During the past year, 651 MT of waste was co-processed and diverted from incineration or landfills. Solvent recovery systems are installed to reduce the waste generated in the API plants. 2/3<sup>rd</sup> of Cipla facilities are Zero Waste to Landfill.

## Waste Management<sup>17</sup>

At Cipla, we have set organisational level target for waste disposed and is aiming to achieve zero waste to landfill status for all its manufacturing sites by 2025. It has consistently scaled up its waste management practices by reducing generation quantities and directing waste to authorised treatment, storage

At the manufacturing sites, the amount of waste generated, disposed and diverted from disposal for the reporting year is given in the table below:

(Quantity FY 2021-22)

Waste generated (MT)			
<b>16,721</b>		<b>11,030</b>	
Hazardous Waste		Non-Hazardous Waste	
Waste to disposal (MT)			
<b>9</b>	<b>651</b>	<b>1,682</b>	<b>12</b>
Buy back	Co-processing	Incineration	Pre-processing
<b>7,528</b>	<b>1,246</b>	<b>16,622</b>	
Sold as scrap	Waste to secure landfill	Sold to authorised recycler	

**We channelized 96% of liquid waste and 83% of solid waste for recycling and co-processing. We directed 84% of hazardous waste for recycling and co-processing, 6% to secured landfill and the remaining 10% for incineration. Similarly, we directed 97% of non-hazardous waste for recycling and 3% to secured landfill.**

Initiatives to reduce waste generation included composting from canteen and garden waste, reducing the use of paper through e-logs and usage of solvent recovery systems. Led by the principles of green chemistry, Cipla is recycling and reusing solvents through solvent recovery systems.

<sup>16</sup>GRI 303-2, 303-4. For further information with respect to different sources of withdrawing water and destinations of wastewater discharge including bifurcation for water stress areas, refer BRSR question no 3 under essential indicators and question no 2 and 3 under leadership indicators of Principle 6.

<sup>17</sup>GRI 306-1, 306-2, 306-3, 306-4, 306-5. For further information, refer BRSR question no 8 and 9 under essential indicators of Principle 6.

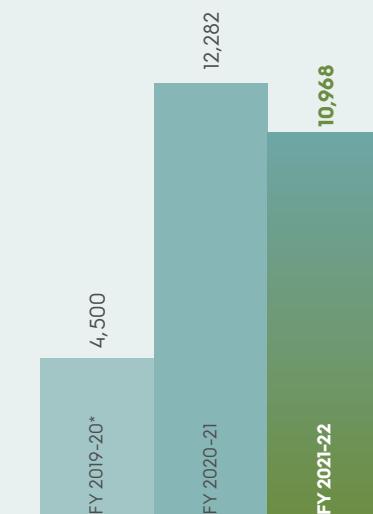
## Waste to Value: Plastic Waste Management (PWM)

**In FY 2021-22, Cipla collected plastic waste equivalent to 100% of its post-consumer plastic waste generated, which is 10,968 MT. Of this, 8,394 MT was recycled and converted to various items of value such as pavement blocks, benches, pellets, etc. 2,574 MT was sent to waste-to-energy plants or co-processing<sup>18</sup>.**

As per the recent PWM rule amendment<sup>19</sup>, for FY 2022-23, Cipla aims to fulfill 100% of the EPR compliance for pre and post consumer plastic waste over and above the statutory requirement of 70%.

Cipla has engaged an external consultant to carry out detailed audit of our EPR vendor for assurance on EPR compliance.

### Plastic waste collected and responsibly channelised



\*The equivalent plastic waste collection in FY 2019-20 corresponds to timeline from October 2019 to March 2020.

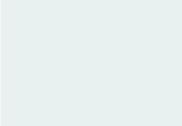
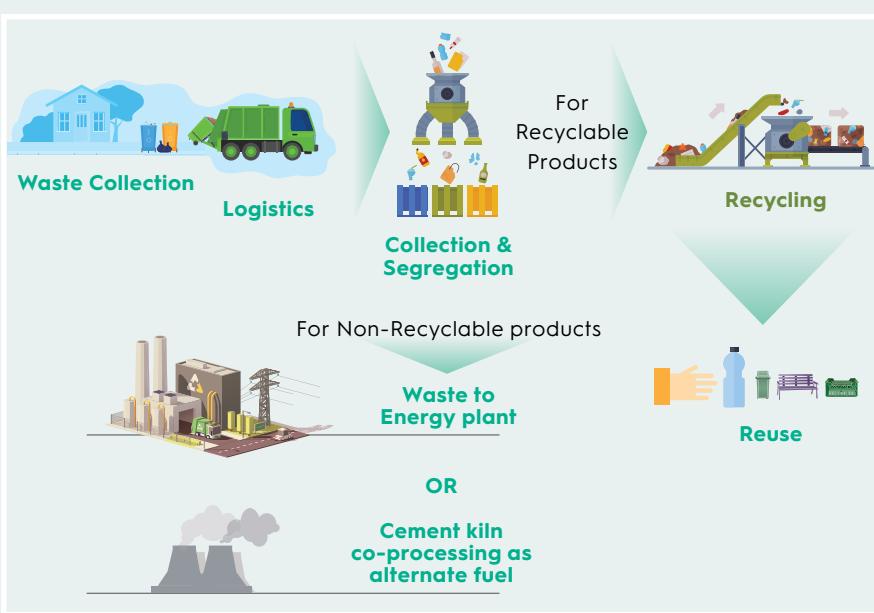
Diverted  
**10,968**  
Waste from landfills (MT)

Reduced  
**39,156**  
of CO<sub>2</sub> emissions (MT)

Created  
**3,800+**  
direct and indirect jobs

Conducted  
**100+**  
training and awareness campaigns

The post consumer multilayered and non multilayered plastic waste converted into items of value for supporting circular economy.



<sup>18</sup>Information in line with BRSR Question no. 4 under essential indicators of Principle 2

<sup>19</sup>Plastic Waste Management (PWM) Rules <https://moef.gov.in/en/plastic-waste-management-second-amendment-rules-2022/>

# Management Discussion and Analysis<sup>1</sup>

In FY 2021-22, economies worldwide manifested signs of recovery, despite repeated spikes in COVID-19 caseloads due to the emergence of new variants. governments globally, embarked on massive vaccination programmes for local populations as fiscal policies and reforms continued to strengthen economic recovery. Central banks across the world also injected additional liquidity into their economies through various monetary measures to support vulnerable populations and businesses. Consequently, global economy recovered from lows of 2020 with trade re-bounding strongly.

However, as we move into FY 2022-23, rising energy prices, supply chain disruptions and adverse currency movements on account of localised COVID-19 restrictions and geopolitical tensions are expected to drive higher and more broad-based inflation across economies. The emergence of new COVID-19 variants could risk prolonging the tenure of the pandemic therefore requiring continued worldwide access to vaccines, tests and treatments. While monetary policy in many countries will continue on a tightening path to contain inflationary pressures, fiscal policies with limited headroom are likely to prioritise healthcare spending.

Over the past two years, Cipla has strengthened its business model with complex launches and expanded footprint to augment its competitive position in key geographies. Throughout the pandemic, the Company has upscaled its capabilities to support stronger execution and ensure widespread availability of quality medicines from organic portfolio and leveraging partnerships with global MNCs.

Cipla is investing in automation and digitalisation to drive sustainable efficiencies across portfolio selection, manufacturing, supply chain and quality operations. The Company's employees are its invaluable assets and Cipla will continue to invest in strengthening its talent pool to nurture an agile, innovation - driven and excellence - focused culture. The Company is offering its employees and associates a safe return to work approach via hybrid work models across the Company's operating geographies.

**During the year, Cipla witnessed robust momentum across geographies with revenue growth of 14% over FY 2020-21 and operating profitability convincingly stabilising between 21-22% range. Geopolitical conflicts and associated supply chain challenges have kept procurement and freight costs at elevated levels. The Company is managing some of the external headwinds by passing on cost escalations wherever possible, continued cost optimisation and managing its product/geography mix to insulate core margins while balancing growth investments in portfolio, markets and channels.**

Cipla's focus continues on maintaining strong growth momentum led by unlocking of its complex pipeline, which is a culmination of consistent delivery across the Company's strategic priorities. Cipla will continue to drive measurable outcomes across business and is committed to deliver sustainable growth, attractive return on investment, maximising stakeholder value and have a positive impact on the environment as we progress on our long-term sustainability goals.

## Overview

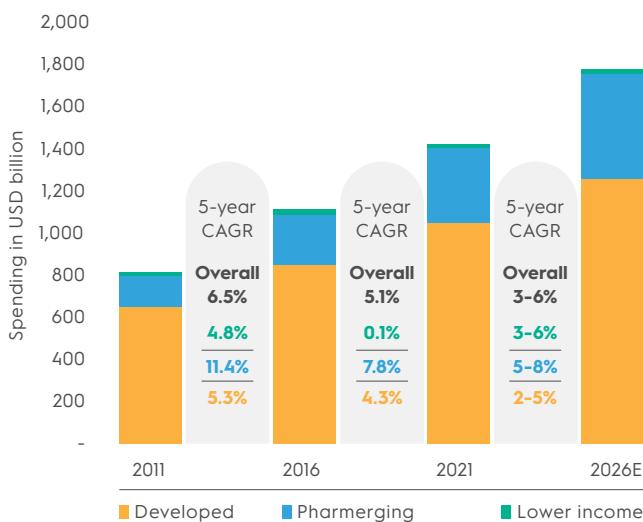
Cipla has emerged as a world-class pharmaceutical Company with a formidable branded and unbranded generic market franchise in over 80 countries on the back of deep-rooted research and development (R&D) capabilities, strong manufacturing, commercial and execution capabilities.

The Company's relentless focus of bringing in best-in-class drugs resonates with its purpose of 'Caring for Life'; serving patients through innovative respiratory drug-device combinations, complex formulations and broad-spectrum capabilities in injectables, oral solids and inhalation amongst others. Over the last five years, the businesses have generated strong stakeholder delight through continued rigour on portfolio execution and financial discipline to drive higher profitability, improved cash flow generation and return on investment. Cipla's focus continues on realising commercial opportunities beyond respiratory and complex generics and injectables, particularly in the space of co-developing biosimilars, inhalation devices, diagnostics solutions, new-age technology platforms and digitised business models. The Company aspires to build a strong global wellness franchise. Cipla's global consumer business is leveraging portfolio strengths and capabilities across India and South Africa, coupled with consumer insights and robust media campaigns to drive innovation, translating into winning benefits for consumers.

<sup>1</sup>GRI 103-1, GRI 103-2, GRI 103-3

## Global pharmaceutical industry structure and key developments

### Global medicine market size and growth 2011-2026E, constant USD billion<sup>2</sup>



Over the past two years, global spending on medicines underwent a significant re-prioritisation for the development of vaccines and novel therapeutics to contain the pandemic. While the impact from COVID-19 in 2020 and 2021 has been significant, the long-term impact on growth trends is expected to normalise.

As per the IQVIA report, the global medicine market is expected to reach USD 1.8 trillion by 2026, growing at a CAGR of 3-6% over 2022-2026. While development of vaccines continues in line with the demand for effective booster doses, global spending over the next four years continues to be driven by innovation offset by losses of exclusivity and the lower cost of generics and biosimilars. Leading global therapies such as oncology and immunology, are expected to grow by 9-12% and 6-9%, respectively, through 2026.

In developed countries, medicine spending is expected to be in the range of 2-5% over the next five years. The adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars, are expected to continue as the main factors influencing medicine spending and growth. In pharmerging countries, medicine spending is expected to be in the range of 5-8% over the next five years. Significant increases in healthcare access were the largest drivers of change in the use of medicines historically, but the trend is stabilising and will result in volume moderation across many markets.

In line with global trends, Cipla deepened its complex portfolio for the US market with the launch of Arformoterol respiratory inhalation solution and the Company's first 505b2 lanreotide injection. Cipla also executed a joint venture agreement with Kemwell Biopharma for developing, manufacturing and commercialising biosimilars. With a vision to help physicians and patients with accurate and affordable diagnosis of COPD, Cipla launched India's first pneumotach - based portable wireless Spirometer.

Cipla will continue to allocate capital strategically for driving the next leg of the Company's growth and return on invested capital. Over the medium term, clinical trials for respiratory products, peptide injectables and biosimilars are likely to gradually inch up absolute R&D spend run rate. The Company continues to focus on moving up the innovation curve by leveraging data science and digital technology in R&D, coupled with best-in-class commercialisation and create value for all stakeholders.



### Expected trends for global pharmaceutical markets

**Global pharmaceutical companies are adopting emerging technologies for drug discovery and developments with increasing decentralisation.**

#### Digital ecosystems

- ▶ COVID-19 restrictions have encouraged patients to embrace digital tools for health management and develop new relationships with HCPs and health systems.
- ▶ Pharmaceutical companies are transitioning from multichannel to integrated omnichannel for creating harmonised customer-centric experience.
- ▶ Natural language processing, machine learning and computer vision are used to unlock insights into disease progression, clinical characteristics and development of more targeted and effective therapies for patients.

<sup>2</sup>IQVIA Market Prognosis, Sep 2021; IQVIA Institute, November, 2021

## Accelerated drug discovery and approvals

- ▶ COVID-19 vaccine breakthroughs have opened up new avenues for mRNA technology with advantages of speed, adaptability and specificity over other virus - specific approaches.
- ▶ Providing global access to disruptive innovation such as curative therapies (cell and gene therapies) and monoclonal antibodies at affordable prices.
- ▶ Precision dosing and monitoring will specialty drugs with narrow therapeutic index and wide variations in drug response to reduce preventable adverse drug reactions.

## Healthcare budgets and pricing actions

- ▶ Pro-biosimilar and generic policies will remain a powerful cost containment tool to unlock savings, with new countries formalising the substitution process.
- ▶ Re-calibration of healthcare budgets will boost healthcare infrastructure for creating ICU capacities, testing capabilities and associated infrastructure.

## ESG

- ▶ Increasing solidarity for COP26 objectives and delivery on sustainability commitments.
- ▶ Sustainable packaging, inclusive clinical research and promoting diversity in recruitments.

## Evolving framework across key regulated markets<sup>3</sup>

**In 2021, global regulatory bodies continued to focus their efforts on vaccine emergency approvals including booster vaccines to combat emerging variants of COVID-19. As caseloads dropped in the latter half of 2021, on-site regulatory inspections resumed in some countries to reduce approval backlogs. Approvals for novel drugs, first generics, novel biologics and biosimilars continued across countries to ensure the supply of chronic medications to patients.**

## India

- ▶ DCGI granted approval to imported and indigenous COVID-19 vaccines for emergency use in adults and children, resulting in expedited large-scale vaccination drive in the country.
- ▶ The NPPA is working on updating the National List of Essential Medicines (NLEM) and fixing the prices of drugs.
- ▶ During the year, several domestic export-oriented companies received approval under the Production Linked Incentive (PLI) scheme introduced in 2020. This is likely to set into motion the implementation phase of the scheme and drive the focus on boosting indigenous manufacturing in India.

## The United States of America

- ▶ The USFDA has been working to facilitate the development, review, approval, supply, and availability of vaccines and therapeutics for the management of COVID-19 in adults, as well as ensuring the safety of marketed products. The agency also released various guidelines for addressing these variants and clarity regarding remote FDA inspection of drug facilities.
- ▶ Inspections for manufacturing plants exporting to the US have resumed gradually in India by USFDA, which were deferred owing to travel restrictions for on-site inspections during the pandemic.

## Africa

- ▶ In 2021, the South African Health Products Regulatory Authority (SAHPRA) prioritised approvals for the emergency use of COVID-19 vaccines in the local adult population. To improve communication between SAHPRA and the applicants and to expedite approvals, the agency implemented digital platforms with an online portal for the submission of critical applications.
- ▶ Healthcare authorities outside South Africa continued to focus on harmonisation of protocols across African countries, so that patients have access to safe and cost-effective medications and digital technologies.

## Europe

- ▶ In March 2021, the European Commission published the roadmap for revising pharma regulation in Europe. While the roadmap is in a draft stage, the aim is to facilitate new technologies that address unmet needs and provide enhanced incentives that promote innovation and support increased affordability and access to medicine.
- ▶ The UK-MHRA also published a 2021-23 delivery plan. The plan highlights the opportunity to position UK as an attractive market for the development, manufacture and supply of products post-Brexit. It identifies the passing of New Medicines and Medical Devices Act, 2021 as the vehicle for regulatory evolution.

<sup>3</sup>GRI 103-1, GRI 103-2, GRI 103-3

## Emerging markets

- In 2021, regulatory authorities across Emerging markets prioritised the COVID-19 approvals for emergency use. Emerging pharma markets have positive long-term fundamentals in light of the ageing world population, incidence of chronic ailments and increasing access to health systems as insurance coverage improves. This will continue to fuel growth in demand for high quality, on-demand insights, diagnosis and treatment options.

## Financial Performance

### Growth in Key Markets

**One-India:** In FY 2021-22, the One-India business witnessed significant traction, led by strong core portfolio tailwind in prescription and trade generics businesses, along with continued supply of COVID-19 products during the second and third COVID-19 wave in India.

Overall, the One-India business grew 27% for the year and after adjusting the contribution from COVID-19 products, the revenue growth was 25% over last year's base. The focus for FY 2022-23 continues to be on maintaining market-beating growth, increasing the share of chronic therapies, continuing growth-linked investments and enhancing patient experience with digital analytics and data science.

**North America:** Cipla's North America business delivered revenue at a multi-year high of USD 594 million, growing 8% on a Y-o-Y basis, led by strong traction in respiratory assets as well as contribution from peptide launch during the year. The Company's flagship respiratory products continue to command a strong market share in generic and overall markets; while maintaining strong serviceability levels across respiratory and complex portfolio. In FY 2021-22, the Company received approval for the first 505b2 version of lanreotide injection, which expands its peptide portfolio and is in line with its aspiration to improve the share of complex assets.

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

The SAGA region grew by 6% on a Y-o-Y basis in USD terms, driven by strong traction in the SA private market (15% Y-o-Y in ZAR terms) and commercial excellence on new launches. The performance in the SSA and tender businesses in SA and CGA were soft due to weak demand in line with expectations.

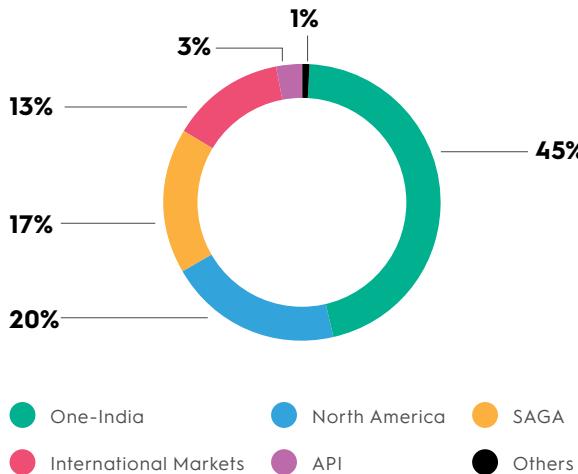
**International Markets:** The international markets comprising of Emerging markets and Europe businesses, navigated strong geopolitical headwinds and managed to maintain overall scale at USD 385 million. The DTM business continued to grow strongly across geographies. During the year, critical respiratory filings were made which are likely to drive revenue over the medium term.

**Active Pharmaceutical Ingredients (API):** The API business reported a revenue of USD 102 million and continued to deliver high margins, robust order book and significant visibility of seedings and lock-ins.

### Key Financial Highlights

**Total income from operations:** In FY 2021-22, the Company's revenue grew by 14% to ₹ 21,763 crores. The performance for FY 2021-22 was driven by strong momentum in One-India, US and SAGA region as well as support from COVID-19 products. The core portfolio growth (excluding COVID-19) stood at 12% over FY 2020-21. The Company continued to maintain strategic inventory of critical raw materials, robust supply of essential medicines and prioritising critical launches in the pharmaceutical and consumer businesses.

### FY 2021-22: Break-up of revenue by geography\*



**Note:** One-India includes branded prescription, trade generics and consumer health; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; International Markets include Emerging markets and Europe | \*Figures have been rounded-off

### Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA):

In FY 2021-22, the Company reported an EBITDA of ₹ 4,578 crores (FY 2020-21: ₹ 4,303 crores) with EBITDA margin of 21% (FY 2020-21: 22.5%).

During the year, the rigour on cost and operating efficiency, coupled with initiation of clinical trials and growth-linked investments, continued. The reported numbers also include one-time COVID-19 - related inventory provisions, business restructuring and other charges driving the moderation in comparison to last year's profit figures. The core operating profitability is strong and reflects the strength of the underlying business fundamentals.

**Employee expenses:** Cipla's employee expenses for the year stood at ₹ 3,530 crores, an increase of 8.6% over FY 2020-21. The increase was largely due to annual increments and performance-linked components.

**Other expenses:** In FY 2021-22, the other expenses, which includes R&D, quality, sales and marketing, regulatory and manufacturing, among others, stood at ₹ 5,185 crores, increasing by 20.5% over FY 2020-21. While the Company has retained the efficiencies from re-imagination and operational initiatives taken in FY 2020-21, the initiation of clinical trials as well as growth-linked investments during the current year are driving the Y-o-Y increase in other expenses for FY 2021-22. The other expenses accounted for 23.8% of the revenue (FY 2020-21: 22.5%).

### R&D Investments<sup>4</sup>:

The total R&D investments (opex including depreciation) during the year stood at

**₹ 1,122 crores  
or 5.2%**

of overall revenues.

R&D spend increased by 21% vis-à-vis FY 2020-21, driven by initiation of clinical trials on a respiratory asset as well as other portfolio development efforts, which continue to remain on course. As on 31<sup>st</sup> March, 2022, Cipla has 169 approved NDAs and NDAs, 19 tentatively approved NDAs; and 69 under approval NDAs and NDAs for the US markets.

**Depreciation and Amortisation:** During FY 2021-22, the depreciation and amortisation expenses (including the impact of change in lease accounting) stood at ₹ 1,052 crores (FY 2020-21: ₹ 1,068 crores).

**Finance cost:** During FY 2021-22, finance expenses stood at ₹ 106 crores (FY 2020-21: ₹ 161 crores). The Y-o-Y decline was primarily on account of prepayment of USD 137 million term debt raised for InvaGen Pharmaceuticals Inc. acquisition.

**Tax expenses:** The effective tax rate stood at 26.7% for FY 2020-21.

**Profit after tax:** The profit after tax (PAT) for the year was ₹ 2,517 crores or 11.6% of revenue (FY 2020-21: ₹ 2,405, 12.6%). Growth in operating profitability, lower depreciation and lower interest expenses on reducing debt drove 5% growth in PAT in FY 2021-22. The reported PAT numbers include the impact of impairments in assets, largely on account of investment in Cipla's associate company Avenue Therapeutics Inc. as well as forex loss on receivables due to sharp depreciation of LKR Vs USD.

**Debt to Equity:** Robust operating profitability and strong free cash-flow generation enabled the Company to maintain a healthy debt-to-equity ratio, improving it to 0.05 (FY 2020-21: 0.11). The Company prepaid USD 137 million long-term debt taken for InvaGen Pharmaceuticals Inc. acquisition during the year. As on 31<sup>st</sup> March, 2022, the long-term debt stands at ZAR 720 million in South Africa and USD 7 million in Uganda. The Company also has working capital loans of USD 49 million, EUR 2 million and others, which act as natural hedges towards receivables. Driven by the relentless focus on cash generation and rigour on cost discipline, Cipla continues to be a net cash positive Company at 31<sup>st</sup> March, 2022.

**Interest Coverage Ratio:** Growth in operating profitability and reduction in interest expenses on account of debt repayments improved the interest coverage ratio to 43 in FY 2021-22 (FY 2020-21: 26.8).

**Debtor's Turnover Ratio:** Strong control on collections across geographies improved the debtor's turnover ratio to 6.3 in FY 2021-22 (FY 2020-21: 5.2).

<sup>4</sup>GRI 103-1, GRI 103-2, GRI 103-3

**Return on Net-Worth (RoNW)<sup>5</sup>:** In FY 2021-22, the Company continued to maintain healthy RoNW of 12.8% (FY 2020-21: 13.8%). The Y-o-Y moderation is attributed to lower financial leverage (FY 2021-22: 1.25; FY 2020-21: 1.33) as the Company repaid outstanding long-term debt for InvaGen Pharmaceuticals Inc. acquisition during the year. The Company is committed to drive sustainable expansion over the near-to-medium term.

**Inventory Turnover Ratio:** In FY 2021-22, Cipla maintained stable inventory turnover ratio of 1.7 (FY 2020-21: 1.6) driven by prudent inventory planning of medicines including COVID-19 products.

**Current Ratio:** In FY 2021-22, Cipla maintained a strong liquidity ratio, reflected in current ratio of 2.99 (FY 2020-21: 2.87).

**Debt Service Coverage Ratio (DSCR)<sup>6</sup>:** In FY 2021-22, the Company repaid the outstanding debt raised for InvaGen Pharmaceuticals Inc. acquisition. The DSCR for the year FY 2021-22 stood at 2.97 (FY 2020-21: 2.92).

**Debt to EBITDA:** Growth in operating profitability, healthy free cash flow generation and lower debt enabled the Company to maintain robust Debt to EBITDA ratio, improving to 0.23 (FY 2020-21: 0.47).

No material changes and commitments have occurred after the close of the year till the date of this report, which may affect the Company's financial position. Additionally, there have been no significant changes in other key financial ratios requiring disclosure and explanation as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Business Performance and Outlook

### One-India

Cipla's One-India business comprises branded prescription business, trade generics and consumer health business (incorporated under Cipla Health Limited). In FY 2021-22, the One-India business experienced significant traction, led by strong core portfolio tailwinds in branded prescription and trade generics businesses, along with support from the COVID-19 portfolio during the second and third COVID-19 waves in India. Our flagship consumer brands including the transitioned brands have grown bigger and bolder in FY 2021-22.

Overall, the One-India business reported ₹ 9,828 crores in revenue and grew 27% during the year and after adjusting for contribution from COVID-19 products; the revenue growth was 25%. In-line with our One-India strategy, we have seen strong execution across portfolio and distribution synergies helping us drive strong growth across the three businesses which is tracking close to the ₹ 10,000 crores mark with strong volume traction across therapies and business segments.

#### Overall One-India

**27%** 

Y-o-Y Growth in FY 2021-22

#### One-India Ex- COVID-19

**25%** 

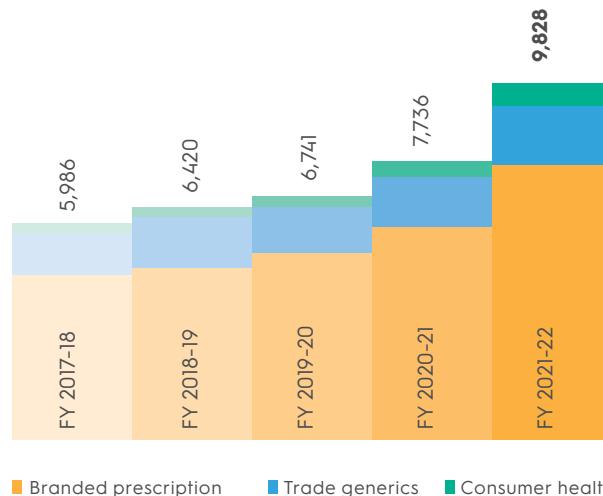
Y-o-Y Growth in FY 2021-22

(₹ in crores)

**13%** 

One-India Revenue

4-year CAGR



<sup>5</sup> Net-worth = Equity attributable to owner + Non-controlling interest

<sup>6</sup>DSCR = (Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments) ÷ (Interest and lease payments + Principal repayments)

## Branded Prescription Business

In FY 2021-22, Cipla's branded prescription business crossed a strategic milestone of USD 1 billion in revenue, building a formidable branded franchise in the home market with a high-quality mix of acute and chronic therapies. The core prescription business in India excluding COVID-19 grew strongly by 25% on a Y-o-Y basis.

The branded prescription business continued the market-beating growth driven by sustained traction across therapies in core portfolio annually. As per IQVIA MAT March, 2022, Cipla continues to maintain healthy ranks and market shares in key therapy areas across Respiratory, Urology, Anti-infective and Cardiac. The focus continues on creating depth in anti-diabetics and oncology therapies, building on existing and new partnerships with Global MNCs.

Therapy	Market Rank	Market Share	Cipla Growth
Overall	3	5.2%	16.1%
Chronic	2	7.9%	12.3%
Acute	7	3.7%	21.3%
Respiratory	1	22.2%	30.4%
Urology	1	14.2%	7.7%
Anti-infective	4	6.9%	24.9%
Cardiac	5	5.3%	6.8%
Gastro-Intestinal	9	2.9%	17.7%
Anti-diabetics	27	0.8%	29.3%

Source: IQVIA MAT March, 2022

### High-quality branded franchise across chronic and acute therapies

Core Acute portfolio  
(Ex-COVID-19) as per  
IQVIA

**41%**  
Contribution to Cipla  
as on MAT March, 2022

**5%**  
CAGR over MAT  
March, 2018-22

Core Chronic portfolio  
(Ex-COVID-19) as per IQVIA

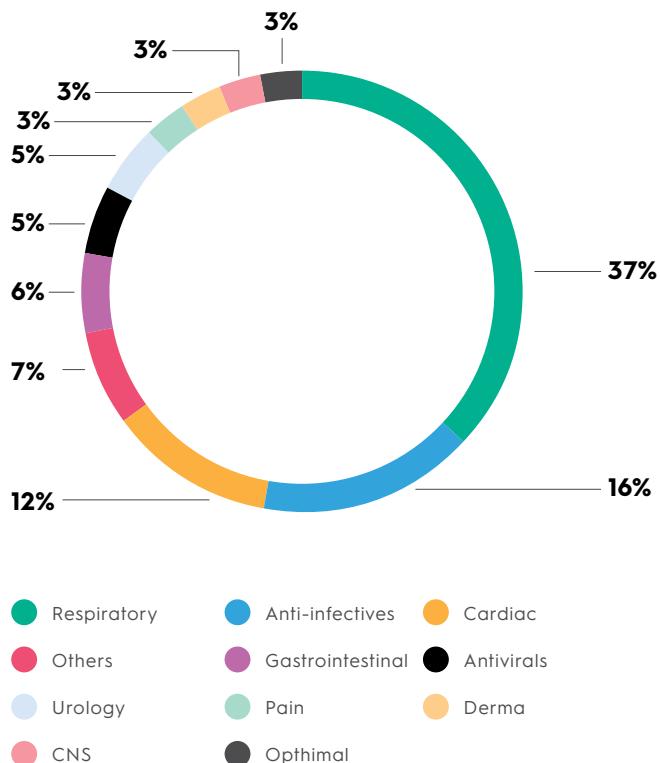
**59%**  
Contribution to Cipla  
as on MAT March, 2022

**▲ 750 bps+**  
Expansion in chronic  
contribution over MAT  
March, 2018-22

**13%**  
CAGR over MAT  
March, 2018-22

Note: Core branded prescription portfolio (Acute and Chronic)  
excludes contribution from COVID-19 products

### Therapy-wise share split of India's branded prescription business



Source: IQVIA MAT March, 2022

Over the last four years, Cipla has fostered strong partnerships with global MNCs for strategic widening of therapy base with specialty offerings across Anti-diabetic with Eli Lilly's and Boehringer Ingelheim and Oncology with Roche. Cipla's in-licensing franchise has grown at 77% CAGR over FY 2018-22. With an ambition to increase access to innovative medicines and enhance the chronic portfolio, Cipla entered into a partnership with Eli Lilly's for the flagship diabetes products Humalog® and Trulicity® in India. The in-licensing franchise is well poised to achieve over ₹ 500 crores in annualised revenue in FY 2022-23.

### Branded Prescription Outlook for FY 2022-23

Cipla will continue focusing on maintaining market-beating growth across therapies, increase in the share of chronic therapies, industry-leading MR productivity and enhancing patient experience with digital analytics and data science.

## Trade generics business

Cipla's trade generic business continues to drive patient access to high quality medication beyond metro cities of India. Cipla operates the largest trade generics franchise in India offering robust coverage to Tier 2 and below towns with 5,500 stockist network and services 15,000 pin codes. In FY 2021-22, the business continued its focus on further strengthening its leadership position in the domestic markets, expanding portfolio breadth with targeted launches and deepening connect with channel.

The trade generics business maintained strong momentum in FY 2021-22. The performance was attributed to traction in flagship brands, enhanced customer engagement and utilisation of digital mediums for business such as chatbot for retailers and integration of stockists through Cipla Connect. The business forayed into newer therapies such as thyroid management, entered into injectables segment and launched products across 19 brands, thereby strengthening chronic offerings.

**High customer engagement levels in Cipla's trade generics business have driven healthy orders from Tier 2 towns and below in India. Some of Cipla's flagship generics brands have scaled up significantly, which reflects their well-entrenched positioning and consumer appeal, built via targeted channel communications in these markets.**

● Brand Name

**14%** 5-Year CAGR (FY 2017-22)  
**Omnigel®**

**13%** 5-Year CAGR (FY 2017-22)  
**Nicip®**

**17%** 5-Year CAGR (FY 2017-22)  
**Pantosec®**

**22%** 5-Year CAGR (FY 2017-22)  
**Paracip®**

**43%** 5-Year CAGR (FY 2017-22)  
**Azicip®**

## Trade Generics Outlook for (FY 2022-23)

Cipla's trade generics business continues to maintain leadership position in generics space that delivers value through strong retail connect, leveraging phygital medium and customer-centric communication.

- ▶ Driving strong brand building across illness and wellness segments.
- ▶ Investing in digital initiatives to get closer to customers.
- ▶ Widening portfolio offerings and segments.

## Consumer business

In FY 2021-22, the consumer business continued to drive the illness to wellness theme led by brand-building initiatives, deepening distribution and category innovations.

### Consumers reached

**500K**

Retailers<sup>1</sup>

**40K+**

Grocers and Others

**700+**

Modern Trade

**9**

E-commerce

Note 1: Including pharmacies

The business reported robust double-digit growth adjusted for brands transferred from trade generics business. The performance was led by robust traction in anchor and transitioned brands during the year driven by high consumer recall benefiting from robust media campaigns and meaningful consumer insights throughout the year.

### Anchor Brands

● Brand Name    ● Therapy

Market Position

**1**

**2**

**8%**

Y-o-Y  
Growth

**Nicotex**

Nicotine replacement therapy

**62%**

Y-o-Y  
Growth

**Cofsils**

Cough lozenges category

Note: Market share as per latest market estimates

## Transitioned Brands

● Brand Name    ● Therapy

**57%**                      Y-o-Y Growth

**Prolyte ORS**

Oral rehydration

**41%**                      Y-o-Y Growth

**Clocip**

Anti-fungal

**71%**                      Y-o-Y Growth

**Naselin**

Nasal decongestant

**32%**                      Y-o-Y Growth

**Cipladine**

Antiseptic and disinfectant

**36%**                      Y-o-Y Growth

**Maxirich**

Vitamins

**113%**                      Y-o-Y Growth

**Mamaxpert**

Women Health

## North America

Cipla's North America business reported revenue at a multi-year high of USD 594 million led by a strong traction in flagship respiratory assets as well as contribution from peptide launch during the year. Cipla's core formulation business in North America contributes 20% of Cipla's topline in FY 2021-22.

The Company's flagship respiratory products continue to command a strong market share in generic and overall markets. Cipla's Direct-to-Market (DTM) respiratory portfolio reported 28% Y-o-Y growth in FY 2021-22. Cipla's unmatched service levels of all products including respiratory portfolio is a testimony to the Company's ability to deliver complex product portfolio in the US market.

Market Segment	TRx Overall Market Share
Albuterol	17.2%
Arformoterol	29.8%

Source: IQVIA weekly TRx ended 31<sup>st</sup> March, 2022

In line with the One-India strategy, the Company has also announced the transfer of the consumer business undertaking to Cipla Health Limited (CHL). The consumer business undertaking includes brands with high consumerisation potential across five categories from branded prescription and trade generics businesses. The transaction is in the execution phase and is expected to be completed during FY 2022-23.

During the year, the business portfolio in North America witnessed a steady momentum in select products, which along with the respiratory and complex portfolio positioned the portfolio to better respond to price erosion seen in the rest of the portfolio.

With a well-designed manufacturing footprint and capabilities, balanced capital allocation across organic and inorganic initiatives, Cipla's DTM portfolio has delivered a strong 20% Y-o-Y growth in FY 2021-22. The DTM portfolio maintained its position among the top ten TRx generic players in the US.

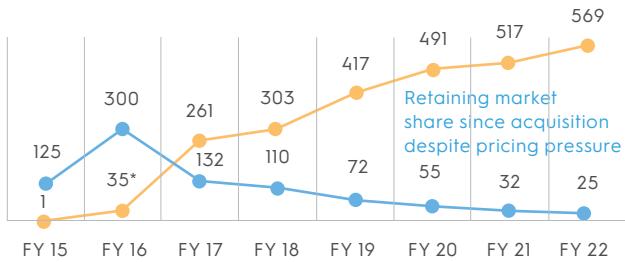
### Consumer Business Outlook for FY 2022-23

- ▶ CHL will continue the growth momentum by making big brands bigger, strengthening current portfolio position in the market and build a formidable franchise to improve consumer's lives every day.
- ▶ CHL will focus on brand-building on the already transitioned brands, while also exploring inorganic opportunities and foray into D2C.

### Y-o-Y Sales in USD million

● Cipla B2B    ○ Cipla DTM (includes InvaGen Pharmaceuticals Inc.)

The consistent growth momentum attributed to differentiated complex launches which help offset price erosion



\* InvaGen Pharmaceuticals Inc. consolidated for two months in FY 2015-16 post-closing

In FY 2021-22, the Company received an approval for the first 505b2 version of lanreotide injection. This approval expands its peptide portfolio and is in line with the aspiration to improve the share of complex assets. Cipla expects a sustainable ramp-up on this product over the medium term. During FY 2021-22, the Company continued its R&D investments for the US market, which has resulted in pipeline expansion to include multiple differentiated assets. During the year, Cipla filed 11 ANDAs and received 9 final approvals (including conversion from tentative approval to final approval). These include ANDAs owned by Cipla and InvaGen Pharmaceuticals Inc. only.

### North America Outlook for (FY 2022-23)

The near-to-medium term focus for the North America business is targeted on maintaining high serviceability of existing products and upcoming launches in the respiratory portfolio, expanding the peptide portfolio through internal development and partnerships, strengthening the high value complex generic pipeline.

### Respiratory franchise in the US

Cipla has been leveraging its existing respiratory capabilities and investing significant resources with a vision to expand its respiratory franchise in the US. Currently, the Company is working towards respiratory products under various categories such as ICS, ICS+LABA, LABA, LAMA. As on date, the Company's commercial respiratory portfolio includes Budesonide repules, Albuterol MDI, Arformoterol inhalation solution and Ipratropium + Salbutamol inhalation solution.

Under our Nasal spray category, Cipla got approval from the USFDA for two generic products: Sumatriptan nasal spray and Dihydroergotamine mesylate. These approvals proved Cipla's capability in handling different dosage forms and complex drug device combination products, thus meeting the requirement of the patients in need. The Company has filed the generic fluticasone propionate and salmeterol inhalation powder (100/50 mcg) (gAdvair) in early FY 2020-21 and continue to work with the US FDA for approval.

### Respiratory and peptide injectable franchise in the US:

Unlocking of respiratory franchise in the North America with launch of generic MDI, Nasal sprays and repules, filing of generic Advair and complex respiratory assets.

Formulation/ Brand Name	Pre- clinical	Phase 1	Phase 2	Phase 3	Filed	Approved	Status
Complex respiratory asset							Filed in Q4 FY 2019-20
Generic Fluticasone propionate + Salmeterol Xinafoate DPI (gAdvair Diskus)							Filed in Q1 FY 2020-21
Partnered inhalation asset							Filed in Q3 FY 2016-17
Complex Inhalation asset							Development in progress
Complex inhalation asset							Development in progress; clinical trials initiated in Q4 FY 2021-22
Partnered peptide injectable							Filed in Q4 FY 2020-21
Peptide injectable							Filed in Q1 FY 2021-22
Peptide injectable							Filed in Q4 FY 2021-22
Partnered peptide injectable							Filed in Q4 FY 2021-22

### Complex peptide Injectable pipeline

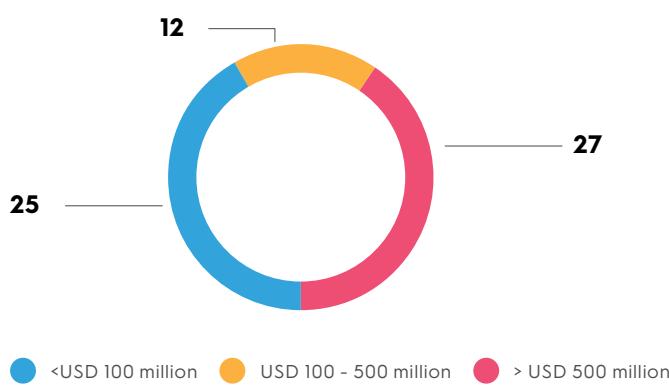
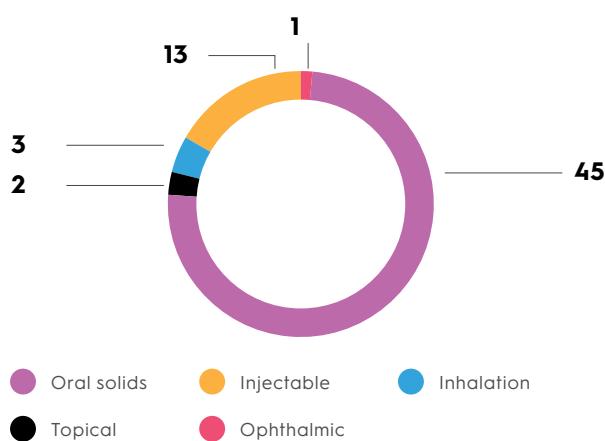
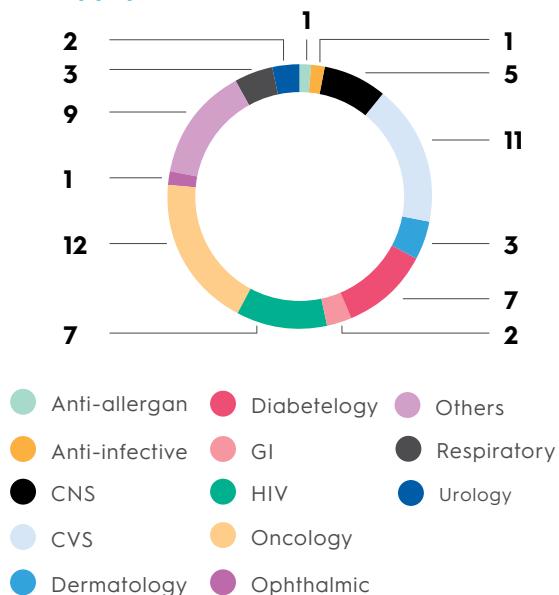
**Cipla has peptide products under approval and programs under development with a market size of over USD 10 billion as per IQVIA estimates**

<b>Four peptide based programs under approval</b>	<b>Expect to launch Four complex generics injection product in FY 2023-24</b>	<b>Six peptide programs under development through internal and external partnerships</b>
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### FY 2021-22: ANDA Pipeline Portfolio Update and Break-up\*

<b>62</b> Total UA/TA March, 2021	<b>11</b> Filed in FY 2021-22	<b>9</b> Final Approvals FA and TA to FA in FY 2021-22	<b>64</b> Total UA/TA March, 2022
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\*Includes only Cipla and InvaGen Pharmaceuticals Inc.

**Break-up of 64 UA/TA ANDAs****Market size split****Dosage form split****Therapy split**

Market size as per IQVIA MAT March, 2022

**South Africa, Sub-Saharan Africa and Cipla Global Access**

The overall SAGA region grew by 6% on a Y-o-Y basis in USD terms and contributed 17% to the Company's overall revenue. The performance was driven by the South Africa private business (15% Y-o-Y in ZAR terms) which offset the subdued demand in tender business in the rest of Africa businesses in line with expectations.

**South Africa**

Cipla's South Africa business reported a strong performance during FY 2021-22. **Overall, the South Africa business grew by 4% to ZAR 5.2 billion, led by 15% growth in the private market, which was partly offset by subdued order flow in the tender business. Cipla demonstrated strong resilience during the unrest in South Africa in July 2021, which impacted its facility in Durban.**

Driven by proactive initiatives, the facility resumed operations within a record time of one month. Cipla also supported the fight against COVID-19 pandemic by supplying Remdesivir to select geographies under the in-licensing agreement.

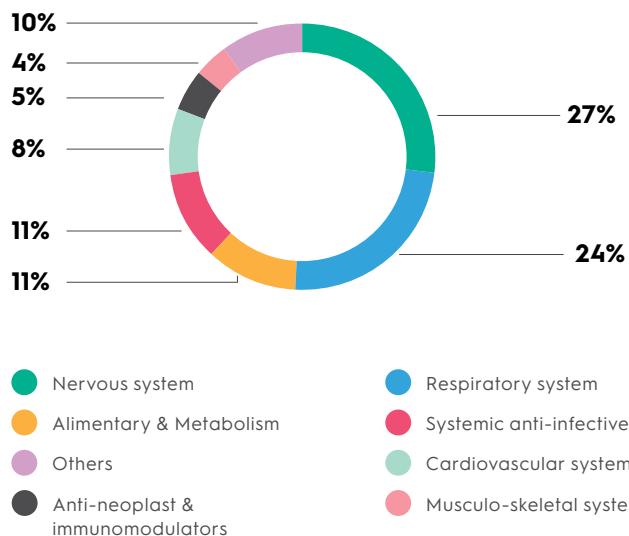
As per IQVIA MAT March, 2022, Cipla maintains the 3<sup>rd</sup> rank in the prescription segment, OTC segment and the overall private market. Both prescription and OTC segments outperformed the market and increased its market share in comparison to previous year. At therapy level, the prescription business significantly outperformed the market and increased market shares across key therapies including Cardiovascular, Dermatological, Systemic Anti-Infectives, Anti-Neoplast and Immunomodulators, Respiratory, GU System and Sex Hormones among others.

Nervous System category continued to be the largest therapy area for our South Africa private business followed by Respiratory category in the prescription segment. Cipla's prescription business contributed 62%, while the OTC business contributed 38%, to overall South Africa private business in FY 2021-22.

Market Segment	Market Rank	Market Share	Cipla Growth	Market Growth
OTC	3	7.1%	12.8%	8.1%
Prescription	3	7.7%	12.0%	7.9%
<b>Total</b>	<b>3</b>	<b>7.5%</b>	<b>12.3%</b>	<b>8.0%</b>

Source - IQVIA MAT March, 2022

## Therapy-wise share split and market position of Cipla's South Africa private business



Market Segment	Market Rank	Market Share	Cipla Growth	Market Growth
Respiratory system	2	13.4%	28.3%	21.7%
Nervous system	3	10.8%	8.0%	10.7%
Systemic Anti-infectives	3	8.4%	15.6%	5.8%
Cardiovascular system	4	7.9%	6.9%	2.5%
Alimentary and Metabolism	6	4.8%	1.1%	3.9%

Source - IQVIA MAT March, 2022

## Top OTC brands in South Africa private market business

Brand	Therapeutic Group	FY 2021-22 Y-o-Y Growth%
ACTIN®	Pain, Cold, Flu and Other	7.8%
CORYX®	Pain, Cold, Flu and Other	51.1%
ASTHAVENT®	Respiratory	7.4%
ACURATE®	Pain, Cold, Flu and Other	11.7%
FLOMIST®	Respiratory	20.9%
BRONCOL®	Pain, Cold, Flu and Other	54.6%
FEXO®	Respiratory	10.1%

## New launches and other strategic developments

In FY 2021-22, our South Africa private business launched 32 products across multiple therapies. As per IQVIA MAT March, 2022, Cipla has the highest number of new launches in the market. The new launches cater to a total market size of over ZAR 3.0 billion, setting Cipla up for growth in the coming years. In FY 2021-22, Cipla launched Cipla Select to promote products with high potential but low historical growth. The Cipla Select portfolio reported a 23% growth in FY 2021-22 vis-à-vis a decline in the same period last year.

### Key launches in South Africa in FY 2021-22

Brand Name	Molecule	Therapy Areas
<b>CARIXAN®</b>	Anidulafungin	Anti-fungal
<b>IBUGESIC PLUS®</b>	Ibuprofen; Paracetamol	Pain, Cold, Flu and Other
<b>IBUGESIC FORTE®</b>	Ibuprofen; Paracetamol; Codeine	Pain, Cold, Flu and Other
<b>SEREFLO DPI®</b>	Fluticasone; Salmeterol	Respiratory
<b>ETIFLAM®</b>	Etoricoxib	Cardio and Diabetes
<b>DAMICAVA®</b>	Abacavir; Lamivudine; Dolutegravir	Infectious Diseases
<b>ACERTA®</b>	Methylphenidate	CNS
<b>UROMAX CO®</b>	Dutasteride; Tamsulosin	Men's Health
<b>EZETIMIBE®</b>	Ezetimibe	Cardio and Diabetes
<b>ENTIRO®</b>	Lactobacillus Rhamnosus	CAMS, Foodstuff and Other
<b>NUVIGIL®</b>	Armodafinil	CNS

## Cipla Global Access (CGA)

Cipla's pioneering efforts and long-standing partnerships with global funding organisations have been at the forefront of expanding access to affordable care for HIV/AIDS patients over the last two decades. In FY 2021-22, the CGA business reported revenue of USD 67 million supported by strong traction in TLD product sales; the TLD portfolio grew by 80% over FY 2020-21. **There was a significant increase in volumes for the primary 1<sup>st</sup> line ARV treatment product, Tenofovir/Lamivudine/Dolutegravir 300/300/50 with capacity expansion, efficient operations, and addition of new customers.**

## Sub-Saharan Africa (SSA)

Cipla's remains committed to expanding its portfolio in strategic DTM markets of Kenya, Tanzania, Uganda, Madagascar, Mauritius and Zambia by developing synergies with the South African business to drive profitable growth. The Company acquired stake in Cipla Quality Chemical Industries Limited (CQCIL), Uganda in FY 2013-14 for supporting Cipla's aspiration of 'In Africa, for Africa'.

The CQCIL plant is a state-of-the-art manufacturing facility in Uganda with focus on antiretroviral (ARV), antimalarial (artemisinin-based combination therapy; ACT) and Hepatitis B medicines, and supplies to the Ugandan markets as well as exports to other African countries.

In FY 2021-22, our SSA business reported revenue of USD 73 million and maintained scale over previous year's base. During the year, the SSA business focused on generating savings through market expansion, building strong brands and improving collections across operating geographies. The business caters to 10 markets in the SSA region. It experienced strong momentum in Kenya, where Cipla is the second largest company, with a significant share in respiratory products as per IQVIA MAT March 2022.

CQCIL received WHO prequalification within three weeks for Tenofovir-Lamivudine-Dolutegravir (TLD) demonstrating strong collaboration with regulatory authorities for faster access to new first line ARVs fixed combinations. It registered TLE400 in 17 countries and TLD in 3 additional countries.

## SAGA Outlook for (FY 2022-23)

In FY 2022-23, Cipla's South Africa private business will continue to focus on maintaining a strong market position in private and OTC markets, enhance private market presence via organic launches and deepen footprint through partnerships.

The products and categories launched in FY 2021-22 will play a major role in driving the Company's future growth. The SSA business is progressing well on its strategy launched in FY 2021-22, targeting strong market share across five key primary care therapeutic areas over the next five years. Additionally, CQCIL plans to venture into new therapeutic areas beyond ACTs and ARVs for the next phase of the Company's growth over the medium to long term.

## International markets

**In FY 2021-22, the international markets business comprising emerging markets and European operations maintained scale at USD 385 million, despite forex volatility, geopolitical challenges and increasing competition in some product categories. The business made key product filings and launches during the year, along with strategic digital and technology initiatives in product development and furthering patient awareness to deepen connect with healthcare professionals and patients across geographies.**

In FY 2021-22, the emerging markets business grew by 3% including the contribution from the COVID-19 portfolio. The DTM business contributes 41% of emerging market operations and grew by 20% over FY 2020-21. Cipla's presence in key DTM continues to deepen, reflected in the double-digit market-beating growth trajectory in Morocco and Nepal of 35% and 12%, respectively in USD terms, driven by respiratory portfolio. Our DTM portfolio in the Australia market grew by 40%, driven predominantly by respiratory as well as partnership with Ferring Pharmaceuticals for oncology and urology therapies. Cipla's strong business focus, reach and execution ensured that Cipla continues to maintain top 3 position in Sri Lanka as per IQVIA MAT March, 2022 and retain top generic player position in various middle eastern markets.

In FY 2021-22, our European business witnessed strong DTM growth, which offset demand challenges on certain products in the B2B businesses. The DTM business contributes 28% of European operations and grew by 25% over FY 2020-21, attributed to the respiratory portfolio in the UK and contribution from new DTM operations in Spain.

In FY 2021-22, the international markets business filed 95 dossiers across key emerging markets and European countries primarily in the Respiratory and Oncology categories. The business also launched biosimilar Bevacizumab under partnership in Spain in FY 2021-22. The Company has a strong pipeline of in-licensed biosimilars to augment portfolio breadth and meet unmet demand in select emerging markets.

<b>41%</b>	 <b>20%</b>	<b>28%</b>	 <b>25%</b>
EM DTM % share in overall EM business	EM DTM Y-o-Y Growth in USD terms	EU DTM % share in overall EU business	EU DTM Y-o-Y Growth in USD terms

#### Key launches in FY 2021-22 across international markets

Product	Therapy	Geography
<b>Tenofovir +Emtricitabine</b>	ARV	Australia
<b>Deferasirox</b>	Haematology	Australia
<b>FPSM DPI</b>	Respiratory	Australia
<b>Bevacizumab</b>	Oncology	Spain
<b>FPSM MDI</b>	Respiratory	Spain
<b>Posaconazole</b>	Anti-fungal	Spain
<b>Fexofenadine OTC</b>	Anti-allergy	United Kingdom

**Note:** FPSM: Fluticasone propionate; Salmeterol xinafoate | DPI: Dry powder inhaler | MDI: Metered dose inhaler | OTC: Over the counter

Coming to Cipla's operations in China, the manufacturing plant set-up in the country was completed during the year and the plant secured all requisite licenses. The business is in the process of filing products and launches are expected over the medium term.

#### International Markets Outlook for (FY 2022-23)

The international business' growth engines are poised to deliver high trajectory in deep markets. The Company continues to proactively monitor external headwinds attributed to geopolitical and currency factors. Cipla's commercial strategy is focused on increased revenue salience from stable economies and deep front-end markets, thus gradually de-risking the global volatility.

Over the near to medium term, the Company is launching commercial operations in big markets such as China and Brazil, coupled with strategic product launches in new markets (Spain and Mexico), which will further accelerate the Company's organic growth journey. The focus continues on profitable and sustainable growth, especially in key markets, backed by investment in differentiated portfolio, continued launch momentum and expanding footprint through meaningful partnerships and strategic acquisitions.

#### Active Pharmaceutical Ingredients (API)

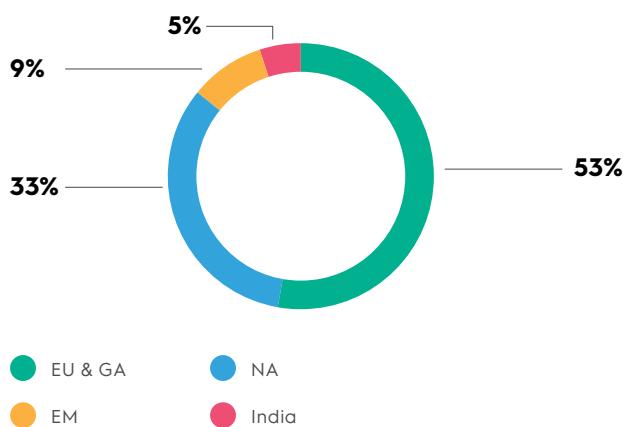
Backed by its experience of over half-a-century in manufacturing APIs, Cipla has produced 200+ generics and complex APIs. Cipla has a strong dedicated team of 300+ scientists with differentiated product development capabilities across a wide range of chemistries and complex molecules. Cipla's APIs are supplied to 62 countries worldwide and the Company continues to be a preferred partner to many large generic pharmaceutical companies. Cipla covers a wide array of therapies with over 1,246 DMFs available globally.

**The API Business demonstrated healthy performance in FY 2021-22. The API business ensured regular supplies to support customers with their critical launches. The API business has also made efforts in de-risking the supply chain for Cipla's focus APIs, by shifting to indigenous suppliers for key starting materials ('KSM') and intermediates.**

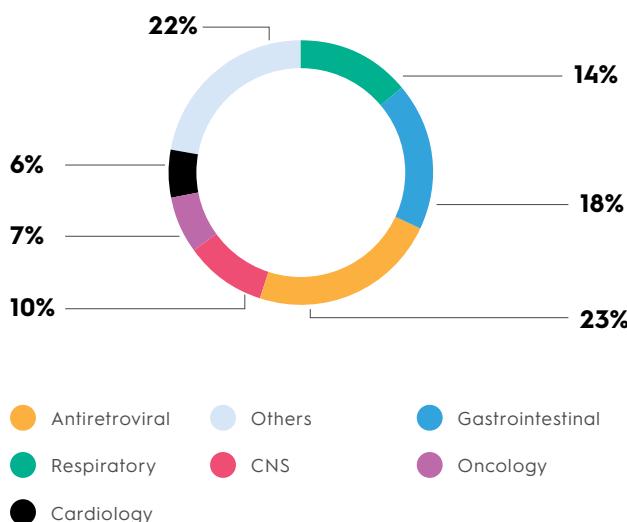
In FY 2021-22, the API Business reported revenue of USD 102 million of which 53% was contributed by Europe and Global Key Accounts ('EU&GA'), followed by 33% from Emerging Markets ('EM') and 9% from North America ('NA'). The key therapy segments that contributed to these were Anti-retroviral (23%), Gastrointestinal (18%), Respiratory (14%), and Central Nervous

System ('CNS') (10%). Successful deliveries of differentiated product mix, improved traction in seeding and lock-ins and products launched with key accounts are the key drivers for API business. The API business successfully supplied 100+ distinct molecules to 250+ customers in FY 2021-22. The business made 25 DMF filings in various countries. The Company has a robust pipeline of over 75+ APIs across regulated markets in various stages of development.

### API Revenue, by Geography



### API Revenue, By Therapy



Cipla is keen to partnering with leading generic companies for their new products to further expand in markets such as Japan, Korea, Brazil, and the Commonwealth of Independent

States ('CIS') countries. The Company plans to enhance its API R&D and manufacturing capacities in therapeutic areas such as respiratory, gastrointestinal and oncology and pursue backward integration for manufacturing KSMs and critical API intermediates to have more control on the supply chain. The Company is focused on productivity and achieved cost optimisation through continuous process/yield improvements. Additionally, Cipla aims to support a higher number of seeding and lock-ins that help in achieving sustainable growth.

### API Outlook for (FY 2022-23)

The API business continues to work with Cipla's reimagined strategy to focus on critical and high-demand APIs and to ensure uninterrupted supplies to key customers. Cipla expects to continue growing in FY 2022-23, with a steady inflow of orders from across the globe and by delivering high-quality products to the customers.

### Potential developments and risks to the outlook

The Company continues to operate in a challenging and dynamic environment that is still navigating through the uncertainties of the geopolitical conflicts and transitional phases of the COVID-19 pandemic. The nature of the pharmaceutical business also exposes the Company to various competitive and regulatory risks (also refer Enterprise Risk Management section on page no. 42 of this report) in the near term:

- ▶ Increasing pricing control in India due to expansion of the NLEM and evolving channel landscape in light of growing share of e-pharmacies and associated disruptive business models can potentially impact the branded, trade generics and consumer business in India.
- ▶ Dependency on China for raw material and key starting material could impact the ability to maintain continuous supply in the event of disruptions. Consolidated customer base, high competition and regulatory requirements could impact product approvals, while continuing pricing pressure in the US.
- ▶ Increasing regulatory scrutiny could lead to delays in product approvals for the US markets, besides the potential delay in resolution of observations received for the Goa plant.

- ▶ Geopolitical uncertainties leading to adverse raw material, freight and currency movements in certain markets could impact business growth opportunities in the Emerging markets region.
- ▶ Shifts in drug usage and healthcare delivery in developed and developing markets on account of COVID-19 and associated supply chain disruptions could have a negative impact.

## **Human Resource Management and Industrial Relations**

At Cipla, we are committed to provide a safe, secure and healthy work environment to all our employees. We strive to exceed the industry and internal benchmarks in workforce productivity and performance. The professional objectives for employees and teams across levels are directly linked with the organisation's objectives and philosophy. This conveys and provides a sense of purpose and direction to employees. The key areas for driving HR initiatives at Cipla include emphasis on building a culture of inclusion and respect, ensuring a safe work environment, focus on Capability Building and Careers, and protection of human rights and strong policy framework.

**Our vision for #EqualCipla, has been anchored around our purpose of 'Caring for Life'. As we endeavour to build an even more inclusive and diverse organisation, we have been consistently taking steps to ingrain this ethos into our culture. We launched our first Employee Resource Group, Women@Cipla, enabling women to connect, share and learn from each other. Our 'Winning at Work' series, highlighted stories of successful women associates across functions and levels at Cipla. Bringing focus on the enabling ecosystem that has helped them grow meaningfully in their careers. We also launched the #EqualCiplaEqualVoices platform and hosted conversations around support systems at work, challenging perceptions, empathetic leadership, and parenting.**

We follow a structured Integrated Talent Management and Capability Building framework consisting of Talent Review Boards and Talent Assessment, leading to cohesive talent actions across all levels. Future-fit leadership capabilities are built through institutionalised processes such as mentoring, coaching and 360-degree feedback. Cipla University is our multi-purpose learning vehicle, a synonym to global learning and development, which aims to drive the capability development agenda through its functional and leadership academies. Each learning intervention is carefully designed and built on principles of instruction design, keeping in mind the alignment of organisational goals and learners' experience. The tenets of our digital learning strategy are simplification, standardisation and automation.

The Occupational Health and Safety (OHS) system across manufacturing facilities has enabled Cipla's workers and employees to operate in safe, audited, and certified working environments. The technology-enabled incident tracking system, MySetu, is at the disposal of employees and workers in manufacturing facilities and has helped to improve the awareness for workplace mishaps in time. This has helped in identification of associated risks for their necessary and timely mitigation. For more details on Cipla's approach towards Human Resources, refer page no. 70 of Human Capital.

## **Adherence to accounting standards**

The Company continues to adhere to standard accounting policies under the Indian Accounting Standards (Ind AS), applicable since 1<sup>st</sup> April, 2016. IND AS 116 pertaining to Leases was the sole addition under Section 133 of the Companies Act, 2013. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee.

## **Threats, risks and concerns**

**The Cipla Enterprise Risk Management programme covers its key risks across all its business areas. The Investment Risk Management Committee of the Board reviews and discusses the risk updates on a quarterly basis.**

During the reporting period, the Company faced heightened risks due to intensifying COVID-19 wave, increased input costs and geopolitical complexities, which mandated rapid risk responses from business teams. Please refer page no. 42 for risk management framework and key risks including the mitigation measures.

**The Company laid down risk response measures to:**

- ▶ address business continuity challenges,
- ▶ overcome growth hurdles,
- ▶ tackle geopolitical developments,
- ▶ secure enterprise-wide cybersecurity,
- ▶ adhere with applicable laws and regulations, and
- ▶ further our agenda of achieving excellence in relation to Environment, Sustainability and Governance (ESG) norms.

**During the reporting period, the Company worked towards its purpose of 'Caring for Life' by expanding COVID-19 therapy and diagnostics portfolio and striving to maintain seamless supply of critical life-saving medicines. Additionally, the Company continued its efforts to maintain a sound financial discipline through robust working capital management.**

**Internal control and its adequacy**

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

- ▶ Effectiveness and efficiency of operations,
- ▶ Prevention and detection of frauds and errors,
- ▶ Safeguarding of assets from unauthorised use or losses,
- ▶ Compliance with applicable laws and regulations,
- ▶ Accuracy and completeness of the accounting records, and
- ▶ Timely preparation of reliable financial information.

The current system of Internal Financial Controls (IFC) is aligned with the requirement of the Companies Act, 2013, and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

The Company has an internal audit (IA) function which functionally reports to the Chairperson of the Audit Committee, thereby maintaining its objectivity. The IA function is supported by a dedicated internal audit team and resources from external audit firms.

The annual internal audit plan is carved out from a comprehensively defined audit universe which encompasses all businesses, functions, risks, compliance requirements and controls maturity. The IA 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.

Additionally, a separate Audit Committee meeting is held with the internal auditors and business finance representatives. The focus of the discussions is on measures adopted to strengthen controls, build efficiencies, and digitise and automate processes and controls. The IA function was independently benchmarked with best practices as laid down by the Institute of Internal Auditors (IIA).

The Audit Committee deliberates with the Management, to consider the systems laid down and meets the internal auditors and statutory auditors to ascertain their views on the internal control framework. The Company recognises the fact that any internal control framework would have some inherent limitations and hence has inculcated a process of periodic audits and reviews to ensure that such systems and controls are updated at regular intervals.

# Board's Report

**Dear Members,**

The Board of Directors are pleased to submit its report on the performance of the Company along with the audited standalone and consolidated financial statements for the year ended 31<sup>st</sup> March, 2022.

## Financial Summary and State of Affairs

Year ended 31 <sup>st</sup> March, 2021		Particulars	(₹ in crores)	
Standalone	Consolidated		Standalone	Consolidated
11,302.71	19,159.59	Gross total revenue	13,091.79	21,763.34
2,784.00	3,290.06	Profit before tax and exceptional item from continuing operations	3,546.23	3,675.39
566.66	-	Profit before tax from Discontinuing/Restructuring Operations	358.85	-
2,044.65	2,404.87	Profit for the year (after tax and attributable to shareholders) from continuing operations	2,689.39	2,516.75
423.63	-	Profit for the year (after tax and attributable to shareholders) Discontinuing/Restructuring Operations	268.54	-
13.14	(37.46)	Other Comprehensive Income for the year (not to be reclassified to P&L) from continuing operations	12.56	111.54
27.75	198.95	Other Comprehensive Income for the year (to be reclassified to P&L) from continuing operations	(7.01)	272.13
0.57	-	Other Comprehensive Income for the year (not to be reclassified to P&L) Discontinuing/Restructuring Operations	0.55	-
12,479.72	11,117.88	Surplus brought forward from last balance sheet	14,961.71	13,536.98
14,961.71	13,536.98	Profit available for appropriation	17,938.12	16,072.42
Appropriations:				
-	-	Dividend	(403.35)	(403.35)
14,961.71	13,536.98	Surplus carried forward	17,534.77	15,669.07

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

The standalone, as well as the consolidated financial statements, have been prepared in accordance with the Indian Accounting Standards ("Ind AS").

## Share Capital<sup>1</sup>

During the year under review, the Company issued and allotted 3,50,757 equity shares to its employees under the Employee Stock Option Scheme 2013-A. As a result, the issued, subscribed and paid-up share capital of the Company increased from ₹ 1,61,29,26,558 (divided into 80,64,63,279 equity shares of ₹ 2 each) to ₹ 1,61,36,28,072 (divided into 80,68,14,036 equity shares of ₹ 2 each). The equity shares issued under the Employee Stock Option Scheme 2013-A rank pari- passu with the existing equity shares of the Company.

## Dividend

In line with the Dividend Distribution Policy of the Company, we recommend a final dividend of ₹ 5 per equity share (250% of face value) for the financial year ended 31<sup>st</sup> March, 2022. The dividend is subject to the approval of members at the ensuing Annual General Meeting and shall be subject to deduction of income tax at source.

Upon approval, the dividend will be paid to those members whose names will appear in the Register of Members as on the close of 10<sup>th</sup> August, 2022. The total dividend pay-out will be approximately ₹ 403.41 crores, resulting in a pay-out of 13.64% of the Standalone profit after tax of the Company. The Dividend Distribution Policy is uploaded on the website and is available on the Company's website at <https://www.cipla.com/sites/default/files/2019-01/Dividend%20Distribution%20Policy.pdf>

## Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Management Discussion and Analysis Report for the year under review, has been presented in a separate section on page no. 107, forming a part of this report.

## Corporate Social Responsibility (CSR)

A detailed report on Company's CSR initiatives has been provided in the Social Capital section forming a part of the Integrated Report on page no. 92 and Annual Report on CSR initiatives, as required under Section 135 of the Companies Act, 2013 ("Act") which is annexed as Annexure I to this report on page no. 130. Details of the CSR Committee composition, role and meetings, etc. have been provided in the Report on Corporate Governance on page no. 178.

## Integrated Report

The Company has voluntarily provided the Integrated Report, which includes both financial and non-financial information. The Integrated Report also covers aspects such as stakeholder engagement, enterprise risk management, materiality assessment, value creation model, strategic business objective, strategy for sustainable growth, performance and prospects of value creation based on the six forms of capitals viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

The assurance report of DNV Business Assurance India Private Limited, an independent assurance partner is provided on page no. 193. The Report confirms that the non-financial information has been adequately presented.

## Business Responsibility & Sustainability Report

The Company for FY 2021-22 has voluntarily presented a Business Responsibility & Sustainability Report ("BRSR"), in lieu of the Business Responsibility Report, provided under a separate section on page no. 145 of this report.

## Corporate Governance

In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review, has been presented in a separate section on page no. 164 of this report.

A certificate from M/s. BNP & Associates, Company Secretaries, confirming compliance with corporate governance norms, 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. in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2022, followed the applicable accounting standards and there are no material departures from the same;
- ii. selected such accounting policies and applied them consistently and made judgments 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 of 31<sup>st</sup> March, 2022 and of the profit of the Company for the year ended on that date;

- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. prepared the annual accounts on a going concern basis;
- v. laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure III to this report.

## Share-based incentive schemes

The Company has the following share-based incentive schemes in force:

- Employee Stock Option Scheme 2013-A ("ESOS 2013 - A")
- Cipla Employee Stock Appreciation Rights Scheme 2021 ("ESAR Scheme 2021")

The Nomination and Remuneration Committee ("NRC") administers the ESOS 2013 - A and the ESAR Scheme 2021 (collectively referred to as "Schemes"). The Schemes are compliant with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI ESOP Regulations"). Details of the Schemes have been provided in Note No. 40 of the standalone financial statements. The disclosure in compliance with the SEBI ESOP Regulations is available on the Company's website at <https://www.cipla.com/investors/annual-reports>.

Pursuant to the provisions of the SEBI ESOP Regulations and the shareholders' approval dated 22<sup>nd</sup> August, 2013 for ESOS 2013 - A and 25<sup>th</sup> March, 2021 for ESAR Scheme 2021, the NRC, being authorised, approved the following non-material and non-detrimental amendments to the Schemes, for the welfare of employees:

- allowed vesting of unvested options / ESARs till the last working day which earlier was restricted to the date of submission of resignation;
- allowed the separated employees to exercise the vested options / ESARs within 3 months post separation which was earlier restricted to a day prior to the last working day of the employees with the Company;

- allowed immediate vesting of unvested options / ESARs on the date of retirement (subject to a minimum one-year vesting period) which were earlier lapsed on such date. The employees are allowed to exercise the vested options within 6 months post retirement.
- clarified to consider separation as formal termination and cancel all unexercised options / ESARs in case of misconduct/ breach of the Company policies/employment.

In compliance with the requirements of the SEBI ESOP Regulations, a certificate from the secretarial auditor, confirming implementation of the Schemes in accordance with the said regulations and shareholder's resolution is uploaded on the website of the Company at <https://www.cipla.com/investors/annual-reports>. The certificate will also be available for electronic inspection by the members during the AGM of the Company.

## Human Resources

Information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure IV to this report.

Information required under Section 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate exhibit forming part of this report and is available on the website of the Company at <https://www.cipla.com/investors/annualreports>.

## Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments under Section 186 of the Act have been provided in Note No. 42 to the standalone financial statements.

## Annual Return

The Annual return for the FY 2021-22 has been placed on the website of the Company at <https://www.cipla.com/investors/annual-reports>.

## Vigil Mechanism

The Company has a Whistle Blower Policy, which lays down the process to convey genuine concerns and seek resolution towards the same without fear of retaliation.

A detailed update on the functioning of the Whistle Blower Policy and weblink of the Policy has been provided in the Report on Corporate Governance, on page no. 180.

## Prevention of Sexual Harassment of Women at Workplace

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has

a policy on Prevention of Sexual Harassment at Workplace in place, which is available on the Company website at [https://www.cipla.com/sites/default/files/1558508425\\_POSH-%20Cipla.pdf](https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf).

All employees, consultants, trainees, volunteers, third parties and/or visitors at all business units or functions of the Company, its subsidiaries and/or its affiliated or group companies are covered by the said policy. Adequate workshops and awareness programmes against sexual harassment are conducted across the organisation.

The Company has constituted an Internal Complaints Committee in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and is fully compliant of the Committee composition requirements. The Audit Committee periodically reviews the complaints.

Details of complaints received/disposed during FY 2021-22 are provided in the Report on Corporate Governance on page no. 184.

## Related Party Transactions

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties has been provided in the Report on Corporate Governance on page no. 181.

All contracts, arrangements and transactions entered by the Company with related parties during FY 2021-22 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, which could be considered material, in accordance with the Company's Policy on dealing with Related Party Transactions ("RPT Policy"). Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. The disclosure on related party transactions as per Ind AS-24 has been provided under Note No. 39 of the standalone financial statements on page no. 262 and Note No. 48 of the consolidated financial statements on page no. 368

During the year, the Company revised its RPT Policy to align it with amendments in the RPT framework under the Listing Regulations. The RPT policy is available on the Company's website at <https://www.cipla.com/sites/default/files/2022-05/Policy-on-Related-Party-Transaction.pdf>.

## Internal Financial Controls and their adequacy

Cipla has laid down an adequate system of internal controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

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

Effectiveness of internal financial controls is ensured through management reviews, controlled self-assessment and independent testing by the internal audit team.

## Risk Management

The Board of Directors has an Investment and Risk Management Committee ("IRMC") which oversees the Enterprise Risk Management ("ERM") process. An update on ERM activities is presented and deliberated upon in the IRMC meetings on a quarterly basis and periodically at the Board level at least once a year. The Audit Committee has an additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. In terms of the provisions of Section 134 of the Act, a detailed note on Risk Management has been provided on page no. 42 of this report.

## Board Evaluation

A detailed disclosure on the parameters and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance on page no. 168.

## Subsidiaries, Associates and Joint Ventures

At the beginning of the year, the Company had 46 subsidiaries and 5 associates as against 45 subsidiaries and 8 associates as on 31<sup>st</sup> March, 2022. Changes during the year were as follows:

- Acquisition of 32.49% stake in AMP Energy Green Eleven Private Limited and 33% partnership interest in Clean Max Auriga Power LLP, in line with Cipla's commitment to enhance the share of renewable power source in its operation and to comply with regulatory requirement for being a captive user under Indian electricity laws.
- Incorporation of Cipla Digital Health Limited as a wholly-owned subsidiary of the Company on 25<sup>th</sup> February, 2022 for creation of patient-facing Digital Therapeutics platform.
- On 3<sup>rd</sup> May, 2021, GoApptiv Private Limited, existing associate of Cipla, incorporated wholly-owned subsidiary - Iconphygital Private Limited for providing manpower staffing services.
- The following wholly-owned step down subsidiaries were voluntarily deregistered /dissolved as these were operationally inactive and not required:
  - Cipla Biotec South Africa (Pty) Limited with effect from 3<sup>rd</sup> February, 2022.
  - Inyanga Trading 386 (Pty) Limited with effect from 10<sup>th</sup> December, 2021.

Details of these subsidiaries and associates are set out on page no. 292 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 the salient features of the financial statement of the subsidiary and associate companies in Form no. AOC-1 is provided on page no. 377 of the Annual Report.

The statement also provides details of the performance and the financial position of each of the subsidiaries and associates. The consolidated financial statements presented in this annual report include financial results of the subsidiary and associate companies.

Copies of the financial statements of the subsidiary companies will be available on the Company's website [www.cipla.com](http://www.cipla.com).

## Transfer of undertaking by way of a slump sale on a going concern basis

The Board approved a draft scheme of arrangement ("Scheme") which entailed the following:

- (i) Demerger of the India-based US business undertaking (Demerged Undertaking 1) of Cipla Limited (Demerged Company) into its wholly-owned subsidiary, Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited) (herein after referred to as "CPLS") and
- (ii) Demerger of the Consumer Business Undertaking (Demerged Undertaking 2) of Cipla Limited into its wholly-owned subsidiary, Cipla Health Limited (herein after referred to as "CHL").

Post approval, due to certain regulatory developments which made it feasible for this transaction to be effected through an alternate option, the Audit Committee and the Board approved to effect the above transfer of undertakings by way of a slump sale on a going concern basis instead of a Scheme of Arrangement.

The details of the proposed transactions are disclosed in Note No. 36 to the standalone financial statements.

## Nomination, Remuneration and Board Diversity Policy

The Board has on the recommendation of the NRC, framed a Nomination Remuneration and Board Diversity Policy ('NRC Policy') for selection, appointment and remuneration of directors, key managerial personnel and senior management employees and other matters as provided under Section 178(3) of the Act.

During the year under review, the Board, based on the recommendation of the NRC Committee, revised the NRC Policy for including the revised sitting fees for non-executive directors for attending the board and board committee meetings.

The salient features of the NRC Policy are as follows:

- To provide 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.
- To recommend the remuneration of the directors, key managerial personnel and senior management personnel and align with the Company's business strategies, values, key priorities and goals.

- To provide rewards linked directly to the effort, performance, dedication and achievement of the Company's targets by the employees.
- To monitor and periodically review the Board Diversity and recommend to the Board to improve one or more aspects of its diversity and measure progress accordingly.
- Undertake any other matters as the Board may decide from time to time.

The Policy is available on the website of the Company at <https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf>.

## Directors and Key Managerial Personnel

At the 85<sup>th</sup> Annual General Meeting of the Company held on 25<sup>th</sup> August, 2021 the shareholders approved (i) the re-appointment of Mr M K Hamied as Non-executive Director liable to retire by rotation, (ii) the re-appointment of Mr Umang Vohra as Managing Director and Global Chief Executive Officer for a period of five years with effect from 1<sup>st</sup> April, 2021 (iii) the appointment of Mr Robert Stewart as an Independent Director for a period of five years with effect from 14<sup>th</sup> May, 2021 (iv) the appointment of Mr P R Ramesh as an Independent Director for a period of five years with effect from 1<sup>st</sup> July, 2021.

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms Samina Hamied, is due to retire by rotation at the ensuing 86<sup>th</sup> Annual General Meeting and being eligible, has offered herself for re-appointment. Based on the recommendation of the NRC, the Board of Directors recommends her re-appointment as Director, liable to retire by rotation.

In the opinion of the Board, all the directors, as well as the directors appointed / re-appointed during the year possess the requisite qualifications, experience and expertise and hold high standards of integrity. All Independent Directors, except Mr Robert Stewart, are exempt from the requirement of passing the proficiency test. Unless exempted, Mr Robert Stewart will be required to pass the proficiency test within the permissible time limit. The list of key skills, expertise and core competencies of the Board of Directors is provided in the Report on Corporate Governance at page no. 166 of this Annual Report.

Criteria for determining qualification, positive attributes and independence of a director is given under the NRC Policy.

Ms Naina Lal Kidwai resigned from the position of Independent Director of the Company w.e.f close of business hours on 31<sup>st</sup> March, 2022. The Board placed on record its sincere appreciation for the contribution made by her as a member of the Board.

Mr Kedar Upadhye, resigned from the position of Global Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. close of business hours on 3<sup>rd</sup> May, 2022. The Board placed on record its sincere appreciation for the contribution made by him over the years.

Mr Dinesh Jain, Senior Vice-President and Head - Corporate Finance, was appointed by the Board as the Interim Chief Financial Officer, effective 10<sup>th</sup> May, 2022

As on the date of this report, the Company has the following Key Managerial Persons as per section 2(51) and 203 of the Act:

Sr. No.	Name	Designation
1	Ms Samina Hamied	Executive Vice-Chairperson
2	Mr Umang Vohra	Managing Director & Global Chief Executive Officer
3	Mr Dinesh Jain*	Interim Chief Financial Officer
4	Mr Rajendra Chopra	Company Secretary & Compliance officer

\* Mr Dinesh Jain appointed as Interim Chief Financial Officer w.e.f. 10<sup>th</sup> May, 2022

Ms Samina Hamied, Mr Umang Vohra, Dr Peter Mugenyi, Mr Ashok Sinha, Mr Robert Stewart and Mr S Radhakrishnan received remuneration/sitting fees from the Company's subsidiaries during FY 2021-22.

## Declaration by Independent Directors

All Independent Directors have submitted requisite declarations confirming that they (i) continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent; and (ii) continue to comply with the Code of Conduct laid down under Schedule IV of the Act. Details on the same have also been provided in the Report on Corporate Governance, which forms a part of this report.

The Directors have further confirmed that they are not debarred from holding the office of director under any SEBI order or any other such authority.

## Board Committees and number of meetings of the Board and Board Committees

As on the date of this report the Board has the following committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Investment and Risk Management Committee
- Operations and Administrative Committee

The Committee of Independent Directors was constituted specifically for the purpose of the Scheme of Arrangement in FY 2020-21. The Committee was dissolved on 25<sup>th</sup> January, 2022 since it was approved to effect the transaction by way of slump sale and hence, no longer required.

All the recommendations made by the Board committees, including the Audit Committee, were accepted by the Board.

The Board met seven times during the year under review. The details of the meetings are provided in the Report on Corporate Governance, which forms a part of this report.

### **Statutory Auditor and their report**

M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No 001076N/ N500013) were re-appointed as the Statutory Auditor of the Company at the 85<sup>th</sup> AGM held on 25<sup>th</sup> August, 2021, to hold the office till the conclusion of the 90<sup>th</sup> AGM to be held in year 2026.

The Statutory Auditor's Report does not contain any qualification, reservation, adverse remarks or observation.

### **Secretarial Auditor and their reports**

M/s BNP & Associates, Company Secretaries, was appointed as the Secretarial Auditor for the financial year ended 31<sup>st</sup> March, 2022. The Secretarial Auditors have furnished their report annexed as Annexure V to this report.

Further, in compliance with Regulation 24A of the Listing Regulations, the Annual Secretarial Compliance Report issued by the Secretarial Auditor, was submitted to the stock exchanges within the statutory timelines.

The Secretarial Audit Report and the Secretarial Compliance Report does not contain any qualification, reservation, observation or adverse remarks.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s BNP & Associates, Company Secretaries, to conduct the secretarial audit of the Company for FY 2022-23. They have confirmed their eligibility for the said re-appointment.

### **Cost Auditor and their report**

Mr D H Zaveri, practising Cost Accountant (Fellow Membership No. 8971), was appointed as the Cost Auditor to conduct the audit of Company's cost records for the financial year ended 31<sup>st</sup> March, 2022. Mr Zaveri has confirmed his eligibility for the said appointment.

The Cost Auditor will submit their report by the due date. The Cost Audit Report, for the year ended 31<sup>st</sup> March, 2021, was filed with the Central Government within the prescribed time. The Company maintains the cost records as per the provisions of Section 148(1) of the Act.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration to be paid to the Cost Auditor for FY 2022-23 is required to be ratified by the members, the Board of Directors recommends the same for approval by members at the ensuing AGM. The proposal forms a part of the notice of the AGM.

During the year under review, the Statutory, Secretarial and Cost Auditors have not reported to the Audit Committee, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which need to be mentioned in the Board's report.

### **Other Disclosures**

During the financial year under review:

- There was no amount proposed to be transferred to the Reserves;
- There were no changes made in the nature of business of the Company;
- The Company has complied with the applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively;
- The Company issued and allotted equity shares as per its ESOS 2013-A Scheme and there was no instance wherein the Company failed to implement any corporate action within the statutory time limit;
- The Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31<sup>st</sup> March, 2022;
- The Company has not issued shares with differential voting rights and sweat equity shares during the year under review;
- There were no significant or material orders passed by the regulators or courts or tribunals which could impact the going concern status of the Company and its future operations;
- There were no material changes and commitments which occurred after the close of the year till the date of this report, which may affect the financial position of the Company.

### **Acknowledgements**

We wish to place on record our appreciation to the Government of various countries where the Company has its operations. We thank the Ministry of Chemicals and Fertilisers, India; 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 would also like to place on record our deep sense of appreciation to the employees for their contribution and services.

On behalf of the Board of Directors

Date: 10<sup>th</sup> May, 2022  
Place: London

**Y K Hamied**  
Chairman

**Annexure I****Annual report on Corporate Social Responsibility (CSR) activities pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time****1. Brief outline on CSR Policy of the Company**

'Caring for Life' has been at the forefront of Cipla's business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into Cipla's people, products and processes and is the foundation and underlying objective of the Corporate Social Responsibility Policy ('CSR Policy') of Cipla Limited ('the Company'). The Company strives to create a healthier world and enrich the lives of all our stakeholders and community at large through our CSR initiatives. Some of these initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation, the principal implementation agency and their implementing partners. Our initiatives are compliant of CSR requirements under the Section 135 of the Companies Act, 2013.

The CSR Policy is in line with the amendments in the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules') and inter-alia covers the following:

- Guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan

- Mode of implementation of CSR activities of the Company, stating Cipla Foundation to be the principal implementation agency
- Key focus areas for CSR activities include:
  - i. Health
  - ii. Education
  - iii. Skilling
  - iv. Environmental sustainability
  - v. Contribution to government funds for socio-economic development
  - vi. Research and development
  - vii. Rural development projects
  - viii. Disaster management
  - ix. Any other activity under Schedule VII of the Act
- Process for approval of CSR activities
- Monitoring mechanism
- Responsibilities of the implementation agencies

**2. Composition of CSR Committee**

Sr. No.	Name of director	Designation / Nature of directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr M K Hamied	Non-executive Vice-Chairman	4	4
2.	Mr Adil Zainulbhai	Independent Director	4	4
3.	Ms Punita Lal	Independent Director	4	4
4.	Mr S Radhakrishnan	Non-Executive / Non-Independent Director	4	4
5.	Mr Umang Vohra	Managing Director and Global Chief Executive Officer	4	4

**3. Provide the web-link where the composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company**

The CSR Policy, details of the CSR Committee and CSR projects approved by the Board of the Company is available on the website of the Company ([www.cipla.com](http://www.cipla.com)) under the 'Corporate Social Responsibility' section, at the following links:

- CSR Policy: <https://www.cipla.com/sites/default/files/2021-03/Corporate-Social-Responsibility-Policy.pdf>
- CSR Committee composition: <https://www.cipla.com/about-us/board-directors/committees-board>
- CSR projects approved by the Board: <https://www.cipla.com/sites/default/files/Approved-CSR-Projects-2021-2022.pdf>

**4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable**

The Company shall initiate steps to conduct impact assessment of CSR Projects through an independent agency for applicable projects.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sr. No.	Financial year	Amount available for set-off from preceding financial years (in ₹ crores)	Amount required to be set-off for the financial year, if any (in ₹ crores)
1	2021-22	₹ 0.04 crores (available for set-off from preceding financial year 2020-21)	The Company has not set off the excess amount available in the financial year 2021-22.
2	2020-21	₹ 0.07 crores (available for set-off from preceding financial year 2019-20)	The Company has not set off the excess amount available in the financial year 2020-21.

**6. Average net profit of the Company as per section 135(5)**

₹ 2,646.08 crores

**7. (a) Two percent of average net profit of the Company as per section 135(5)**

₹ 52.92 crores

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years**

Nil

**(c) Amount required to be set off for the financial year, if any**

The Company has not set-off any amount from the preceding financial years.

**(d) Total CSR obligation for the financial year**

₹ 52.92 crores

**8. (a) CSR amount spent or unspent for the financial year**

During the financial year 2021-22, the Company spent ₹ 53.25 crores on various CSR initiatives, which is more than 2% of the average net profit of the last three financial years.

Total amount spent for the financial year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to Unspent CSR account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the fund	Amount	Date of transfer
53.25 crores	Not Applicable				

**(b) Details of CSR amount spent against ongoing projects for the financial year**

Not Applicable. The Company does not have any ongoing projects as defined under CSR Rules.

**(c) Details of CSR amount spent against other than ongoing projects for the financial year**

Annual Report on CSR Activities									Amount in ₹ crores
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Name	CSR Registration Number
				State	District				
<b>A</b>	<b>Palliative Care Projects*</b>								
1	Cipla Palliative Centre	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra	Pune	10.14	No	Cipla Foundation	CSR00001503
2	Access to palliative care services through awareness and home-based support		Yes	Maharashtra, Delhi, Assam, Tamil Nadu, Andhra Pradesh, Jammu & Kashmir, West Bengal, Punjab	Pune, Mumbai, Delhi, Chennai, Vishakhapatnam, Kamrup Metropolitan Srinagar, Kolkata, Bhatinda	3.81	No	Cipla Foundation	CSR00001503
3	Palliative and Supportive care Unit		Yes	Maharashtra, Karnataka, Madhya Pradesh, Uttar Pradesh, Telangana, Assam	Mumbai, Bangalore, Indore, Lucknow, Hyderabad, Silchar	3.40	No	Cipla Foundation	CSR00001503
<b>B</b>	<b>Respiratory care support programme*</b>								
1	Pulmonary rehabilitation for post COVID-19 and chronic obstructive pulmonary disorder (COPD)	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Rajasthan, Madhya Pradesh, West Bengal	Mumbai, Pune, Jaipur, Bhopal, Kolkata	1.31	No	Cipla Foundation	CSR00001503
<b>C</b>	<b>Patient support/ medical assistance*</b>								
1	Support to patients with Thalassemia and other life-limiting diseases	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Delhi, Maharashtra, Gujarat, Karnataka	Bangalore, Mumbai, Ahmedabad, Delhi,	1.76	No	Cipla Foundation	CSR00001503
<b>D</b>	<b>Strengthening health systems*</b>								
1	Strengthen health services by providing medical equipment and infrastructure support to healthcare institutions	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Madhya Pradesh, Himachal Pradesh	Mumbai, Raigad, Pune, Indore, Solan	1.15	No	Cipla Foundation	CSR00001503
<b>E</b>	<b>Community health/ Doorstep health*</b>								
1	Mobile Health Unit (MHU) services	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Madhya Pradesh, Karnataka, Himachal Pradesh	Raigad, Pune, Indore, Bangalore, Solan	2.32	No	Cipla Foundation	CSR00001503
2	Community Health initiatives for child nutrition, hygiene and sanitation including awareness activities and small equipment support	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Madhya Pradesh, Rajasthan, Himachal Pradesh, Uttar Pradesh	Raigad, Indore, Jaipur, Pune, Solan, Lucknow	1.16	No	Cipla Foundation	CSR00001503
<b>F</b>	<b>Promoting quality education*</b>								
1	Mobile science lab and mini science centres (STEM Labs)		Yes	Goa, Karnataka, Maharashtra, Madhya Pradesh, Sikkim	South Goa, Bangalore, Pune, Raigad, Indore, East Sikkim	0.94	No	Cipla Foundation	CSR00001503
2	Quality education	Schedule VII (ii) Promoting education including special education	Yes	Karnataka, Maharashtra, Uttar Pradesh, Goa	Bangalore, Raigad, Lucknow, Barabanki South Goa	0.62	No	Cipla Foundation	CSR00001503
3	Strengthening school infrastructure		Yes	Maharashtra, Sikkim, Karnataka, Goa, Himachal Pradesh	Mumbai, Pune, South/East Sikkim, Bangalore, South Goa, Solan	1.23	No	Cipla Foundation	CSR00001503

								Amount in ₹ crores
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	State	District	Amount spent for the project	Mode of implementation - Direct (Yes/ No)	Mode of implementation – through implementing agency Name      CSR Registration Number
<b>G</b>	<b>Scholarships*</b>							
1	Educational support for financially weaker students and sponsorship of visually impaired students	Schedule VII (ii) Promoting education including special education	Yes	Maharashtra, Himachal Pradesh, Sikkim, Goa, Madhya Pradesh, Karnataka, Bangalore	Mumbai, Pune, Raigad, Solan, East Sikkim, South Goa, Indore, Bangalore	1.08	No	Cipla Foundation CSR00001503
<b>H</b>	<b>E learning*</b>							
1	Digital Learning Excellence and Development (DLEAD)	Schedule VII (ii) Promoting education including special education	Yes	Maharashtra, Himachal Pradesh, Madhya Pradesh, Karnataka, Sikkim, Goa	Pune, Raigad, Solan, Indore, Bangalore, East Sikkim, South Goa	6.46	No	Cipla Foundation CSR00001503
<b>I</b>	<b>Vocational training*</b>							
1	Skill development and Training - Livelihood and skill upscale with capacity building	Schedule VII (ii) Promoting education including special education	Yes	Himachal Pradesh, Goa, Maharashtra, Delhi	Solan, South Goa, Mumbai, Raigad, Delhi	1.09	No	Cipla Foundation CSR00001503
<b>J</b>	<b>Research</b>							
1	CSIR-CDRI-Centre for Science outreach and Research	Schedule VII (ix) (b) Contributions to public-funded universities engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)	Yes	Uttar Pradesh	Lucknow	0.22	No	Cipla Foundation CSR00001503
<b>K</b>	<b>Environmental sustainability*</b>							
	Green initiatives and Watershed projects	Schedule VII (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Yes	Maharashtra, Madhya Pradesh, Karnataka, Himachal Pradesh	Mumbai, Dhar, Bangalore, Solan	0.34	No	Cipla Foundation CSR00001503
<b>L</b>	<b>COVID-19 response*</b>							
1	COVID-19 Relief Support towards procurement of testing kits and medical consumables, COVID-19 kits and dry ration		Yes	Maharashtra, Goa, Karnataka, Madhya Pradesh, Sikkim, Himachal Pradesh, Delhi	Mumbai, Pune, Raigad, North/South Goa, Indore, Dhar, Bangalore, East Sikkim, Solan, Delhi	1.23	No	Cipla Foundation CSR00001503

(1)	(2)	(3)	(4)	(5)		(6)	(7)	Amount in ₹ crores	
				Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	State	District	Mode of implementation - Direct (Yes/ No)	Mode of implementation – through implementing agency
Sl. No.	Name of the project							Name	CSR Registration Number
2	COVID-19 relief -Support towards procurement of medical equipment and other similar equipment towards Covid management		Yes	Maharashtra, Karnataka	Mumbai, Panvel, Bangalore,	2.08	No	Cipla Foundation	CSR00001503
3	COVID-19 relief programme including support to State and Central Govt including both Preventive and Curative aspects	Schedule VII (i) Promoting healthcare including preventive healthcare	Yes	Maharashtra, Uttar Pradesh, Rajasthan, Telangana, Goa, Sikkim, Himachal Pradesh, Uttarakhand, Gujarat, Madhya Pradesh, Karnataka	Mumbai, Raigad, Lucknow, Jaipur, Hyderabad, South Goa, East Sikkim, Pune, Solan Dehradun, Surat, Indore, Bangalore	12.17	No	Cipla Foundation	CSR00001503
M	<b>Disaster Response*</b>								
1	Support towards providing dry rations kits, makeshift shelters and non-food items.	Schedule VII (xii) Disaster management, including relief, rehabilitation and reconstruction activities	Yes	Odisha, West Bengal	Kendrapara, 24 Parganas,	0.27	No	Cipla Foundation	CSR00001503
2	Disaster relief programme		Yes	Maharashtra, Kerala, Tamil Nadu	Raigad, Kottayam, Chennai	0.47	No	Cipla Foundation	CSR00001503
<b>TOTAL</b>						<b>53.25</b>			

\*Multiple projects have been consolidated under broad themes for ease of reporting

#### (d) Amount spent in administrative overheads

Nil

#### (e) Amount spent on impact assessment, if applicable

Not applicable

#### (f) Total amount spent for the financial year

₹ 53.25 crores

#### (g) Excess amount for set off, if any

Sr. No.	Particulars	Amount in ₹ crores
1	Two percent of average net profit of the Company as per section 135(5)	52.92
2	Total amount spent for the financial year	53.25
3	Excess amount spent for the financial year [(ii)-(i)]	0.33
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.33

**9. (a) Details of unspent CSR amount for the preceding three financial years**

The Company has spent the prescribed 2% CSR amount on various CSR initiatives in the last three financial years.

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)**

Not Applicable. The Company does not have any ongoing projects as defined under CSR Rules.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year**

The details of capital assets created or acquired through CSR spent in the financial year are annexed and available on the website of the Company at <https://www.cipla.com/investors/annual-reports>

**11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5)**

Not applicable. During the financial year 2021-22, the Company spent ₹ 53.25 crores on various CSR initiatives, which is more than 2% of the average net profit of the last three financial years.

**M K Hamied**

Chairman  
CSR Committee

Place: Mumbai

Date: 10<sup>th</sup> May, 2022

**Umang Vohra**

Managing Director &  
Global Chief Executive Officer

**Annexure II****CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,  
The Members of  
**Cipla Limited**

We have examined all relevant records of **Cipla Limited** (hereinafter referred to as "the Company") for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the listed companies under 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, for the financial year ended 31<sup>st</sup> March, 2022. 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 a 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]  
PR No. 637/2019

**Avinash Bagul**  
Partner  
FCS No. 5578  
CP No. 19862  
UDIN: F005578D000295219

Place: Mumbai  
Date: 10<sup>th</sup> May, 2022

## Annexure III

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

The information required 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 31<sup>st</sup> March, 2022 is given below and forms part of the Board's Report.

#### A. Conservation of energy

##### **The steps taken or impact on conservation of energy**

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

###### i. Steps taken by the Company for utilising alternate sources of energy:

- During the year, we sourced a total 68,241 MWH (FY 2020-21: 37,564 MWH, Y-o-Y increase of 82%) of electricity through renewable sources through various initiatives such as solar/wind open access, onsite roof top/ground mounted solar project, out of the total consumption of 3,08,486 MWH, leading to 53,911 tonnes of CO<sub>2</sub> reduction (1KWH = 0.79 kg of CO<sub>2</sub> reduction).
- 30 MWp captive solar plant at Tuljapur, Maharashtra (commissioned in December, 2020) has contributed significantly towards the increase in the share of renewable energy. During the year, we have sourced 38,715 MWH of electricity via captive open access route for our Kurkumbh and Patalganga manufacturing units, which has helped in migrating 51% of the electricity requirements for these units to renewable source (38,715 MWH of solar open access units against the total DISCOM consumption of 75,692 MWH).
- During the year, we continued to maintain the renewable energy share for our Bangalore units (Virgonagar and Bommasandra). We have sourced total 22,748 MWH of power via third-party open access route (solar / wind) and were able to achieve 91% of power consumption from renewable sources (total DISCOM consumption 25,040 MWH).
- We have also commissioned the 16 MWp solar capacity at Tuljapur Maharashtra and with this, our total installed capacity in Maharashtra has reached to 46 MWp. These projects have been commissioned in partnership with AMP Energy India Private Limited. It is one of the largest solar open access projects in the state set up by a corporate. The project will support Cipla's green energy requirements for our manufacturing units at Kurkumbh and Patalganga and research and development centre at Vikhroli in Maharashtra, replacing around 67% of total consumption for these units to green energy.

###### ii. Steps undertaken for conservation of energy based on plant-wise location:

###### **Goa**

- Optimisation of heating, ventilation, and air conditioning (HVAC) cum dehumidifier by using steam in place of electric heater, saving approximately 92 MWH.
- Installed LED lights for energy optimisation, saving approximately 9 MWH.

###### **Bommasandra**

- Installed auto tube cleaning system for chiller condenser, saving approximately 19 MWH.
- Shifted from Compact Fluorescent Lamps (CFL) to LED lamps, saving approximately 12 MWH.
- Installed energy saver controller for AC units in office area, saving approximately 48 MWH.
- Installed heat pump in place of warm water system, reducing operational load of boiler and thereby saving 0.15 lacs Standard Cubic Meter of Purified Natural Gas.

###### **Virgonagar**

Interlock provided between air handling units and dehumidifier to avoid idle running of the dehumidifier, saving approximately 25 MWH.

###### **Indore**

Installed energy-efficient fibre reinforced plastic light-weight cooling tower fan blades in place of metal blades, preventing corrosion and saving approximately 18 MWH.

###### **Kurkumbh**

- Replacement of International Efficiency (IE) motor by IE4 motor for brine chiller circulation pumps and reactors, saving approximately 39 MWH.
- Replaced conventional metal-made cooling tower fan blade with fibre reinforced plastic fan blades, saving approximately 50 MWH.
- Optimisation of ETP Aerator, which is run on effluent load, saving approximately 35 MWH.
- Optimisation in running hours of multi effect evaporator and vertical thin film dryer was carried

at effluent treatment plant by close monitoring of the plant load, saving approximately 251 MWH.

- Installed Variable Frequency Drive (VFD) for brine chiller to regulate the motor speed of chiller compressor, saving approximately 102 MWH.
- Replaced conventional centrifugal pumps with inline vertical energy efficient cooling tower pumps, saving approximately 27 MWH.

#### Patalganga

- Installed energy-efficient fibre-reinforced plastic light weight cooling tower fan, saving approximately 10 MWH.
- Shifted from high pressure mercury vapour flame proof light to LED flame proof light, saving approximately 32 MWH.

#### Baddi

- We shifted from Utility Monitoring System to Utility Automation System by installing various field instruments and by converting manual operations to automated operations for chillers and auxiliary equipment. This significantly improved the overall system performance, saving approximately 540 MWh.
- Optimisation of airflow rate in Air Handling Units (AHU) basis the area considerations and regulatory guidelines, leading to reduction of motor load and saving approximately 185 MWH.

#### Sikkim

Installed VFD at an effluent treatment plant aeration tank for reducing the blower power consumption, saving approximately 27 MWH.

- iii. We also installed energy-efficient electronic blowers by replacing conventional induction motor blowers in Air Handling Units at Baddi, Goa, Sikkim and Kurkumbh, saving approximately 250 MWH.
- iv. During the year, the Company has made a capital investment of ₹2.63 crores towards energy conservation equipment.

## B. Technology absorption

- (i) **The efforts made towards technology absorption and the benefits derived thereon are as follows:**

Every year, apart from focusing on improving the development process at R&D facilities, we also focus on sustaining and improving the initiatives taken earlier, which helps strengthen the R&D abilities. The

various innovative initiatives undertaken in API and formulations sections are provided below:

### i. API

During the year, we extended our last year's initiative 'Safety Screening Laboratories' to all our manufacturing locations and have filed four patents on new polymorphs. The following initiatives were undertaken in FY 2021-22:

- a. **Impurity synthesis** - Cipla has an exclusive well-equipped in-house laboratory with experts for synthesising impurities. It also helps in the separation and identification of unique impurities. During the year, we have made many new impurities such as formulation degradation impurities, impurities resulting from drug interaction, complex peptide impurities, and isomers, among many others. This has resulted in an overall saving of ~ ₹ 3 crores during the financial year.
- b. **Deuterated API molecules** - Deuteration of an API in some cases can retard and/or alter API metabolism by exploiting the primary kinetic isotope effect. This initiative will help in improving the metabolic profile of APIs, higher oral bioavailability and lower dosages compared to their conventional API counterparts.
- c. **Peptide development** - We developed in-house capability for synthesis and characterisation of peptide related impurities and various peptide characterisation techniques for amino acid sequencing, N&C terminal determination, Di-sulphide bond location etc.
- d. **Analytical development laboratory (ADL)** - ADL is built around best-of-breed technology platform that test and validate methods for a varied range of products. During the year, in ADL we introduced 'Morphologi 4 ID', a development tool for reverse engineering and 'Field Emission Scanning Electron Microscope' a tool for biowaiver approach to compare the morphology of API and excipients in Test and Reference Listed Drug products as per FDA guidelines.

### ii. Formulation

- a. **Green chemistry** - We have continued our solvent elimination and continuous improvement initiatives to get cost-effective and environment-friendly manufacturing processes. We are aiming to convert our entire organic solvent base system to aqueous base system across all sites globally. The highlights of our green chemistry initiatives in FY 2021-22 are as follows:

- Elimination of about 90,679 kgs of IPA and 8,575 kgs of MDC from coating process.
  - Elimination of 2,440 kgs of IPA, 1,395 kgs of MDC and 505.44 kgs of ethanol from the granulation process of finished product manufacturing.
  - Avoided about 358 MT CO<sub>2</sub>e of GHG emissions by reducing the IPA usage.<sup>1</sup>
  - For one of the key commercial products in the US market, we have changed our granulation process from hydro-alcoholic system to aqueous system by removing the organic solvent completely.
- b. **Preservative-free eye drops** – Preservatives are added in most of the ophthalmic medicaments to prevent the growth of microbial contaminants and to avoid biodegradation. Preservatives may cause potential adverse effects on certain patients. To eliminate such adverse effects, we have developed, preservative-free eye drop formulations using multidose eye dropper, delivering consistent drops for better patient adherence. Brimocom PF, Dorzox, Lowprost eye drops were developed and launched in the India market. The preservative free container closure system is designed in a way to maintain sterility using a one-way valve approach. The eye drops device prevents content back contamination by using valve system and air filters.

We have also developed an extended release tablet formulation using a matrix-based technology for treating IPF, which help reduce pill burden. We are also evaluating multiple sophisticated simulation techniques/tools for drug product manufacturing process optimisation, which will help in achieving the optimised process with fewer experiments and thereby significantly reducing product development time.

Cipla has initiated the development of innovative methodologies for simultaneous determination of drug dissolution and permeation for solid oral formulations using prototype drug molecules. This methodology will help in reducing or eliminating the need to conduct the costly animal studies / human bio studies. This methodology is also suitable for all bio-pharmaceutics classification system classes of drugs and the data is generated in relatively short period of time and at significantly less cost.

(II) **The details of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

No expenditure has been incurred on import of new technology during the last three financial years.

(III) **The expenditure incurred on research and development (standalone)**

	₹ in crores
Opex	916.20
Depreciation	53.44
<b>Total</b>	<b>969.64</b>

The total R&D expenditure as a percentage of total turnover is around 6.17%.

### C. Foreign exchange earnings and outgo

Export sales stood at ₹ 5,709.43 crores for FY 2021-22. The Company earned ₹ 121.63 crores towards royalty, technical knowhow and licensing fees and ₹ 14.34 crores for other services. During the year, the foreign exchange outgo was ₹ 1,780.34 crores on an actual basis and earnings in foreign exchange were ₹ 6,017.95 crores on an actual basis.

On behalf of the Board of Directors

**Y. K. Hamed**  
Chairman

Place: London  
Date: 10<sup>th</sup> May, 2022

<sup>1</sup>based on Emission factor for IPA, C<sub>3</sub>H<sub>8</sub>O, where 1 kg of IPA has an emission factor is 3.84 kg CO<sub>2</sub>e GHG footprint: [https://www.winnipeg.ca/finance/findata/matmgt/documents/2012/682-2012/682-2012\\_Appendix\\_H-WSTP\\_South\\_End\\_Plant\\_Process\\_Selection\\_Report/Appendix%207.pdf](https://www.winnipeg.ca/finance/findata/matmgt/documents/2012/682-2012/682-2012_Appendix_H-WSTP_South_End_Plant_Process_Selection_Report/Appendix%207.pdf)

## 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**

- The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2021-22 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2021-22

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2021-22
Dr Y K Hamied	Non-Executive Chairman	45:1	0.49%
Mr M K Hamied	Non-Executive Vice-Chairman	46:1	0.97%
Ms Samina Hamied	Executive Vice-Chairperson	180:1	0.08%
Mr Umang Vohra	Managing Director and Global Chief Executive Officer	382:1	-4.51%
Mr S Radhakrishnan	Non-Executive - Non-Independent Director	48:1	2.09%
Mr Ashok Sinha	Independent Director	16:1	48.00%
Dr Peter Mugyenyi	Independent Director	15:1	44.47%
Mr Adil Zainulbhai	Independent Director	15:1	40.51%
Ms Punita Lal	Independent Director	15:1	50.00%
Ms Naina Lal Kidwai*	Independent Director	16:1	51.06%
Mr Robert Stewart	Independent Director	14:1	NA
Mr P R Ramesh	Independent Director	11:1	NA
Mr Kedar Upadhye#	Global Chief Financial Officer	NA	19.29%
Mr Rajendra Chopra	Company Secretary	NA	16.43%

\*Ms Naina Lal Kidwai resigned from the directorship of the Company w.e.f. 31<sup>st</sup> March, 2022.

#Mr Kedar Upadhye resigned from the services of the Company w.e.f. 3<sup>rd</sup> May, 2022

- The percentage increase in the median remuneration of employees in the financial year: 5.51%
- Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2022: 21,891
- For the FY 2021-22, the average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 7.82% and for the managerial remuneration, there was a decrease of 3.08%
- It is affirmed that the remuneration is per the Nomination, Remuneration, and Board Diversity Policy of the Company.

**Notes:**

- Remuneration of Ms Samina Hamied and Mr Umang Vohra is not comparable since they have received their part remuneration for FY 2021-22 from the subsidiaries of the Company. Had the remuneration from subsidiaries been considered the relevant information for Ms Samina Hamied and Mr Umang Vohra would be as follows (i) the percentage increase in remuneration would be 11.72% and 26.36% respectively, (ii) ratio to median remuneration would be 201:1 and 506:1 respectively, and (iii) the average annual increase in the managerial remuneration would be 21.82%. The increase in managerial remuneration is in line with the market practice and benchmarks. The remuneration of Mr Umang Vohra also includes perquisites value of the stock options exercised during the FY 2021-22.
- In addition, Dr Peter Mugyenyi, Mr Ashok Sinha, Mr Robert Stewart and Mr S Radhakrishnan received director's remuneration/sitting fees from the subsidiaries during the FY 2021-22 and the details has been provided in the Corporate Governance Report.
- Since Mr Robert Stewart and Mr P R Ramesh were appointed during the FY 2021-22 only, the percentage increase in remuneration is not applicable.

## Annexure V

### **Secretarial Audit Report**

**For the financial year ended 31<sup>st</sup> March, 2022**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

**Cipla Limited**

Cipla House

Peninsula Business Park, Ganpatrao Kadam Marg

Lower Parel, Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to the good corporate practices by **Cipla Limited having CIN L24239MH1935PLC002380** (hereinafter called 'the Company') for the financial year ended on **31<sup>st</sup> March, 2022** (the 'Audit period'). The 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.

We are issuing this report based on:

- (i) Our verification of the books, papers, minute books, forms and returns filed, and other records maintained by the Company.
- (ii) The certificates confirming compliance of all applicable laws as submitted to the Board of Directors of the Company on a quarterly basis by the management.
- (iii) Representations made and information provided by the Company, its officers, agents, and authorised representatives during our conduct of the secretarial audit.
- (iv) Compliance related action taken by the Company after 31<sup>st</sup> March, 2022 but before the issuance of draft report to the Company for placement of the same at its Board Meeting.

We hereby report that in our opinion, during the Audit period covering the financial year ended on 31<sup>st</sup> March, 2022, the Company has complied with the statutory provisions listed herein below. The Company has adequate board processes and compliance mechanisms and our views are limited to the reporting made hereinafter:

### **1. Compliance with specific statutory provisions**

**We further report that:**

- 1.1 We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulation');
  - (ii) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (iii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,
  - (iv) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
  - (v) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- (vi) The Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.
- (vii) The following specific acts, laws, rules, and regulations applicable to the Company, based on the nature of its business activities:
  - (a) The Drugs and Cosmetics Act, 1940;
  - (b) The Narcotic Drugs and Psychotropic Substances Act, 1985;
  - (c) The Drugs (Prices Control) Order, 2013.

- 1.2 We report that during the Audit period, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
- 1.3 We are informed that, during the year, there was no transaction undertaken by the Company which required compliance of the following Acts, Rules and Regulations:
- (i) The Foreign Exchange Management Act, 1999 to the extent of the rules and regulations made for External Commercial Borrowings;
  - (ii) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
  - (iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
  - (vi) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013.

## 2. Board processes:

### We further report that:

- 2.1 The Board of Directors of the Company as on 31<sup>st</sup> March, 2022 is duly constituted with the proper balance of executive directors, non-executive directors, and independent directors. The Board position as on 31<sup>st</sup> March, 2022 is as stated below:
- (i) Two executive directors i.e., Mr Umang Vohra and Ms Samina Hamied.
  - (ii) Three non-executive directors i.e., Dr Y K Hamied, Chairman, Mr M K Hamied, Vice-Chairman, and Mr S Radhakrishnan.
  - (iii) Seven independent directors including two women independent Directors i.e., Mr Adil Zainulbhai, Mr Ashok Sinha, Dr Peter Mugyenyi, Ms Punita Lal, Mr Robert Stewart, and Mr P R Ramesh, Ms Naina Lal Kidwai (ceased to be Independent Director of the Company w.e.f. close of business hours of 31<sup>st</sup> March, 2022).
- 2.2 The processes relating to the following changes in the composition of the Board of Directors, during the year, were carried out in compliance with the provisions of the Act and the Listing Regulations:
- (a) At the 85<sup>th</sup> Annual General Meeting dated 25<sup>th</sup> August, 2021:
    - Mr M K Hamied was re-appointed as a director liable to retire by rotation.
- Mr Robert Stewart, Mr P R Ramesh were appointed as Independent Directors for consecutive terms of five years effective 14<sup>th</sup> May, 2021 and 1<sup>st</sup> July, 2021 respectively.
- Mr Umang Vohra reappointed as MD & GCEO for a period of five years ending on 31<sup>st</sup> March, 2026.
- (b) Ms Naina Lal Kidwai resigned from the position of Independent Director of the Company w.e.f close of business hours on 31<sup>st</sup> March, 2022.
- 2.3 The processes relating to resignation of Mr Kedar Upadhye from the position of Global Chief Financial Officer and KMP of the Company w.e.f. close of business hours on 3<sup>rd</sup> May, 2022, was carried out in compliance with the provisions of the Act and the Listing Regulations.
- 2.3 The board committees reviewed compliance status of its charter and the committees confirmed it to be compliant.
- 2.4 Adequate notices for the meetings of the Board and Committees constituted by the Board were given to all the directors and members of the Committee. The agenda and detailed notes on agenda were sent at least seven days in advance. In case of circulation of agenda or detailed notes on agenda at shorter notice, due consent of the Board/ Committee was taken. The Company has a system in place where the directors can seek further information and clarifications on the agenda items before the meeting to ensure their meaningful participation at the meetings.
- 2.5 All the decisions at Board and Board Committee meetings were approved unanimously. There was no instance of any dissent raised by any member in any of the business matters approved at such meetings.

## 3. Management responsibility

- 3.1 Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit of these records.
- 3.2 We have followed the audit practices and the processes as are considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification has been done on a test basis to ensure that correct facts are reflected in the secretarial records and compliance procedures.
- 3.3 We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 3.4 We have obtained the representations from the management on the compliance of laws, rules, regulations, and happening of certain specific events, wherever required.
- 3.5 This report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

#### 4. Compliance mechanism

4.1 We further report that the internal compliance mechanism and processes in the Company are adequate and commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

4.2 We further report that, during the Audit period:

- (i) All the business activities undertaken by the Company were authorised under Clause III (Objects Clause) of the Memorandum of Association of the Company;
- (ii) The Company had filed all applicable forms, returns, disclosures, etc. pursuant to the provision of the applicable laws;
- (iii) All statutory registers and records as required to be maintained under the applicable laws were duly maintained and found to be in order;
- (iv) All meetings of shareholders, Board of Directors, and Committees of the Company have been duly and validly conducted, and the minutes and necessary records have been properly maintained;
- (v) The remuneration paid to the managerial personnel of the Company was within the limits as approved by the shareholders and well within the permissible limits under the Act;
- (vi) The Company had not accepted any public deposits under the Act;
- (vii) The Company had not advanced any loans and/or given any security or guarantee to any Director of the Company or any other person in whom any of the Directors were interested;
- (viii) The Company did not avail any secured loan and did not create any charge on the assets of the Company;
- (ix) All the investments made by the Company within or outside India were in compliance with the Act, the Listing Regulations and the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (x) The Company had not entered into any material transaction with any related party that required approval of the shareholders under the provisions of the Act or the Listing Regulations. All transactions with related parties were approved by the Audit Committee and by the Independent Directors who are members of the Audit Committee with effect from 1<sup>st</sup> January, 2022 as per amendments made to the Listing Regulations and were compliant with the provisions of the Act and the Listing Regulation;

(xi) The Company had spent 2% of its average net profits for the last three financial years on the CSR initiatives as stated under Schedule VII of the Act and was accordingly compliant with the provisions of Section 135 of the Act and the relevant Rules thereunder;

(xii) The NRC had engaged an independent external agency that had carried out an annual evaluation of the performance of the Board committees as well as the performance of each individual director. The Chairman, the Executive Vice-Chairperson and the Managing Director & GCEO were also evaluated on certain additional parameters. The outcome of performance evaluation were discussed at the respective Board/ Committee meetings and by the independent directors in their meeting.

(xiii) The Company had no pending investors complaint and all requests from investors including the request for share transfer, transmissions, transposition, issue of duplicate shares, payment of unpaid dividends, etc. were processed within the permissible timelines;

(xiv) The Company had transferred all unpaid/unclaimed dividends for the financial year 31<sup>st</sup> March, 2014 which remained unclaimed/unpaid for seven years, to the Investors Education and Protection Fund ("IEPF"), in compliance with the provisions of Section 125 of the Act;

(xv) The Company had implemented the Employee Stock Option Scheme 2013-A ("ESOS 2013-A Scheme") and the Cipla Employee Stock Appreciation Rights Scheme, 2021 ("Cipla ESAR Scheme 2021") for grant of share-based benefits to its employees and the employees of its subsidiary companies. During the year, the Company had granted 1,82,743 stock options and 4,30,738 ESAR's under the schemes. Since the ESARs granted are still under the vesting period there was no exercise under the Cipla ESAR Scheme 2021 during the year. However, under the ESOS 2013-A scheme, upon exercise, the Company allotted 3,50,757 equity shares to the Eligible Employees under the ESOS 2013-A scheme.

All grants, vestings, and exercises as well as the disclosures and statutory filings with the Central Depository Services (India) Limited and the National Securities Depository Limited ("Depositories") and the BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") were in compliance of the applicable laws.

All the shares allotted were duly listed on the Stock Exchanges, where the shares of the Company had been listed within the prescribed timeline. The ESOS 2013-A Scheme and the Cipla ESAR Scheme 2021 of

- the Company were compliant of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (xvi) In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has effectively implemented its Code of conduct on Prevention of Insider Trading including the maintenance of a structured digital database and the internal controls were found to be effective.
- (xvii) We have, neither identified nor have we reported on any fraud committed under the provisions of Act or applicable laws.
- 4.3 We further report that during the Audit period there was no such event occurred which had any major bearing on the Company's affairs.

**For BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

**Avinash Bagul**

Partner

FCS : 5578/ CP No. 19862

UDIN: UDIN: F005578D000295175

PR No. 637/2019

Date: 10<sup>th</sup> May, 2022

Place: Mumbai

# Business Responsibility & Sustainability Report

**SECTION A:**
**GENERAL DISCLOSURES**
**I. Details of the listed entity<sup>1</sup>**

1. **Corporate Identity Number (CIN) of the Listed Entity -**  
L24239MH1935PLC002380
2. **Name of the listed entity -** Cipla Limited
3. **Year of incorporation -** 1935
4. **Registered office address -** Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel Mumbai - 400013
5. **Corporate address -** Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel Mumbai - 400013
6. **E-mail -** [cosecretary@cipla.com](mailto:cosecretary@cipla.com)
7. **Telephone -** (022) 2482 6000
8. **Website -** [www.cipla.com](http://www.cipla.com)
9. **Financial year for which reporting is being done -**  
1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

10. **Name of the Stock Exchange(s) where shares are listed -**
  - a) National Stock Exchange of India Limited
  - b) BSE Limited
  - c) Societe De La Bourse De Luxembourg (Luxembourg Stock Exchange for GDRs)
11. **Paid-up capital -** ₹ 1,61,36,28,072
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BCSR report-**
  - a. Name - Mr Rajendra Chopra
  - b. Designation - Company Secretary
  - c. Telephone Number - (022) 2482 6000
  - d. E-mail ID - [cosecretary@cipla.com](mailto:cosecretary@cipla.com)
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).**

Refer About this Report on page no. 2

**II. Products/services<sup>2</sup>**
**14. Details of business activities (accounting for 90% of the turnover on a standalone basis)**

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Trade	Wholesale trading	25.29
2	Manufacturing	Chemical and chemical products, pharmaceuticals, medicinal chemical and botanical products	72.62

**15. Products/Services sold by the entity (accounting for 90% of the entity's turnover on a consolidated basis)**

Sr. No.	Product/Service	NIC Code	% of total turnover contributed
1	Manufacture of chemical substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins; opium derivatives; sulpha drugs; serums and plasmas; salicylic acid, its salts and esters; glycosides and vegetable alkaloids; chemically pure sugar etc.	24231	2.89
2	Wholesale of pharmaceutical and medical goods	51397	26.93
3	Manufacture of allopathic pharmaceutical preparations	24232	70.18

<sup>1</sup> GRI 102-1, GRI 102-3, 102-4

<sup>2</sup> GRI 102-2

### III. Operations<sup>3</sup>

16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	38	58	96
International	9	35	44

17. Markets served by the entity

a. Number of locations

Locations	Number
National (No. of states)	28 states and 8 union territories
International (No. of countries)	86 <sup>4</sup>

b. What is the contribution of exports as a percentage of the total turnover of the entity?

38.28% (standalone)

c. A brief on types of customers

Refer page no. 89 of Relationship Capital

### IV. Employees

18. Details as at the end of Financial Year

a. Employees and workers (including differently-abled)

Refer page no. 72 of Human Capital

b. Differently-abled employees and workers

Refer page no. 72 of Human Capital

19. Participation/inclusion/Representation of women

	Total(A)	No. and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	11	2 <sup>5</sup>	18.18
Key Management Personnel	4	1	25.00

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Refer page no. 76 of Human Capital

### V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

The details of holding / subsidiary / associate / joint venture companies are given in Form no AOC-1, on page no. 377 of this report.

**Does the entity indicated in above form, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)**

Yes, all the entities, wherever applicable, participate in the relevant Business Responsibility initiatives of the Company, except the associate companies and joint venture companies.

<sup>3</sup>GRI 102-4, GRI 102-6, GRI 102-7

<sup>4</sup>Represents countries / markets where sales are more than USD 0.5 million

<sup>5</sup>Ms Naina Lal Kidwai, resigned from the position of Independent Director of the Company with effect from close of business hours of 31<sup>st</sup> March, 2022.

## VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes  
(ii) Turnover - ₹ 15,706.71 crores  
(iii) Net worth - ₹ 22,513.55 crores

## VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redressal policy)	Policy coverage	FY 2021-22			FY 2020-21		
			No of complaints filed during the year	No of complaints pending resolution at close of the year <sup>6</sup>	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year <sup>7</sup>	Remarks
Communities	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	-	-	-	-	-	-
Investors (other than shareholders)	Not applicable				Not applicable			
Shareholders	<a href="https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf">https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf</a>	Investor Servicing and Grievance Redressal Policy	23	-	-	10	-	-
	Available on the intranet	Employee Grievance Policy	-	-	-	-	-	-
Employees and workers	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	99	7	-	64	11	-
	<a href="https://www.cipla.com/sites/default/files/2022-07/Human-Rights-Policy.pdf">https://www.cipla.com/sites/default/files/2022-07/Human-Rights-Policy.pdf</a>	Human Rights Policy	1	-	-	-	-	-
	<a href="https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf">https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf</a>	Policy on Prevention of Sexual Harassment at the workplace	9	1	-	8	-	-
	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	3,415	45	-	2,592	292	-
Customers	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	2	-	-	-	-	-

<sup>6</sup> Code of conduct complaints pending as on 9<sup>th</sup> May, 2022

<sup>7</sup> Code of conduct complaints pending as on 13<sup>th</sup> May, 2021

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2021-22			FY 2020-21		
		Policy coverage	No of complaints filed during the year	No of complaints pending resolution at close of the year <sup>6</sup>	Remarks	Number of complaints filed during the year	No of complaints pending resolution at close of the year <sup>7</sup>
Value Chain Partners	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	2	-	-	10	1
	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	354	2	-	328	210
HCPs	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	-	-	-	2	-
	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	100	4	-	197	84
Government and Regulators	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	48	2	-	25	3
	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	-	-	-	-	-
Others	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf</a>	Code of Conduct	22	2	-	11	2

#### 24. Overview of the entity's material responsible business conduct issues

Please indicate the material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Refer page no. 40 of Materiality Assessment

<sup>6</sup> Code of conduct complaints pending as on 9<sup>th</sup> May, 2022

<sup>7</sup> Code of conduct complaints pending as on 13<sup>th</sup> May, 2021

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Process</b>										
1	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs;									
	b. Has the policy been approved by the Board?									
2	c. Web Link of the Policies, if available									
	Whether the entity has translated the Policy into procedures. (Yes / No)									
3	Do the enlisted policies extend to your value chain partners? (Yes/No)									
4	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusted) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.									
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.									
6	Performance of the entity against the specific commitments, goals and targets along -with reasons in case the same are not met.									
<b>Governance, leadership and oversight</b>										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements									
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).									
Yes <sup>8</sup>										
The above mentioned policies are available on (1) website of the Company - <a href="http://www.cipla.com">www.cipla.com</a> and (2) Intranet portal of the Company - accessible to the employees of the Company										
Yes <sup>8</sup>										
The specific commitments, goals and targets are provided in the respective capitals of the integrated annual report, wherever applicable.										
The performance against specific commitments, goals and targets are provided in the respective capitals of the integrated annual report, wherever applicable.										
The specific commitments, goals and targets set by the entity with defined timelines, if any.										
The performance against specific commitments, goals and targets are provided in the respective capitals of the integrated annual report, wherever applicable.										
Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements										
Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).										
Yes <sup>8</sup>										

<sup>8</sup> Policies are approved by the Board, respective board committees, respective department heads, wherever applicable.

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Stakeholder Relationship Committee is responsible to periodically review environmental, social and governance (ESG)/sustainability matters pertaining to the Company, including initiatives and reporting										
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	DIN	Name	Designation						
	01915274-06646490-06799942-02313000	Mr P R Ramesh Mr Adil Zainulbhai Dr Peter Mugenyi Mr S Radhakrishnan	Chairman Member Member Member							

The Stakeholder Relationship Committee is responsible to periodically review environmental, social and governance (ESG)/sustainability matters pertaining to the Company, including initiatives and reporting

<b>DIN</b>	<b>Name</b>	<b>Designation</b>
01952274	Mr P R Ramesh	Chairman
066446490	Mr Adil Zainulbhhai	Member
067999442	Dr Peter Muyengyi	Member
023139000	Mr S Radhakrishnan	Member

Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No) If yes, provide details.

## 10 Details of Review of NSRBCS by the Company

THE JOURNAL OF CLIMATE

### **Performance against above policies and follow up action**

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**Compliance with statutory requirements of relevance to the principles, and, rectification of any**

	P1	P2	P3	P4	P5	P6	P7	P8	P9
Has the entity carried out independent assessment evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency:									The policies of the Company are subject to audit by the internal auditors of the Company. The working of the policy is also ensured by the various department heads / director / board committees / board members, wherever applicable

If answer to question (1) above is "No" i.e. not all Principles are covered by a policy reasons to be stated

**SECTION C:****Principle-Wise Performance Disclosure****PRINCIPLE 1 Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable****Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year

<b>Segment</b>	<b>Total number of training and awareness programmes held</b>	<b>Topics / principles covered under the training and its impact</b>	<b>%age of persons in respective category covered by the awareness programmes</b>
Board of Directors <sup>9</sup>		The Company conducts familiarisation programmes for its Board of Directors at regular intervals which covers topics such as ESG parameters and targets, corporate governance practices, employee well-being, innovation and R&D and various other regulatory updates.	93.33
KMP	10		100%
Employees other than BoD and KMPs	14,530	The employees / workers undergo various trainings / awareness sessions such as induction training at the time of joining and leadership, policy, technical and compliance training during the course of employment.	88.28
Workers	54		15.88

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year

NIL

3. Of the instances disclosed in Question 2 above, details of the appeal/revision preferred in cases where monetary or non-monetary action has been appealed

Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy

Yes, the Company has an anti-corruption and anti-bribery policy, which is applicable to all associates and business partners (as defined in the policy) of Cipla Limited and all its subsidiaries across the globe. The policy emphasises our zero tolerance approach towards corruption and bribery. We have appropriate internal controls to ensure that the Company or its employees do not engage in unethical practices. We conduct proactive reviews, audits

and internal investigations to monitor compliance with our policy. The policy also provides information and guidance on how to recognise and deal with bribery and corruption issues. As a part of our training on the Code of Conduct, training is also imparted to employees on Anti-Corruption and Anti-bribery topics. The weblink of the policy is [https://www.cipla.com/sites/default/files/2019-06/155358786\\_Anti-Bribery-and-Anti-Corruption-Policy.pdf](https://www.cipla.com/sites/default/files/2019-06/155358786_Anti-Bribery-and-Anti-Corruption-Policy.pdf)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption

NIL

6. Details of complaints with regard to conflict of interest

NIL

7. Provide details of any corrective action taken or under way on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions on cases of corruption and conflicts of interest

Not Applicable

<sup>9</sup>It includes programmes which are offered to all the board members of Cipla Limited. For further details, please refer Familiarisation programme for Independent Directors in the 'Report on Corporate Governance'

## Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Refer to page no. 90 of Relationship Capital

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same

Yes, the Company has in place a 'Conflict of Interest Policy' and a 'Policy on Related Party Transactions', which are applicable to our board members. Transactions with the board members or any entity in which such board members are concerned or interested are required to be approved by the Audit Committee and the Board of Directors. In such cases, the interested directors abstain themselves from the discussions at the meeting. The weblink of the above-mentioned policies are mentioned below:

Conflict of interest Policy - [https://www.cipla.com/sites/default/files/2019-06/1554391523\\_1530187477\\_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf](https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf)

Policy on related party transaction - <https://www.cipla.com/sites/default/files/2022-05/Policy-on-Related-Party-Transaction.pdf>

### PRINCIPLE 2

#### **Businesses should provide goods and services in a manner that is sustainable and safe**

## Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

Refer page no. 58 of Manufactured Capital and page no. 63 Intellectual Capital

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

- b. If yes, what percentage of inputs was sourced sustainably?

The Company has requisite procedures in place for sustainable sourcing. Sustainability parameters are integrated into our overall supply chain including a comprehensive Sustainability Policy and Code of Conduct. The Company also carries out assessment of suppliers based on ESG parameters and organises capacity building workshops for critical suppliers, who are selected based on value, volume and dependency. Please refer page no. 90 of Relationship Capital for details of assessments completed during the year for determining the products that are sourced in a sustainable manner.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life.

However, we have waste management systems in place at all our facilities.

- (a) 100% equivalent amount of plastic waste is collected through waste management agency and co-processed, recycled and/or converted to energy.
- (b) 100% e-waste is sold to authorised vendors.
- (c) We channelised 84% of hazardous waste for recycling, co-processing and disposed 6% to secured landfill.
- (d) Non-hazardous waste such as glass, MS scrap, wood waste, boiler ash etc. is sent to authorised recyclers or to brick manufacturers.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Boards? If not, provide steps taken to address the same

Yes, refer page no. 106 of Natural Capital

## Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments(LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?

No, the Company endeavors to conduct LCA for its select products in FY 2022-23.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the LCA or through any other means, briefly describe the same along with action taken to mitigate the same

Not applicable, as we have not conducted LCA for any of our products.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)

Since the Company is engaged in pharmaceutical sector, we do not recycle or reuse input material.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life. For further information, refer BRSR question no 3 under essential indicators of Principle 2

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life.

### PRINCIPLE 3

**Businesses should respect and promote the well-being of all employees, including those in their value chains**

#### Essential Indicators

1. a. Details of measures for the well-being of employees

- b. Details of measures for the well-being of workers

Refer page no. 78 of Human Capital

2. Details of retirement benefits, for current FY and previous FY

Refer page no. 78 of Human Capital

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Refer page no. 79 of Human Capital

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy

Refer page no. 79 of Human Capital

5. Return to work and retention rates of permanent employees and workers that took parental leave

Refer page no. 78 of Human Capital

6. Is there a mechanism available to receive and redress grievances for the employees and worker? If yes, give details of the mechanism in brief

Yes, refer page no. 79 of Human Capital

7. Membership of employees and worker in association(s) or unions recognised by the listed entity

Refer page no. 80 of Human Capital

8. Details of training given to employees and workers

Refer page no. 75 and 82 of Human Capital

9. Details of performance and career development reviews of employees and workers

Refer page no. 74 of Human Capital

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, refer page no. 81 of Human Capital

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Refer page no. 81 of Human Capital

- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks? (Yes/No)

Yes, refer page no. 82 of Human Capital

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, refer page no. 82 of Human Capital

11. Details of safety related incidents

Refer page no. 83 of Human Capital

12. Describe the measures taken by the entity to ensure a safe and healthy work place

Refer page no. 81 of Human Capital

13. Number of complaints made by employees and workers

Refer page no. 81 of Human Capital

14. Assessments for the year on health and safety practices and working conditions.

Refer page no. 83 of Human Capital

15. Provide details of any corrective action taken or under way to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

Refer page no. 83 of Human Capital

#### Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes

- 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners**

The Company has adequate mechanisms to ensure that requisite statutory dues, as applicable to the transactions of the Company with its value chain partners, are deducted and deposited in accordance with applicable regulations and reviewed as per regular audit processes. The Company also collects necessary certificates and proofs from its contractors with respect to payment of statutory dues like PF, ESIC, etc. relating to contractual employees and workers.

The Company expects its value chain partners to behave ethically and with integrity in all its business transactions and uphold standards of fair business practices.

- 3. Provide the number of employees / workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**

NIL

- 4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, refer page no. 75 of Human Capital

- 5. Details on assessment of value chain partners on health and safety practices and working conditions**

Refer page no. 90 of Relationship Capital

- 6. Provide details of any corrective actions taken or under way to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners**

There were no significant risks / concerns arising from the assessments of health and safety practices and working conditions of value chain partners.

#### PRINCIPLE 4

#### Businesses should respect the interests of and be responsive to all its stakeholders

##### Essential Indicators

- 1. Describe the processes for identifying key stakeholder groups of the entity**

Refer page no. 36 of Stakeholder Engagement section

- 2. List of stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Refer page no. 36 of Stakeholder Engagement section

##### Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board**

Respective business / functional heads engage with the stakeholders on various ESG topics and the relevant feedback from such consultation is provided to the Board, wherever applicable. For further details, refer page no. 40 of Materiality Assessment section.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity**

Yes, our material issues are identified based on our engagement with our stakeholders. We have set bold aspirations towards our sustainable journey and our sustainability goals for the year 2025 and 2030 which are provided on our website at <https://www.cipla.com/ciplasustainability>. For further details refer page no. 40 of Materiality Assessment section.

- 3. Provide details of instances of engagement with and actions taken to address the concerns of vulnerable/marginalised stakeholder groups**

We engage with various stakeholders who may be classified as vulnerable/marginalised stakeholder groups. For stakeholders who may be classified as vulnerable/marginalised groups, refer to page no. 36 of the Stakeholder Engagement Section.

There are no reportable concerns of vulnerable / marginalised groups. However, the Company undertakes various CSR activities in local areas that serve the concerns of the vulnerable / marginalised stakeholder groups. For more information, refer page no. 92 of Social Capital.

#### PRINCIPLE 5

#### Businesses should respect and promote human rights

##### Essential Indicators

- 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity**

Refer page no. 80 of Human Capital

- 2. Details of minimum wages paid to employees and workers**

Refer page no. 79 of Human Capital

**3. Details of remuneration/salary/wages, in the following format<sup>10</sup>:**

	Male		Female		Others	
	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)
Board of Directors (BoD)	9	74,00,000	3 <sup>11</sup>	71,00,000	-	-
Key Managerial Personnel	2	3,90,74,911	-	-	-	-
Employees other than BoD and KMP	22,220	4,52,988	3,368	5,85,065	1	14,68,205
Workers	244	20,62,023	90	25,57,269	-	-

**4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, refer page no. 80 of Human Capital

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues**

Refer page no. 80 of Human Capital

**6. Number of Complaints made by employees and workers**

Refer page no. 80 of Human Capital

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

Refer page no. 80 of Human Capital

**8. Do human rights requirements form a part of your business agreements and contracts?**

Refer page no. 80 of Human Capital

**9. Assessments for the year for Child / Forced / Involuntary labour, Sexual harassment, Discrimination at workplace, Wages**

Refer page no. 80 of Human Capital

**10. Provide details of any corrective actions taken or under way to address significant risks/ concerns arising from the assessments at Question 9 above**

There were no significant risks / concerns arising from the assessments at question 9 above.

**Leadership Indicators**

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints**

Not applicable

**2. Details of the scope and coverage of any Human Rights due-diligence conducted**

Refer page no. 80 of Human Capital.

**3. Is the premise/office of the entity accessible to differently-abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

**4. Details on assessment of value chain partners: on sexual harassment, discrimination at work place, child / forced / involuntary labour and wages.**

Refer to page no. 90 of Relationship Capital.

**5. Provide details of any corrective actions taken or under way to address significant risks/ concerns arising from the assessments at Question 4 above**

There were no significant risks / concerns arising from the above said assessments mentioned in Question 4.

<sup>10</sup> This data pertains to Cipla Limited and Indian Subsidiaries

<sup>11</sup> Ms Naina Lal Kidwai, resigned from the position of Independent Director of the Company with effect from close of business hours of 31<sup>st</sup> March, 2022.

**PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment<sup>12</sup>****Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format

Parameter	FY 2021-22 (in GJ)	FY 2020-21 (in GJ)
Total electricity consumption (A)	11,36,848	11,30,199
Total fuel consumption (B)	7,13,153	7,34,148
Energy consumption through other sources (C)	-	-
<b>Total energy consumption (A+B+C)</b>	<b>18,50,001</b>	<b>18,64,347</b>
<b>Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) GJ*1,00,000/₹</b>	0.85	0.96
Energy intensity (optional)-the relevant metric may be selected by the entity	-	-
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited, is part of this report on page no. 193	

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/No) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any

Since the Company is engaged in pharmaceutical sector, it is not identified as DC under the PAT scheme.

3. Provide details of the following disclosures related to water, in the following format

Parameter	FY 2021-22	FY 2020-21
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	75,265	41,144
(ii) Groundwater	4,59,438	5,67,123
(iii) Third party water	11,11,648	13,90,545
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)(i + ii + iii + iv + v)</b>	<b>16,46,351</b>	<b>19,98,812</b>
<b>Total volume of water consumption (in kilolitre)</b>	<b>15,54,419</b>	<b>18,79,097</b>
<b>Water intensity per rupee of turnover (Water consumed / turnover) kl x 10^6/₹</b>	7.14	9.67
Water intensity (optional)-(Water withdrawn/turnover) kl x 10^6/INR	7.56	10.29
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited is part of this report on page no. 193	

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation

Yes, the Company has implemented a mechanism for zero liquid discharge. All API manufacturing sites located in India and formulations manfacturing site located in Sikkim are zero liquid discharge sites.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format

Parameter	Please specify unit	FY 2021-22	FY 2020-21
NOx	mg/Nm <sup>3</sup>	36.63	34.97
SOx	mg/Nm <sup>3</sup>	56.55	56.40
Particulate matter (PM)	mg/Nm <sup>3</sup>	30.74	35.20
Persistent organic pollutants (POP)		Not applicable <sup>13</sup>	
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)		Not available	
Others-please specify			

<sup>12</sup>GRI 413-2

<sup>13</sup>Not applicable to pharmaceutical industry

Parameter	Please specify unit	FY 2021-22	FY 2020-21
Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, the monitoring has been carried out by laboratory, approved by National Accreditation Board for Testing and Calibration Laboratories / Ministry of Environment & Forest.		

6. Provide details of Greenhouse Gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format

Parameter	Unit	FY 2021-22	FY 2020-21
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available - Data includes CO <sub>2</sub> , N <sub>2</sub> O and CH <sub>4</sub> components)	Metric tonnes of CO <sub>2</sub> equivalent	38,355	41,617
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	1,87,207	2,26,813
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	tCO <sub>2</sub> e*1,00,000/₹	0.10	0.14
<b>Total Scope 1 and Scope 2 emission intensity (optional)- the relevant metric may be selected by the entity</b>	tCO <sub>2</sub> e/GJ	0.12	0.14
Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited is part of this report on page no. 193		

7. Does the entity have any project related to reducing Greenhouse Gas emission? If Yes, then provide details.

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

We have 45 MW of solar installation in operation, supplying the electricity to our facilities in Maharashtra, and further plan to increase the share of renewable energy. We also use alternative fuels for our processes and have shifted from high carbon intensive to low carbon intensive fuels. We prefer usage of Biomass briquette to increase our renewable energy proportion and thus decrease our Greenhouse Gas emissions.<sup>14</sup>

8. Provide details related to waste management by the entity, in the following format

Parameter	FY 2021-22	FY 2020-21
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	2,613	2,492
E-waste (B)	20	28
Bio-medical waste (C)	40	33
Construction and demolition waste (D)	Not applicable <sup>15</sup>	
Battery waste (E)	45	29
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any (G)	14,003	20,367
Other Non-hazardous waste generated. Please specify, if any (H) (Break-up by composition i.e. by materials relevant to the sector)	11,030	16,855
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>27,751</b>	<b>39,804</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled / Re-used	24,150	33,674
(ii) Other recovery operations	672	558
<b>Total</b>	<b>24,822</b>	<b>34,232</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	1,682	4,158
(ii) Landfilling	1,246	1,415
(iii) Other disposal operations	-	-
<b>Total</b>	<b>2,928</b>	<b>5,573</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited is part of this report on page no. 193	

<sup>14</sup>For further information, refer page no. 105 of Natural Capital.

<sup>15</sup>Not applicable, considering waste is less than 20 MT per day or 300 MT per month from a single project, as per Construction & Demolition Waste Rules 2016.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Cipla has consistently scaled up its waste management practices by reducing generated quantities and directing waste to authorised Treatment, Storage and Disposal Facilities (TSDF). We are increasing the share of recycling and coprocessing to bring down the quantity of waste disposed to landfills.

- We have dedicated storage area for different type of waste (biomedical, e-waste, hazardous and non-hazardous) and waste segregation is done at source.
- Hazardous waste packing is done into compatible packing material.
- All types of waste are labelled, stored and disposed as per applicable rules and consent to operate

For further details, refer page no. 105 of Natural Capital

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no the reasons thereof and corrective action taken, if any.
1	Bommashandra, Bangalore	API manufacturing	Yes

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

During FY 2021-22, we didn't require to perform any Environmental Impact Assessment (EIA). However, we have done EIA for previous years, details of which are as mentioned below:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Cipla Limited, Bommashandra -Product mix for bulk drugs and Intermediates	F.No. IA-J-11011/382/2019-IA-II(I)	9 <sup>th</sup> December, 2020	Yes	Yes	
Cipla Limited, Kurkumbh Unit-I- Bulk drug unit	F.No. J-11011/48/2005-IA II(I)	5 <sup>th</sup> April, 2006	Yes	Yes	
Cipla Limited, Kurkumbh Unit II- 320 MT bulk drug and 2000 MNA Formulation unit	J-11011/368/2006-IA-II(I)	31 <sup>st</sup> July, 2007	Yes	Yes	<a href="https://www.cipla.com/about-us/manufacturing">https://www.cipla.com/about-us/manufacturing</a>
Cipla Limited, Kurkumbh Unit-III- bulk drug unit	No. J-11011/47/2005-IA II(I)	13 <sup>th</sup> October, 2005	Yes	Yes	
Cipla Limited, Virgonagar- Product mix for bulk drugs and Intermediates	SEIAA 30 IND 2020	11 <sup>th</sup> August, 2020	Yes	Yes	

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder? (Yes/No) If not, provide details of all such non-compliances

Yes

### Leadership Indicators

- 1 Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2021-22	FY 2020-21
<b>From renewable sources</b>		
Total electricity consumption (A)	2,45,667	1,35,230
Total fuel consumption (B)	2,02,543	1,48,331
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources(A+B+C)</b>	<b>4,48,210</b>	<b>2,83,561</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	8,91,181	9,94,969
Total fuel consumption (E)	5,10,610	5,85,817
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non-renewable sources(D+E+F)</b>	<b>14,01,791</b>	<b>15,80,786</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited is part of this report on page no. 193	

- 2 Provide the following details related to water discharged:

Parameter	FY 2021-22	FY 2020-21
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
<b>(i) To Surface water</b>	-	-
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(ii) To Groundwater</b>	-	-
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(iii) To Seawater</b>	-	-
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(iv) Sent to third-parties</b>	91,932	1,19,715
- No treatment	51,273	71,770
- With treatment -please specify level of treatment	6,108	5,889
Primary treatment		
Secondary treatment		
Tertiary treatment	34,551	42,056
<b>(v) Others</b>	-	-
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>Total water discharged (in kilolitres)</b>	<b>91,932</b>	<b>1,19,715</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited is part of this report on page no. 193	

**3 Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

For each facility/ plant located in areas of water stress, provide the following information:

(i) Name of the area	Baddi, Indore, Virgonagar, Bomassandra
(ii) Nature of operations	Formulations: Baddi, Indore API: Virgonagar, Bommasandra

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2021-22	FY 2020-21
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	1,42,607	1,57,432
(iii) Third party water	2,45,521	2,34,021
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>3,88,128</b>	<b>3,91,453</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>3,82,020</b>	<b>3,85,564</b>
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	1.76	1.98
<b>Water intensity (optional)—the relevant metric may be selected by the entity</b>	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
<b>(i) Into Surface water</b>		
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(ii) Into Groundwater</b>		
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(iii) Into Seawater</b>		
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(iv) Sent to third-parties</b>		
- No treatment	6,108	5,889
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(v) Others</b>		
- No treatment	-	-
- With treatment -please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>Total water discharged(in kilolitres)</b>	<b>6,108</b>	<b>5,889</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, Independent Assurance Statement issued by DNV Business Assurance India Private Limited, is part of this report on page no. 193	

**4 Please provide details of total Scope 3 emissions & its intensity**

The details for scope 3 emissions are not available with the Company. The Company has initiated necessary processes for collating data for FY 2022-23.

- 5 With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**  
 Bommasandra site is under notified Industrial Area, located within 10 km of the Bannerghatta National Park. We have conducted Environmental Impact Assessment studies and no significant impact of the organization on Biodiversity has been observed.
- 6 If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No	Initiatives undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Increasing renewable energy proportion in the total energy mix	Replacement of furnace oils with biomass briquette or LPG, Increasing the solar and wind energy proportion in the total electricity purchased. It removes the moisture content from ETP sludge by 80% Drying leads to reduction in volume and weight of the sludge, which is easier to handle, transport and dispose.	Total of scope 1 and scope 2 emissions has reduced 16% as compared to FY 2020-21
2	Sludge dryer		It has contributed to decrease of waste disposed by 30%
3	AMR stewardship	AMR stewardship with acquisition of key anti-infectives	Cipla has performed strongly in AMR stewardship and achieved a score of 60 % in generic pharma manufacturing in Access to Medicine Foundation's AMR Benchmark Report 2021, which is 2 <sup>nd</sup> highest in Indian Generic Pharma companies.
4	Zero Liquid Discharge	Use of Two Stage Reverse Osmosis/Single Effect Evaporator/Dryer at Sikkim	Total water recycled/reused = 42%
5	Plastic Waste Management	The collected waste is recycled, coprocessed and/or converted to energy	We collected plastic waste equivalent to 100% of the post-consumer plastic waste generated, which was 10,968 MT in FY 2021-22

**7 Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link<sup>16</sup>.**

Yes, Cipla's Business Continuity Plan guidelines document provides a framework and guidance to support Cipla's business units and functions to respond, restore and continue their critical business processes in the event of a disruption to normal operations. This document includes an overview of continuity operations, outlines the approach for supporting critical business functions, and defines the roles and responsibilities of staff. It also outlines the notification procedures and communication methods, plan activation and deactivation protocols, provisions for alternate work/ manufacturing/ product development locations, and the plan for maintaining and restoring access to vital records.

This document lays down BCP guidelines for responding to disruptions caused by natural, technological, and man-made incidents, as well as incidents that result in loss of access to parts of or an entire facility or loss of service due to equipment or systems failure.

The impact of the above disruptive incidents could result in materialisation of risks in two main risk categories viz. Environment, Health & Safety (EHS) Risks and Business/ Financial Risks. The BCP guidelines lay downs a framework of addressing these EHS and Business/ Financial Risks. The BCP guidelines are applicable to Cipla, its subsidiaries and affiliates. Further, every site of Cipla has an onsite emergency plan too.

**8 Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

No significant adverse impact has been observed from the value chain, pertaining to environment. As an adaptation measure, we assess the critical vendors based on ESG parameters and have implemented vendor engagement programs to improve their capabilities, wherever required.

**9 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Refer page no. 90 of Relationship Capital.

<sup>16</sup> GRI 103-1, GRI 103-2, GRI 103-3

**PRINCIPLE 7** **Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/associations  
Refer page no. 86 of Relationship Capital.
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to  
Refer page no. 86 of Relationship Capital
2. Provide details of corrective action taken or under way on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Not applicable

**Leadership Indicators**

1. Details of public policy positions advocated by the entity  
Refer page no. 86 of Relationship Capital.

**PRINCIPLE 8** **Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year

During the year, the Company has not undertaken any SIA under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

2. Provide information on project(s) for which ongoing rehabilitation and resettlement is being undertaken by your entity

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community

The communities can raise their grievances as per the mechanism provided in our Code of Conduct available on our website of the Company. For further details refer our response to question no. 23 of Section A on page no. 147 of this report.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Refer page no. 90 of Relationship Capital.

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments

Not applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies

Sr. No	State	Aspirational District	Amount spent
1.	Andhra Pradesh	Visakhapatnam	₹ 12.36 lacs

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)
- (b) From which marginalised/vulnerable groups do you procure?
- (c) What percentage of total procurement (by value) does it constitute?

The Company is impartial in its selection and procurement processes of its suppliers which is driven by the Company's procurement policy, supplier code of conduct and supply chain management sustainability policy. The Company does not consider the criteria for marginalised / vulnerable group during selection of its suppliers. During the year, the Company sourced ~8.76% of the total inputs material from MSME suppliers.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Refer page no. 64 of Intellectual Capital

5. Details of corrective actions taken or under way, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved

Refer page no. 64 of Intellectual Capital

6. Details of beneficiaries of CSR projects

**For CSR projects and no. of persons benefited from CSR projects** - refer page no. 92 and 130 of Social Capital and Annual Report of CSR, respectively.

**% of beneficiaries from vulnerable and marginalised group** - The primary objective of the CSR projects is to reach out to the most vulnerable and marginalised communities from a weak socio-economic background from the rural as well as urban population.

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner**
**Essential Indicators**
**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

The Company has adequate mechanism and takes due efforts for addressing and redressal of consumer feedback and complaints. We have a dedicated phone line and mail box through which patients / consumers, healthcare professionals and other stakeholders can approach the Company for reporting adverse events or product related complaints. The consumer complaints received at [drugsafety@cipla.com](mailto:drugsafety@cipla.com) are managed in accordance with the standard operating procedure (SOP). Based on its nature, the complaint is forwarded to the respective department for their further actions, if any, including adequate response to the said complaints. The consumers can also raise their complaints / feedback as per the mechanism provided in our Code of Conduct available on our website of the Company. The Company also takes appropriate actions for addressing any consumer complaints lodged with the consumer forums as per the applicable laws and regulations.

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about**

<b>As a percentage to total turnover</b>	
Environmental and social parameters relevant to the product	0.40
Safe and responsible usage	0.12
Recycling and/or safe disposal	0.09

**3. Number of consumer complaints in respect of the following<sup>17</sup>**

	<b>FY 2021-22</b>		<b>Remarks</b>	<b>FY 2020-21</b>		<b>Remarks</b>
	<b>Received during the year</b>	<b>Pending resolution at end of year</b>		<b>Received during the year</b>	<b>Pending resolution at end of year</b>	
Data Privacy	-	-	NA	-	-	NA
Advertising	-	-	NA	-	-	NA
Cyber-security	-	-	NA	-	-	NA
Delivery of Essential Services			NA			
Restrictive Trade Practices	-	-	NA	-	-	NA
Unfair Trade Practices	1	1	Sub Judice	-	-	NA
Other	1	1	Sub Judice	-	-	NA

**4. Details of instances of product recalls on account of safety issues**

Refer on page no. 59 of Manufactured Capital

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy**

Yes, Refer page no. 61 of Manufactured Capital

**6. Provide details of any corrective actions taken or under way on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not applicable.

**Leadership Indicators**
**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

<https://www.cipla.com/our-offerings>

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

Refer to page no. 89 of Relationship Capital

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services**

Not applicable

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/ No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, refer page no. 89 of Relationship Capital

**5. Provide the following information relating to data breaches<sup>17</sup>**
**a. Number of instances of data breaches along with impact**
**b. Percentage of data breaches involving personally identifiable information of customers**

Refer page no. 61 of Manufactured Capital

<sup>17</sup> GRI 418-1

# Report on Corporate Governance<sup>1</sup>

## Cipla's Philosophy on Corporate Governance

The corporate governance philosophy at Cipla stems from the set of principles and framework embedded in its values.

Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, 'Caring for Life'. This purpose ultimately guides our organisational decisions and anchors our every action.

## Creating Value

At Cipla, we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision-making. Cipla's corporate governance framework is founded on the following pillars:

### Transparency

For us, transparency is key to healthy, self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

### Fairness

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

### Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mindset 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, 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 mindset and deep knowledge of the sector.

## Empowerment

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capabilities within the Company. Our leadership essentials focus on people, performance and health and are strongly embedded in our First Principles. They define a common vocabulary and approach for building leadership within the Company.

## Sustainability

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

## Compliance and risk management

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks, which can potentially impact our current and future earnings. The risk management function targets to maintain a live register of important risks along with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

## Governance structure

Cipla's robust governance philosophy is executed through a multi-tiered governance structure with clearly defined roles and responsibilities for every constituent of the governance system.

**Board of Directors:** The Board of Directors ("Board") is responsible for the strategic supervision and overseeing the Management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgment and plays a vital role in monitoring the Company's affairs. The Board also ensures the Company's adherence to the standards of corporate governance and transparency.

**Board Committees:** To effectively discharge the obligations and to comply with the statutory requirements, the Board has constituted six Board committees. The committees deal with specific areas that are assigned to them for either final decision-making or giving appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter.

**Chairman:** The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders, while ensuring that the Company's strategies are based on

our underlying principle of 'Caring for Life' and reflect our core values. The Chairman is supported by the Executive Vice-Chairperson, who takes a lead role in managing board meetings and interactions, determining the board's composition and facilitating effective communication among the directors.

**Executive Vice-Chairperson:** The Executive Vice-Chairperson engages with the Management to drive and monitor key initiatives that are in line with Cipla's approved corporate strategy and business objectives, to ensure long-term value creation. The Executive Vice-Chairperson drives board engagements by setting the agenda, facilitating critical discussions and the cadence for board meetings and is also responsible for promoting the depth of board conversations while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all the stakeholders. The Executive Vice-Chairperson supports the Chairman on matters pertaining to governance, including the board's composition, board meetings and board effectiveness, and acts as the bridge between the Management, the Promoters and the Board.

**Managing Director and Global Chief Executive Officer ("MD & GCEO"):** The MD & GCEO is responsible for business performance, driving growth and implementation of the strategic decisions aligned to the vision and purpose-driven mission of Cipla. The MD & GCEO's priorities include designing and executing Cipla's long-term strategy based on organic and inorganic initiatives, defining the innovation and business reimagination agenda for the Company, to ensure growth with sustainability by leveraging digitisation and automation initiatives and to create a world-class future-ready global organisation with a vibrant and enabling culture where talent thrives and grows.

**Management Council:** The Management Council serves as the apex leadership team, to set and deliver the strategic long-term growth agenda for Cipla by creating and delivering best in class practices, processes and products. The Management Council drives the growth ambition and sustainability initiatives across the organisation. The Management Council includes the following members: MD & GCEO (Chair), Global Chief People Officer, Global Chief Technology Officer, CEO-One India Business, CEO Cipla South Africa and Regional Head Africa and Access, Global Chief Scientific Officer and Global Head Supply Chain.

**Business Council:** The Business Council comprising select business and functional heads was formed during FY 2019-20 to support the Management Council and participate in strategic discussions and share perspectives on key strategic matters.

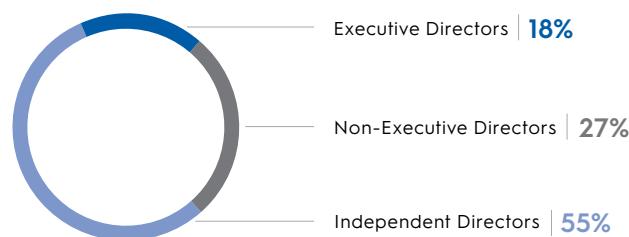
**Operating Committees:** The Company has various cross-functional committees that ensure robust delivery of business objectives and operationalisation of strategic plans. The committees also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles.

## Board of Directors

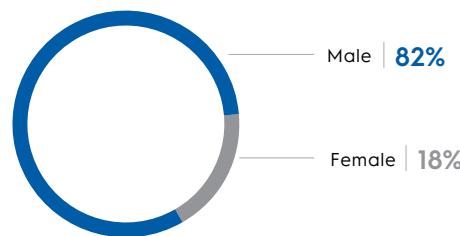
### Composition of the Board

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is compliant with the requirements of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and is also in line with the best practices of corporate governance.

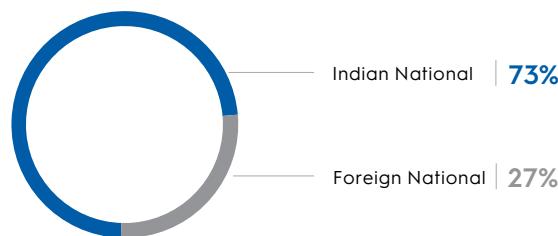
### Category wise - Percentage of total number of Directors



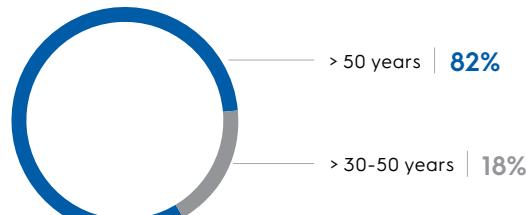
### Board Diversity



### Nationality of Directors



### Age group of Directors<sup>2</sup>



**Note** - There are no directors below the age of 30 years

<sup>2</sup> GRI 405-1

## Details of directors

Detailed profile of the directors is available on the Company's website at <https://www.cipla.com/about-us/board-directors>

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairpersonships in other public companies as on 31<sup>st</sup> March, 2022, are listed in Annexure B.

## Board skill matrix

The Board of the Company comprises of qualified directors who possess relevant skills, expertise and competence to ensure effective functioning of the Company. The Board and the Nomination and Remuneration Committee comprehensively reviewed its existing skill matrix and added Risk Management, Sustainability and ESG, Technology and Digital as new skills in the Board skill matrix.

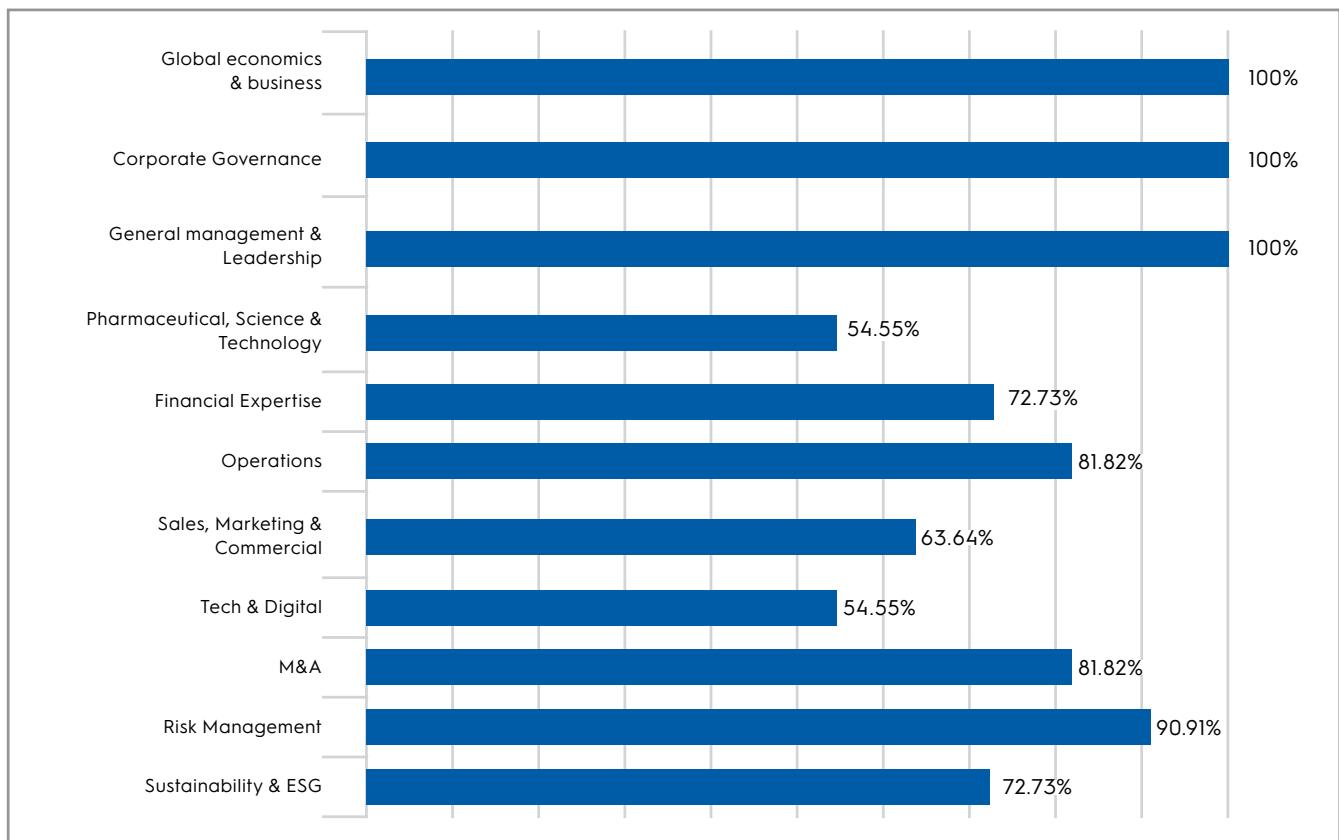
Area	Particulars
Pharmaceuticals, Science & Technology	Experience in the pharmaceuticals sector, science and technology domain
Corporate Governance	Protection of stakeholders' interest, observing best governance practices, commitment to the highest standards of compliance, corporate ethics and values and identifying key governance risks
Global economics and business	Understanding of diverse business environments, regulatory frameworks and global economic, political conditions & cultures.
General management and Leadership	General know-how of business management, talent management and development, succession planning, workplace health & safety.
Financial Expertise	Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit and capital allocation
Operations	Operational expertise and technical know-how in the area of manufacturing, quality and supply chain
Sales, Marketing, Commercial	Experience in strategising market share growth, building brand awareness, enhancing enterprise reputation
M&A	Experience in evaluating M&A deals for inorganic growth and ability to align it with the Company's growth strategy and future business opportunities.
Risk Management	Ability to identify and evaluate the significant risk affecting the business operations of the Company and to monitor the effectiveness of risk management framework and practices
Sustainability and ESG	Understanding of diverse and global sustainability and ESG practices and the ability to align them with the Company's growth strategy.
Technology and Digital	Experience in the field of technology and digitalisation, envisage new technological business trends and experience in creating new business models

The skills of the Board members as on the date of this report, have been mapped below:

Name of Director	Special Skills
Dr Y K Hamied	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Operations; Sales, Marketing, Commercial; M&A; Risk Management.
Mr M K Hamied	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Operations; Sales, Marketing, Commercial; M&A; Risk Management.
Ms Samina Hamied	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; Sales, Marketing, Commercial; Tech and Digital; M&A; Risk Management; Sustainability and ESG.
Mr Umang Vohra	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Financial Expertise; Operations; Sales, Marketing, Commercial; Tech and Digital; M&A; Risk Management; Sustainability and ESG
Mr S Radhakrishnan	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; Operations; Tech and Digital; M&A; Risk Management; Sustainability and ESG
Mr Ashok Sinha	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; Operations; Sales, Marketing, Commercial; Tech and Digital; M&A; Risk Management; Sustainability and ESG
Dr Peter Mugenyi	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Operations; Risk Management; Sustainability and ESG

Name of Director	Special Skills
Mr Adil Zainulbhai	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Financial Expertise; Operations; M&A; Risk Management
Ms Punita Lal	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; Operations; Sales, Marketing, Commercial; Tech and Digital; Sustainability and ESG
Mr Robert Stewart	Global Economics and Business; Corporate Governance; General Management and Leadership; Pharmaceutical, Science and Technology; Financial Expertise; Operations; Sales, Marketing, Commercial; M&A; Risk Management; Sustainability and ESG
Mr P R Ramesh	Global Economics and Business; Corporate Governance; General Management and Leadership; Financial Expertise; M&A; Risk Management; Tech and Digital; Sustainability and ESG

#### Board skill distribution (% wise):



#### Board membership criteria and selection process

The Nomination and Remuneration Committee (hereinafter referred as "NRC") is responsible for identifying and evaluating a suitable candidate for the Board, based on the criteria laid down in the Nomination, Remuneration and Board Diversity Policy, available on the website of the Company at <https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf>.

While selecting a candidate, the NRC evaluates the balance of skills, knowledge and experience of the Board, and based on such evaluation approves a description of the role and responsibilities required for the new independent director to be inducted. On identifying a suitable candidate, the NRC recommends his/her appointment to the Board for approval.

Based on the recommendation of the NRC, the Board considers and appoints such person as an additional director and recommends the appointment to the members for their approval.

#### Role of the Board

The Board is the apex body whose constitution is approved by the shareholders and is responsible for strategic supervision and overseeing the Management performance and governance of the Company on behalf of the stakeholders. In order to take an informed decision, the Board has access to all relevant information and are free to approach the employees of the Company and the subsidiaries. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in the best interests of the Company and the stakeholders.

The matters placed before the Board, inter-alia, include:

Strategic matters	Governance matters
<ul style="list-style-type: none"> <li>o Reviewing and guiding the corporate strategy;</li> <li>o Corporate re-structuring activities including merger/ demerger;</li> <li>o Details of any acquisition, joint venture or collaboration agreement;</li> <li>o Sale of investment, subsidiaries or assets which are material in nature.</li> </ul>	<ul style="list-style-type: none"> <li>o Materially important show cause, demand, prosecution notices and penalty notices, if any;</li> <li>o Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;</li> <li>o Any issue which involves possible public or product liability claims of substantial nature;</li> <li>o Corporate Social Responsibility related matters;</li> </ul>
Operational matters	
<ul style="list-style-type: none"> <li>o Annual operating plans and capital budgets;</li> <li>o Regular business/function updates;</li> <li>o Appointment and remuneration of directors, key managerial personnel and senior management;</li> <li>o Significant labour problems and their proposed solutions;</li> <li>o Any significant development on the human resources/ industrial relations front.</li> </ul>	<ul style="list-style-type: none"> <li>o Appointment and remuneration including grant of share-based incentives to Directors, KMP and SMP. Periodically monitor and review the performance of the Organisation and MD&amp; GCEO against the Organisation scorecard (Key Performance Indicators) as pre-approved at the start of the financial year;</li> <li>o Quarterly compliance certificate which includes non-compliances, if any, of regulatory, statutory nature or listing requirements and shareholder's service;</li> <li>o Overseeing sustainability initiatives and risk management framework of the Company;</li> <li>o Appointment of auditors;</li> <li>o Minutes of meetings of the Board and its committees, resolutions passed by circulation and board minutes and summary of unlisted subsidiary companies;</li> <li>o Significant transactions or arrangements by subsidiary companies;</li> <li>o Statutory disclosures received from the directors;</li> <li>o Performance evaluation of the Board, its committees and each director;</li> <li>o Oversight of subsidiaries' operations.</li> </ul>
Finance matters	
<ul style="list-style-type: none"> <li>o Quarterly/Annual consolidated and standalone results and financial statements of the Company;</li> <li>o Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any;</li> <li>o Any material default in financial obligations to or by the Company or substantial non-payment for goods sold by the Company;</li> <li>o Quarterly details of foreign exchange exposures and hedging.</li> </ul>	

#### Board evaluation

In accordance with the provisions of the Act and the Listing Regulations the Board had carried out an annual evaluation of its own performance and performance of its committees as well as individual directors.

#### Board evaluation criteria and process

An independent external agency was appointed for conducting a detailed performance evaluation exercise. The exercise entailed a detailed process in which an independent senior expert from the agency attended part of a board meeting to evaluate the board processes, individual directors' participation and their engagement in the meeting. The expert also had one-on-one interaction with the board members on various board effectiveness parameters. This was followed with a detailed questionnaire to evaluate the board effectiveness and performance of the Board, Board committees and individual directors.

The Board evaluation process broadly covered the following parameters:

**The Board** – Board composition, diversity and succession; board room engagements, discussions, decisions and culture, risk management, quality of agenda and supporting documents, etc.

**Board committees** – Composition and diversity, leadership of the Chair, meetings frequency and duration, clear delegation of responsibilities and decisions, interaction with management, quality of discussions, quality of agenda and supporting documents, etc.

**Individual directors** – Time devotion, experience and expertise, participation and contribution.

**The Chairman** – Effective leadership, moderatorship and conduct of impartial discussions, seeking participation from board members and promoting a positive image of the Company.

**Executive Vice-Chairperson** - Effective management and communication with the shareholders, Board, management, employees and other external stakeholders; effectiveness in leading the Board in developing and delivering the Company's strategy and business plans.

**MD & GCEO** - Operating performance; leadership and organisation culture, etc. MD & GCEO was additionally evaluated against the Key Performance Indicators ("KPI") approved at the beginning of the financial year, which, inter alia, included annual, long-term, short-term, as well as financial and non-financial parameters. The financial parameters included targets on revenue, EBITDA, ROIC, etc. while the non-financial parameters covered innovation and new business building, strengthening target market positions and new market development, portfolio and strategy, organisation and leadership development, ESG, etc. The Board and the NRC periodically reviewed the progress on the KPIs of the MD & GCEO.

All the directors participated in the evaluation process. The responses for the Board and Committees were compiled and a consolidated report was presented before the Board. The Board, the respective committee and the independent directors discussed the performance evaluation report and unanimously agreed to take up key suggestions for action.

The outcomes of the performance evaluation process for FY 2021-22 and the actions taken on last year are summarised below:

#### **Outcome of board evaluation and action plan for FY 2021-22**

The directors were satisfied with the Board's engagement, experience, diversity and expertise. The Board committees were also found to be effective in terms of its composition, functioning and contribution. The Board and Board committees acknowledged to have spent sufficient time on (i) operational matters including review of business and functional updates (ii) future strategies and short term and long-term growth plans and (iii) organisation culture, leadership succession planning, governance matters and internal controls. The Board suggested special discussions on some business and performance-related matters.

The need for board succession was reiterated in view of the retirement of majority of the independent directors due in the year 2024. The Board also suggested (i) induction of more pharma experts on the Board; (ii) more opportunities to interact with the senior leadership team and (iii) actions to further strengthen governance practices with respect to the meetings.

#### **Action taken on previous year board evaluation**

In response to the suggestion of the Board in the previous board evaluation process: (i) Mr P R Ramesh, was appointed as an independent director w.e.f. 1<sup>st</sup> July, 2021 and was inducted as a member in the Audit Committee and Stakeholder Relationship Committee; (ii) special discussions on various businesses / functions were held, (iii) external experts were invited to present their perspective on India business and pharma sector, culture and M&A.

Suggestions of the committees actioned during the year included: (i) detailed action plan on various black swan events

(ii) continued focus on mitigation of cyber risk and periodic updates covering global and internal developments iii) continuous efforts to focus more on the projects with bigger impact.

#### **Succession planning for the Board and Senior Management**

Since majority of the independent directors are due for retirement in the year 2024 as per statutory requirements, the NRC has spent considerable time on the succession planning for such Board members. Mr P R Ramesh and Mr Robert Stewart were appointed as independent directors during the year FY 2021-22. The NRC is in the process of identifying new directors.

Beside succession planning of the Board, the NRC also reviews and oversees succession planning of select senior management positions. The NRC was satisfied with the progress and Company's preparedness. Succession planning of the top leadership positions has been covered in detail in Human Capital section on page no. 76.

#### **Board meetings and procedure**

The Board and the Board committee meetings are pre-scheduled. An annual calendar of the meetings is circulated to the directors well in advance to ensure their availability and meaningful participation in the Board and Board committee meetings. The Board, the Audit Committee and the NRC are guided by the annual agenda plan, which helps the Board and the respective committees to ensure that they are able to discharge their roles and responsibilities effectively and take up all important issues systematically over a period of time. The annual agenda plan is finalised with inputs from the Management and is approved by the Board. In case of urgent matters, approvals are sought by way of circular resolution.

The Management team is invited to provide update on key areas such as business performance, functional outcomes and performance of subsidiaries. The Global Chief Financial Officer is a permanent invitee at all the board meetings.

The Company Secretary finalises the agenda for the board meetings in consultation with the Chairman, the Executive Vice-Chairperson, the Lead Independent Director and the MD & GCEO, and the same is circulated to the board/committee members in advance. The agenda for the committee meetings is finalised by the Company Secretary in consultation with the chairperson of the respective committee. Additional items are taken up with the permission of the respective chairperson and consent of majority of the board/respective committee members present at the meeting.

The agenda of the board and committee meetings are circulated electronically through a secured IT platform. The Board members have unrestricted access to all Company-related information. At Board meetings, management representatives who can provide additional insights into the items being discussed / put forth for approval, are invited for presenting the relevant items. Matters in the nature of unpublished price sensitive information are circulated to the Board and committee members, at a shorter notice, as per the general consent taken from the Board / Committee, from time to time.

### **Post-meeting follow-up system**

The important decisions taken at the Board and Board committee meetings are tracked till their closure and an ‘action taken report’ is placed before each Board and Board committee meeting for their noting.

### **Number of board meetings held**

The Board met seven times during FY 2021-22 i.e. on 14<sup>th</sup> May, 2021, 24<sup>th</sup> May, 2021, 5<sup>th</sup> August, 2021, 26<sup>th</sup> October, 2021, 17<sup>th</sup> December, 2021, 25<sup>th</sup> January, 2022 and 16<sup>th</sup> March, 2022.

Additionally, an annual strategy meeting of the Board was held from 5<sup>th</sup> – 7<sup>th</sup> April, 2022 for discussing the future strategy of the Company. For detailed information on Company’s long-term strategy, refer to the ‘Strategy’ section of our annual report on page no. 24.

### **Attendance of the directors**

Information about the attendance of directors at the Board and committee meetings during FY 2021-22 and at the last Annual General Meeting (“AGM”) is given in Annexure A.

### **Independent Directors**

Each independent director, at the time of appointment and thereafter at the beginning of each financial year, submits a declaration confirming their independence under Section 149(6) of the Act read with the rules made thereunder and Schedule IV of the Act and Regulation 16(1)(b) of the Listing Regulations. The declarations of independence received from the independent directors are noted and taken on record by the Board.

In the opinion of the Board, the independent directors fulfil the criteria of independence as stated under Section 149(6) of the Act and the rules made thereunder and Regulation 16(1)(b) of the Listing Regulations and are independent of the management. Each of the independent directors have registered their names on the online databank maintained by the Indian Institute of Corporate Affairs.

Except Mr Robert Stewart who, unless exempted, would be required to clear the online proficiency test within the time limit prescribed under the Act, all the other directors are exempted from passing the online proficiency test as per Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

None of the independent directors of the Company serves as an independent director in more than seven listed companies or as a whole-time director in any listed company.

At the time of appointment or re-appointment, each independent director was issued a formal letter of appointment containing the terms and conditions of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading, etc. The draft letter of appointment is uploaded on the Company’s website at <https://www.cipla.com/sites/default/files/2020-09/Terms%20and%20Conditions%20of%20appointment%20of%20independent%20directors.pdf>

Ms Naina Lal Kidwai, resigned from the position of Independent Director of the Company with effect from close of business hours of 31<sup>st</sup> March, 2022 as a part of her planned transition and to fulfil her several other responsibilities and professional commitments. She confirmed in her resignation letter that apart from these there were no other material reasons for her resignation before the expiry of her current tenure. The Board has placed on record its sincere appreciation for Ms Naina Lal Kidwai towards her valuable contribution as a Board member.

### **Lead Independent Director**

Mr Adil Zainulbhais is the Lead Independent Director. The roles and responsibilities of Lead Independent Director are as follows:

- a. To preside over all meetings of independent directors,
- b. To provide objective feedback of the independent directors as a group to the Board on various matters,
- c. To liaise between the Promoters, Chairman/Vice-Chairman, CEO and independent directors on contentious matters for consensus building,
- d. To preside over meetings of the Board and shareholders when the Chairman and Vice-Chairman are not present, or where they are an interested party,
- e. To help the Board and the NRC in identifying suitable candidates for the position of director and board succession planning,
- f. Advocacy with key external stakeholders,
- g. To help the Company in further strengthening the board effectiveness and governance practices, including suggestions on agenda items for board/committee meetings on behalf of the independent directors,
- h. To be a permanent invitee in all board/committee meetings,
- i. To perform such other duties as may be delegated by the Board from time to time.

### **Meeting with independent directors**

During the year, the independent directors met three times without the presence of the Management and non-executive directors. Information about the attendance of directors at these meetings and at the last AGM is given in Annexure A.

The independent directors inter alia discussed matters arising out of the agenda of the Board and Board committees, Company’s performance, while identifying areas where they need clarity or information from the Management. During the year, the independent directors also met the Statutory Auditors and Chief Internal Auditor and discussed on key audit findings, controls, access to the information, management support, etc.

The independent directors reviewed performance of the Board as a whole as well as that of non-independent directors and the Chairman after taking into consideration, the views of executive and non-executive directors. They also assessed the quality, quantity, effectiveness and promptness of the flow of information between the Company’s Management and the Board.

The Lead Independent Director briefed the Board on the proceedings of the independent directors' meeting and the matters requiring attention at the Board or Management level.

#### **Familiarisation programme for Independent Directors Induction**

Cipla has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, Management, operations and pharmaceutical industry. All the directors are made aware of their roles and duties at the time of their appointment/re-appointment through a formal letter of appointment which also stipulates other terms and conditions of their appointment.

The Company has an orientation process which includes one-on-one interactive sessions with the Management Council members. The directors are apprised about the pharmaceutical industry, business model, group structure, Cipla's Code of Conduct and Cipla's Code of Conduct for Prevention of Insider Trading. They are also provided a copy of the Company's Memorandum and Articles of Association, previous financial results, annual reports, committee charters, Corporate Governance policies such as whistle blower policy, CSR policy, policy on dealing with related party transactions, etc. The Company also arranges factory visits for the directors to gain a better understanding of Cipla's business.

During the year, Mr Robert Stewart and Mr P R Ramesh were appointed as Independent Directors on the Board and underwent the induction programme.

#### **Regular familiarisation**

As part of the ongoing familiarisation, business/functional heads make regular presentations at the board meetings. The Board members are updated regarding important regulatory amendments applicable to the Company. The directors are provided regular updates on press releases made to the stock exchanges, analyst reports, key achievements and material information on subsidiary companies.

Details of the familiarisation programme for the independent directors undertaken during FY 2021-22 are uploaded on the Company's website at <https://www.cipla.com/sites/default/files/Details-of-Familiarisation-programme-imparted-to-Independent-Director-FY-2021-22.pdf>.

#### **Remuneration to directors**

##### **Remuneration to non-executive directors**

- The non-executive directors are entitled to receive the sitting fees of ₹ 1,00,000 per meeting for attending the board meetings and ₹ 50,000 per meeting for attending the board committee meetings (except the Operations and Administrative Committee) w.e.f. 1<sup>st</sup> April, 2021. The sitting fee is paid immediately after the respective board and board committee meeting to those directors who have attended the meetings.

- On the basis of the benchmarking and considering the valuable contribution by the independent directors the Board at its meeting held on 14<sup>th</sup> May, 2021 had revised the Policy on Payment of Commission to independent directors, w.e.f. 1<sup>st</sup> April, 2021. The Policy provides for payment of commission to the independent directors in the following manner:

- Annual Fixed Commission of ₹ 50 lacs
- Additional compensation of ₹ 10 lacs for foreign directors
- Additional ₹ 10 lacs to the Chairman of the Audit Committee\*
- Additional ₹ 5 lacs to the members of the Audit Committee
- Additional ₹ 5 lacs to the Chairman of NRC\*
- Additional ₹ 1 lac to the members of NRC

\*Committee Chairman would not be entitled for additional commission as member of such committee and vice versa.

- The commission payable to other non-executive directors is approved by the Board of directors for a specified period.
- The commission is payable at the end of the financial year, after the annual financial statements are approved by the Board.
- The non-executive directors did not have any pecuniary relationship or transactions with the Company during FY 2021-22, except payment of director's remuneration, reimbursement of expenses and a non-material rental arrangement, as disclosed in Note No. 39 of the standalone financial statements.
- None of the independent directors had any pecuniary relationship or transactions with the Company during FY 2021-22, except payment of directors' remuneration from the Company or its subsidiaries and reimbursement of expenses on actuals.

#### **Remuneration to executive directors**

The remuneration payable to the executive directors viz. Ms Samina Hamied and Mr Umang Vohra, is reviewed and approved by the Board on an annual basis, based on the recommendation of the NRC.

#### **Share-based incentive schemes**

In FY 2019-20, Mr Umang Vohra was granted 1,50,118 stock options at an exercise price of ₹ 2 per option. Out of which, 50% of the stock options vested and were exercised by him during FY 2020-21 and the balance 50% (75,059 stock options) vested and were exercised by him during FY 2021-22. No stock options were granted to Mr Umang Vohra during FY 2020-21. During the year, Mr Umang Vohra was granted 25,095 stock options and 90,398 employee stock appreciation rights, which will vest in May 2022.

Dr Y K Hamied, Mr M K Hamied, Ms Samina Hamied and the independent directors are not entitled to benefits under share-based incentive schemes of the Company.

The details of remuneration to directors (on a consolidated basis) during FY 2021-22 are given below:

Directors	Sitting Fees	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral benefits and others	₹ in crores Total
<b>Executive directors</b>								
Ms Samina Hamied								
● Cipla Limited	-	1.88	4.00	0.09	1.94	-	0.25 <sup>(2)</sup>	9.11
● Cipla (EU) Ltd.	-	0.95	-	-	-	-	-	
<b>Mr Umang Vohra</b>								
● Cipla Limited	-	1.95	-	6.83 <sup>(3)</sup>	1.40	6.88	0.25 <sup>(2)</sup>	22.90
● Cipla USA Inc	-	5.59	-	-	-	-	-	
<b>Non-executive directors</b>								
Dr Y K Hamied	0.05	-	2.00	-	-	-	-	2.05
Mr M K Hamied	0.09	-	2.00	-	-	-	-	2.09
Mr S Radhakrishnan	0.19	-	2.00	-	-	-	-	2.19
<b>Independent directors</b>								
Mr Adil Zainulbhai	0.15	-	0.54	-	-	-	-	0.69
Mr Ashok Sinha								
● Cipla Limited	0.14	-	0.60	-	-	-	-	0.82
● Cipla (EU) Ltd.	-	-	0.08 <sup>(4)</sup>	-	-	-	-	
Ms Naina Lal Kidwai	0.16	-	0.55	-	-	-	-	0.71
Dr Peter Mugyenyi								
● Cipla Limited	0.09	-	0.60	-	-	-	-	0.82
● CQCIL <sup>(6)</sup>	-	-	0.13 <sup>(4)</sup>	-	-	-	-	
Ms Punita Lal	0.11	-	0.55	-	-	-	-	0.66
Mr P R Ramesh	0.09	-	0.41	-	-	-	-	0.50
Mr Robert Stewart								
● Cipla Limited	0.08	-	0.54	-	-	-	-	0.78
● InvaGen <sup>(7)</sup>	-	-	0.16 <sup>(4)</sup>	-	-	-	-	

#### Notes:

(1) All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director.

(2) Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are determined on an overall basis

(3) Includes perquisite value of stock options amounting to ₹ 6.83 crores exercised during the year.

(4) Commission includes remuneration received from subsidiaries for serving as independent director on respective boards.

(5) Remuneration from foreign subsidiaries includes USD equivalent to ₹ paid to the director.

(6) Cipla Quality Chemical Industries Limited

(7) InvaGen Pharmaceuticals Inc.

#### Service contracts, notice period, severance fees

- a. The Board on the recommendation of the NRC, re-appointed Mr Umang Vohra, as 'Managing Director and Global Chief Executive Officer' of the Company at its meeting held on 23<sup>rd</sup> March, 2021, for a further period of five years w.e.f. 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2026. The re-appointment was approved by the shareholders at the 85<sup>th</sup> Annual General Meeting ('AGM') of the Company held on 25<sup>th</sup> August, 2021. The detailed terms of his appointment covering remuneration and details of the stock options and stock appreciation rights as approved by the shareholders forms part of the Notice of the 85<sup>th</sup> AGM and is available on the website of the Company at <https://www.cipla.com/sites/default/files/Notice-of-AGM.pdf>.

As per the terms of appointment and employment agreement dated 31<sup>st</sup> March, 2021, the arrangement can

be terminated by giving - (a) four months' notice if the Board has approved a successor who is ready to assume Mr Umang Vohra's role at the expiry of the said 4 months period; or (b) 6 months' notice where no such successor has been approved by the Board. The Company may relieve Mr Umang Vohra earlier by paying pro-rata annual fixed salary in lieu of the notice period. There is no separate provision for payment of severance fees.

- b. Pursuant to the shareholders resolution at the AGM held on 27<sup>th</sup> August, 2020, Ms Samina Hamied was re-appointed as the Executive Vice-Chairperson for a further term of five years w.e.f. 10<sup>th</sup> July, 2020. As per the letter of appointment issued to Ms Samina Hamied, the appointment can be terminated by either party by giving three months' notice to the other party or pro-rata fixed salary in lieu of the notice period. There is no separate provision for payment of severance fees.

### **Disclosure of relationships between directors inter-se**

Except for Dr Y K Hamied and Mr M K Hamied, who are brothers and Ms Samina Hamied, who is daughter of Mr M K Hamied and niece of Dr Y K Hamied, none of the directors are relatives of any other director.

### **Board committees**

The Board has six committees such as the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee, Operations and Administrative Committee. A special committee, Committee of Independent Directors, which was constituted by the Board of Directors in compliance with the Securities and Exchange Board of India ("SEBI") Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22<sup>nd</sup> December, 2020, has been dissolved w.e.f. 25<sup>th</sup> January, 2022.

The committees operate under the direct supervision of the Board. Generally, the committee meetings are held prior to the board meeting and the chairperson of the respective committee reports to the Board about the deliberations and decisions taken by the committees.

### **Audit Committee**

#### **Composition**

The Audit Committee comprises of three non-executive directors, two of whom, including Chairman of the Committee, are independent directors. The Committee is chaired by Mr Ashok Sinha, and has Mr P R Ramesh and Mr S Radhakrishnan as its members.

During the year, Mr P R Ramesh was appointed as a member of the Committee w.e.f. 1<sup>st</sup> July, 2021, Mr Adil Zainulbhui relinquished the membership w.e.f. 26<sup>th</sup> October, 2021 and Ms Naina Lal Kidwai ceased to be a member w.e.f. close of business hours of 31<sup>st</sup> March, 2022, consequent to her resignation from the Board.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Global Chief Financial Officer, Chief Internal Auditor, Head of Accounts, Global General Counsel - Legal and Statutory Auditors are permanent invitees to the meetings.

#### **Brief description of the terms of reference:**

The terms of reference of the Audit Committee, inter alia, include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing, with the Management, the quarterly financial results/annual financial statements and auditor's report thereon before submission to the Board for approval;

3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the Management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;
6. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
7. To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code;
8. Approval or any subsequent modification of transactions with related parties;
9. To review and recommend financial or treasury investments (i.e. other than those investments which are required to be specifically handled by Investment and Risk Management Committee) related matters to the Board and to deal with the matters incidental thereto;
10. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., of / with the Company and its shareholders.

The detailed terms of reference of the Audit Committee are available on the Company's website at <https://www.cipla.com/sites/default/files/2021-07/Charter-of-the-Audit-Committee.pdf>

As a part of its annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

#### **Meetings**

The Audit Committee met ten times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairman of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

As a practice before the regular quarterly meetings for approval of the financial results, pre-audit committee meetings are held to discuss the key accounting matters, internal audit reports, internal controls, etc. These pre-audit meetings helped the Committee to optimise its time on discuss and review of quarterly financial results at the meeting.

#### **Audit Committee Report**

##### **To the members of the Company,**

The Audit Committee is pleased to present its report for the year ended 31<sup>st</sup> March, 2022:

## I. Constitution

The Audit Committee (hereinafter referred as "Committee") is a three-member committee, comprising two independent directors, including the Chairman and one non-executive director. During the year under review, the Committee composition was changed. Mr Adil Zainulbhais relinquished his membership, Ms Naina Lal Kidwai resigned from the directorship of the Company and Mr P R Ramesh was appointed as the member of the Committee. All the members of the Committee have requisite knowledge about core principles of accounting, financial management and internal controls.

The Committee composition complies with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Company Secretary acts as a Secretary to the Committee. The Executive Vice-Chairperson, the Managing Director & Global Chief Executive Officer, the Global Chief Financial Officer, the Head of Accounts and the Chief Internal Auditor are permanent invitees at the meetings of the Committee. The Statutory Auditors are also invited to attend the meetings on the matters related to financials, accounting, audit, internal controls, related party transactions, etc.

## II. Charter

The functions of the Committee are guided by a charter approved by the Board.

As part of the annual exercise, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered its responsibilities.

The Committee composition and the charter are available on the Company's website under the 'Investors' section.

## III. Meetings

The Committee met 10 times during the FY 2021-22. As a practice, two Committee meetings are held every quarter, once before the approval of the quarterly results for consideration of matters other than financial results and related matters such as key accounting points, internal audit reports and update on internal controls, update on material legal matters, report on POSH, vigil mechanism and data integrity etc. In the second meeting of the quarter, the Committee reviews the financial results and related matters, including the statutory auditors report, related party transactions etc. One special meeting is held to inter alia interact with the finance leadership team and review various initiatives undertaken by finance team along with reviewing key internal audit matters and key accounting judgement matters.

The Committee's functioning was facilitated with an annual agenda plan, which besides the compliance matters included a schedule of special matters to be discussed in the forthcoming Committee meetings.

As a process, at every quarterly board meeting, the Audit Committee Chairman apprised the Board of its key

discussions and recommendations. The Board favourably considered all the recommendations of the Committee.

## IV. Roles and responsibilities

- i) The Management is responsible for the preparation of 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 and other legal and regulatory requirements. To ensure fairness, accuracy, quality and transparency of the financial statements, the Committee discussed the financial statements with the Statutory Auditor and relied on their report and the financial expertise of the Management, while using its best judgement. The Committee believes that the financial statements provide a true and fair view of the Company's financial position.
- ii) The Statutory Auditors are responsible for independent audit including overall audit strategy and determining length of audit. The Statutory Auditors discussed with the Committee the statutory audit plan, audit findings, financial reporting process, the overall quality of the financial reporting and compliances, and were satisfied with the Company's functioning in this regard. There is no qualification or adverse remark in the Statutory Auditors' Report for FY 2021-22.
- iii) M/s Walker Chandiok & Co. LLP will continue as the Statutory Auditor of the Company till the completion of the 90<sup>th</sup> Annual General Meeting ("AGM"). The Committee evaluated the auditors' performance, while ensuring their independence and was generally satisfied with the performance. The Committee also reviewed and approved the non-audit services availed from the Statutory Auditor and confirmed that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be procured from the Statutory Auditor or were in the best interests of the Company and was permissible under the applicable laws.
- iv) The Committee reviewed the Cost Audit Report, which confirmed that proper cost records were maintained in respect of products under reference. Mr D H Zaveri, Cost Accountant, Mumbai was re-appointed by the Committee as the Cost Auditor of the Company for auditing the cost records for FY 2022-23.
- v) The Secretarial Audit Report for FY 2021-22 confirming that the Company was compliant with the applicable statutory provisions was noted by the Committee. The Committee re-appointed M/s BNP & Associates, Company Secretaries, Mumbai as the Secretarial Auditor of the Company for secretarial audit and incidental compliance matters for FY 2022-23.
- vi) 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 together with management comments and implementation timelines on a quarterly basis to the Committee for review. The Committee discussed the Internal Audit Reports with the Chief Internal Auditor and the management on a quarterly basis. The internal audit was conducted as per the risk-based internal audit plan approved by the Committee. The Committee also reviewed the scope of the internal audit, methodology of the audit and structure of internal audit team, risk grading criteria for internal audit observations and found it to be adequate in terms of Company's scale of operations.

- vii) The Company has strengthened the framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The Committee discussed status of internal controls with the management and noted improvement and the maturity journey of the controls. During the year under review, a comprehensive benchmarking assessment of the internal audit function was conducted by an external agency. The function was evaluated in terms of the Institute of Internal Audit Standards compliance scorecard and the overall rating was found satisfactory. The Committee also evaluated with the management, the performance of the Chief Internal Auditor and the internal audit team and was satisfied with their performance.
- viii) The Committee has reviewed the internal financial controls that ensure that the Company's accounts are properly maintained and that the transactions are recorded in the books of accounts in accordance with the applicable accounting standards, laws and regulations. The Committee affirms that there is no material weakness in the Company's internal financial control system.
- ix) The independent directors met the Statutory Auditor, the Secretarial Auditor, the Internal Auditor and the Cost Auditor without the presence of the management and noted that the auditors were satisfied with the disclosure of information and the overall functioning of the Company.
- x) During the year, the Committee reviewed the functioning of the whistle blower mechanism and the mechanism for prevention of sexual harassment at the workplace and noted that the complaints received were investigated and appropriate action were and are being taken wherever necessary. No person was denied access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised. The Committee also reviewed the system for identification and rectification of data integrity concerns and noted that effective mitigation measures were in place.
- xi) The Committee periodically approved all related party transactions, as per the Company's Policy on related party transactions ("RPT Policy"). Majority of the related party transactions were between the Company and its subsidiaries/associates. As a process, the Committee also reviewed all the related party transactions on a quarterly basis and ensured that all the transactions with the related parties were (i) in the ordinary course of business and (ii) executed at arm's length basis and (iii) were executed as per the terms approved by the Audit Committee.
- xii) To ensure adequate internal controls over utilisation of funds within the Cipla Group, the Committee periodically reviewed treasury investments made and loans granted, along with specified end-use purposes to subsidiaries, associates and joint venture companies. Other investments outside the Group were reviewed by the Investment and Risk Management Committee.
- xiii) The Company has put in place a robust Cipla Code of Conduct for Prevention of Insider Trading ("Cipla Insider Code") and also Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code for Fair Disclosure"), as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations").
- xiv) During the year, the Company amended its Insider Code to align it with the recent amendments in SEBI PIT Regulations and best industry practices as benchmarked. The Insider Code and Code for Fair Disclosure are available on the website of the Company. A quarterly update on the compliance status of the Cipla Insider Code and update on trading in the Company's securities by the designated persons was submitted to the Audit Chairman and was also presented to the Committee and the Board. As part of the internal audit, the systems for internal controls on Cipla Insider Code were reviewed and found to be adequate and operating effectively.
- xv) Mr Kedar Upadhye resigned from the position of the Global Chief Financial Officer and Key Managerial Person of the Company with effect from close of business hours on 3<sup>rd</sup> May, 2022. Based on the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, the Board appointed Mr Dinesh Jain, Senior Vice-President and Head - Corporate Finance, as the Interim Chief Financial Officer, with effect from 10<sup>th</sup> May, 2022.

The Committee has been vested with adequate powers to seek support from the resources in the Company. It has access to the relevant information and records as well as the authority to obtain professional advice from external sources, if required.

The Committee reviewed its performance evaluation report and believes that it has performed effectively and has carried out the role assigned to it.

**Ashok Sinha**

Date: 9<sup>th</sup> May, 2022

Chairman - Audit Committee

## Nomination and Remuneration Committee

### Composition

The NRC comprises of four non-executive directors, of whom three members including the Chairperson of the Committee are independent directors. The Committee is chaired by Ms Punita Lal and has Mr Adil Zainulbhui, Mr Robert Stewart and Mr S Radhakrishnan as its members.

During the year, the Committee was reconstituted and Mr Robert Stewart was appointed as a member in place of Dr Peter Mugyenyi w.e.f 5<sup>th</sup> August, 2021.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Non-Executive Vice-Chairman, MD & GCEO, Executive Vice-Chairperson and Global Chief People Officer are permanent invitees to the meetings.

### Brief description of the terms of reference

The terms of reference of the NRC inter-alia include:

- 1) Implementation, administration and superintendence of the share-based incentive schemes and formulation of the detailed terms and conditions of the Schemes;
- 2) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- 3) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- 4) Recommend appointment of independent director based on the identified roles and capabilities, covering varied skills, knowledge and experience;
- 5) Review key human resource-related matters including organisation structure, talent succession planning for critical roles, employee attrition/retention/development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc;
- 6) Review and recommend to the Board the Company's annual Corporate Governance report.

The terms of reference of the NRC are available on the Company's website at <https://www.cipla.com/sites/default/files/2022-01/Charter-Of-The-Nomination-and-Remuneration-Committee.pdf>

As a part of its annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

### Meetings

The NRC met four times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

### Nomination and Remuneration Committee Report

The Report of the Chairperson of NRC is as follows:

#### To the members of the Company

##### I. Constitution

The NRC is a four-member committee, comprising of three independent directors including the Chairperson and one non-executive director.

The NRC composition complies with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Company Secretary acts as Secretary to the Committee. The Non-Executive Vice-Chairman, the Executive Vice-Chairperson, the MD & GCEO and the Global Chief People Officer are permanent invitees at the meetings of the Committee. In case of any conflict of interest on agendas, the permanent invitees recuse themselves.

With new independent directors joining the Board, the Committee was reconstituted and Mr Robert Stewart was appointed in place of Dr Peter Mugyenyi.

##### II. Charter

The functions of the NRC are guided by the charter approved by the Board of Directors ("Board"). During the year, the charter was revised, based on regulatory development and industry-benchmarked corporate governance initiatives. Roles of new independent directors and capabilities for their appointment were added to the charter.

As part of the annual exercise, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered its responsibilities.

The Committee composition and the charter are available on the website of the Company under the 'Investors' section.

##### III. Meetings/Responsibilities

The Committee met four times in FY 2021-22. The Committee chair, after every meeting, apprised the Board of their key discussions and recommendations. The Committee was facilitated with an annual agenda plan, which, besides the compliance matters, included a schedule of strategy matters to be discussed and reviewed in the forthcoming Committee meetings.

The Committee inter-alia considered the following key matters upto the date of this report:

1. The Organisation Scorecard (Key Performance Indicators) of the MD & GCEO was finalised by the

Committee and approved by the Board. The MD & GCEO's performance was evaluated against the approved objectives. The performance of senior management and key managerial personnel was also similarly reviewed by the Committee. Based on the performance review, the Committee then recommended to the Board the variable pay and revision to remuneration for FY 2021-22, wherever applicable. The Committee also recommended payment of commission to Executive Vice-Chairperson for FY 2021-22.

2. The Committee, with the Management, reviewed matters related to significant development in HR and industrial relations, talent management, retention and attrition, people cost, digitalisation of HR processes, business continuity at sites and offices on account of COVID-19, multi-dimensional capability approach, inclusion and diversity, employer branding, cultural institutionalisation etc. All these initiatives led to Cipla being certified as a 'Great Place to Work' in 2022 for the fourth time in a row. The accreditation is considered the 'Gold Standard' when it comes to employer's brand recognition and employee experience.
3. The leadership of the Company defines Cipla's ability to stay relevant in changing times, therefore succession planning for the Board, promoters and critical positions were crucial matters discussed at the committee meetings. As an outcome of the committee's deliberations, Mr Robert Stewart and Mr P R Ramesh were on-boarded as Independent Directors during the year. The process of identifying other new independent directors is still underway.

The Committee worked closely with the Board on the leadership succession plan and prepared contingency plans for succession in case of any exigencies. Currently, the Company has a succession plan for its top 13 critical positions including the Management Council members.

4. The Board skill matrix reflects the essential skill sets necessary to keep the Company on the path of progress. The Company's Board skill matrix was updated based on industry benchmarking and business needs for the future to include Risk Management, Sustainability and ESG, Technology and Digital were identified as new skills to the matrix.
5. The Committee reviewed the Employee Stock Option Scheme 2013-A and the Cipla Employee Stock Appreciation Rights Scheme 2021 ("Schemes") and considering the intended objective of the Schemes and the interest of employees, prospectively amended the provisions relating to vesting and exercise of ESARs /

Options in special cases i.e. resignation, retirements etc. Detail of the amendments have been explained in the respective section in the Board's Report

6. As a process the Board committee composition was reviewed and found to be compliant with the statutory requirements. The composition of the Audit Committee, Stakeholders Relationship Committee and Investment and Risk Management Committee was revised to represent the right mix of Board Members based on their expertise and skills.
7. An external independent agency was appointed to undertake the annual performance evaluation for the Board, board committees and the individual directors.

The performance evaluation exercise entailed a detailed process in terms of understanding the board processes, evaluating individual and collective behaviour of the Board and its committees, one-on-one discussion with the Board members. The comprehensive Board Effectiveness and Evaluation Report was presented to the Board, the respective committees and the independent directors.

The Committee reviewed its evaluation report and was satisfied with its performance in the year.

#### **Punita Lal**

Chairperson – Nomination and  
Remuneration Committee

Date: 2<sup>nd</sup> May, 2022

### **Stakeholders Relationship Committee**

#### **Composition**

The Stakeholders Relationship Committee ("SRC") comprises of three non-executive directors, of whom two members, including the Chairperson are independent directors. The Committee is chaired by Mr P R Ramesh, has Mr Adil Zainulbhui, Dr Peter Mugyenyi and Mr S Radhakrishnan as its members.

During the year, the Committee was reconstituted and Dr Peter Mugyenyi was appointed as a member w.e.f 5<sup>th</sup> August, 2021. Ms Naina Lal Kidwai, consequent to her resignation from the Board, ceased to be the Chairperson and member of the Committee w.e.f. close of business hours of 31<sup>st</sup> March, 2022. Mr P R Ramesh was appointed as Chairman of the Committee w.e.f. 10<sup>th</sup> May, 2022.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

#### **Brief description of the terms of reference:**

The terms of reference of the SRC inter alia includes:

- 1) Resolve the grievances of the security holders;

- 2) Review adherence to service standards and standard operating procedures adopted by the Company relating to the various services rendered by the Registrar and Transfer Agent;
- 3) Review measures taken by the Company for effective exercise of voting rights by the shareholders;
- 4) Review the engagement with security holders including institutional investors and identify the actionable points for implementation;
- 5) Review movement in shareholdings and ownership structure;
- 6) Review Environment, Social and Governance (ESG) matters pertaining to the Company including initiatives and reporting;
- 7) Review and recommend Business Responsibility & Sustainability Report (BRSR) to the Board.

The terms of reference of the SRC are available on the Company's website at <https://www.cipla.com/sites/default/files/Charter-Of-The-Stakeholders-Relationship-Committee.pdf>

Considering Cipla's work towards ESG and its importance towards long term business success, the Board of Directors during the year amended the SRC charter by adding periodic review of ESG and sustainability matters.

As a part of its annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

#### **Meetings**

The SRC met four times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

#### **Details of investor complaints**

During the year under review, the Company received 23 investor complaints. All of them were satisfactorily resolved and there were no pending investor complaints as on 31<sup>st</sup> March, 2022.

The investor grievances pertained to transfer, transmission, updating of details, dividend and annual report related matters. The Company has also appointed an independent consultant to verify and assist the Company in effectively resolving the investor grievances. The consultant ensured adherence to various service standards and standard operating procedures of the Company by the Registrar and Transfer Agent and enhanced overall quality of communication between the shareholders and the Company.

Mr Rajendra Chopra, Company Secretary, acts as the Company's Compliance Officer and is responsible for ensuring prompt and effective services to the shareholders and for monitoring the dedicated email address for receiving investor grievances.

## **Corporate Social Responsibility Committee**

#### **Composition**

The Corporate Social Responsibility ("CSR") Committee comprises of five directors of whom two, including the Chairman are non-executive directors and two are independent directors. The Committee is chaired by Mr M K Hamied and has Mr Adil Zainulbhui, Ms Punita Lal, Mr S Radhakrishnan and Mr Umang Vohra as its members.

The Company Secretary is the secretary of the Committee. The composition of the Committee meets the requirements of section 135 of the Act.

Ms Rumana Hamied, Managing Trustee - Cipla Foundation and Mr Anurag Mishra, Head - Cipla Foundation and the Chief Financial Officer are permanent invitees at the CSR Committee meetings.

#### **Brief description of the terms of reference:**

The terms of reference of the CSR Committee inter-alia include:

- 1) Recommend the amount of expenditure to be incurred on CSR activities;
- 2) Monitor the Annual Action Plan and progress of the activities undertaken, including utilisation of amounts disbursed, on a periodic basis;
- 3) Review the Impact Assessment reports undertaken through independent agencies and present the same before the Board;
- 4) Review and recommend to the Board the annual report on CSR activities.

The terms of reference of the CSR Committee are available on the Company's website at <https://www.cipla.com/sites/default/files/2022-04/Charter-of-the-corporate-social-responsibility-committee.pdf>

As a part of its annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

#### **Meetings**

The CSR Committee met four times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairman of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

## **Investment and Risk Management Committee**

#### **Composition**

The Investment and Risk Management Committee ("IRMC") comprises of five directors of whom two are executive directors, two are independent directors and one is a non-executive director. The Committee is chaired by Ms Samina Hamied and

has Mr Ashok Sinha, Mr S Radhakrishnan, Mr Robert Stewart and Mr Umang Vohra as its members.

During the year, the Committee was reconstituted to include Mr Robert Stewart as a member w.e.f 14<sup>th</sup> May, 2021.

Ms Naina Lal Kidwai, consequent to her resignation from the Board, ceased to be a member w.e.f. close of business hours of 31<sup>st</sup> March, 2022.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Chief Internal Auditor and Global Head of Quality, Medical Affairs & Pharmacovigilance are permanent invitees at the Investment and Risk Management Committee meetings.

#### **Brief description of the terms of reference:**

The terms of reference of the Investment and Risk Management Committee inter-alia include:

- 1) To review and provide recommendation to Board on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by Cipla Limited by any of Cipla subsidiaries in any legal entity outside Cipla group;
- 2) Monitoring short-term and long-term strategic priorities of the Company;
- 3) Formulate a detailed risk management policy which should include a framework for identification of internal and external risks specifically faced by the Company, measures for risk mitigation and business continuity plan;
- 4) Monitor and oversee implementation of the risk management policy and evaluate the adequacy of risk management systems;
- 5) Review and recommend to the Board annual capital expenditure budget of the Company.

The terms of reference of the IRMC are available on the Company's website at <https://www.cipla.com/sites/default/files/2021-07/Charter-Of-The-Investment-RM-Committee.pdf>

As a part of its annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

#### **Meetings**

The IRMC met four times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

### **Operations and Administrative Committee**

#### **Composition of Operations and Administrative Committee**

The Operations and Administrative Committee ("OAC") comprises of four directors of whom two members are non-executive

directors and two are executive directors. The Committee is chaired by Ms Samina Hamied and has Mr M K Hamied, Mr S Radhakrishnan and Mr Umang Vohra as its members. The Company Secretary is the secretary to the Committee.

#### **Brief description of the terms of reference:**

The terms of reference of the OAC inter alia includes:

- 1) To grant loans at a rate of interest not lower than the rate as prescribed under the Companies Act, 2013 or any other relevant law, and give guarantee or provide security in connection with the loan;
- 2) Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force;
- 3) To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificates of deposit programmes of banks and other instruments/securities/treasury products of banks and financial institutions within the limits approved by the Board, from time to time;
- 4) To purchase, sell, take on lease/license, transfer or otherwise deal with any movable/immovable assets or property for a maximum value of ₹ 50 crores;
- 5) To constitute, reconstitute, modify, dissolve any trust or association for Company/business related matters and to appoint, reappoint, remove, replace the trustees or representatives;
- 6) To nominate director/representative on the subsidiaries, joint ventures and associates, and to approve and vote on all resolutions of the Companies, body corporates or entities or bodies, where the Company is a shareholder or member and where specific shareholder resolution is required.
- 7) To consider any matter which does not require specific approval of the Board.

The terms of reference of the OAC are available on the Company's website at <https://www.cipla.com/sites/default/files/2019-08/Charter-of-the-Operations-and-Administrative-Committee.pdf>

#### **Meetings**

The OAC met three times during FY 2021-22. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 25<sup>th</sup> August, 2021.

#### **Policies**

In accordance with Cipla's philosophy of adhering to the highest standards of ethical business and corporate governance and to ensure fairness, accountability, responsibility and transparency to all stakeholders, the Company, inter-alia, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link	Name of the Policy	Website Link
Code of Conduct	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a>	Policy for determining Material Subsidiaries	<a href="https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf">https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf</a>
Code of Conduct for Prevention of Insider Trading	<a href="https://www.cipla.com/sites/default/files/2020-08/Insider%20Trading%20Code.pdf">https://www.cipla.com/sites/default/files/2020-08/Insider%20Trading%20Code.pdf</a>	Policy on Related Party Transactions	<a href="https://www.cipla.com/sites/default/files/2022-05/Policy-on-Related-Party-Transaction.pdf">https://www.cipla.com/sites/default/files/2022-05/Policy-on-Related-Party-Transaction.pdf</a>
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	<a href="https://www.cipla.com/sites/default/files/2019-07/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf">https://www.cipla.com/sites/default/files/2019-07/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf</a>	Archival Policy	<a href="https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf">https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf</a>
Corporate Responsibility Policy	<a href="https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf">https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf</a>	Policy for Preservation of Documents	<a href="https://www.cipla.com/sites/default/files/2021-09/Policy-for-Preservation-of-Documents.pdf">https://www.cipla.com/sites/default/files/2021-09/Policy-for-Preservation-of-Documents.pdf</a>
Corporate Social Responsibility Policy	<a href="https://www.cipla.com/sites/default/files/2021-03/Corporate-Social-Responsibility-Policy.pdf">https://www.cipla.com/sites/default/files/2021-03/Corporate-Social-Responsibility-Policy.pdf</a>	Cipla UK Tax Strategy 2020	<a href="https://www.cipla.com/sites/default/files/2020-03/Cipla%20-%20UK%20Tax%20Strategy%20-%20FY2020_u.pdf">https://www.cipla.com/sites/default/files/2020-03/Cipla%20-%20UK%20Tax%20Strategy%20-%20FY2020_u.pdf</a>
Dividend Distribution Policy	<a href="https://www.cipla.com/sites/default/files/2019-01/Dividend%20Distribution%20Policy.pdf">https://www.cipla.com/sites/default/files/2019-01/Dividend%20Distribution%20Policy.pdf</a>	Tax Transparency Report for FY 2020-21	<a href="https://www.cipla.com/sites/default/files/Tax-Transparency-Report-for-FY2020-21.pdf">https://www.cipla.com/sites/default/files/Tax-Transparency-Report-for-FY2020-21.pdf</a>
Investor Servicing and Grievance Redressal Policy	<a href="https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf">https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf</a>	Risk Management Policy	<a href="https://www.cipla.com/sites/default/files/Risk-Management-Policy.pdf">https://www.cipla.com/sites/default/files/Risk-Management-Policy.pdf</a>
Nomination, Remuneration and Board Diversity Policy	<a href="https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf">https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf</a>	Policy on Prevention of Sexual Harassment at Workplace	<a href="https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf">https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf</a>
Environment, Health and Safety Policy	<a href="https://www.cipla.com/sites/default/files/2019-07/1530518599_ehs-policy-2006%201.pdf">https://www.cipla.com/sites/default/files/2019-07/1530518599_ehs-policy-2006%201.pdf</a> <a href="https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf">https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf</a>	Human Rights Policy	<a href="https://www.cipla.com/sites/default/files/Human-Rights-Policy-Cipla.pdf">https://www.cipla.com/sites/default/files/Human-Rights-Policy-Cipla.pdf</a>
Conflict of Interest Policy		Equal Employment Policy	<a href="https://www.cipla.com/sites/default/files/Equal-Opportunity-Policy.pdf">https://www.cipla.com/sites/default/files/Equal-Opportunity-Policy.pdf</a>
Supplier Code of Conduct	<a href="https://www.cipla.com/sites/default/files/SSCM%20Code%20of%20Conduct-Final_1.pdf">https://www.cipla.com/sites/default/files/SSCM%20Code%20of%20Conduct-Final_1.pdf</a>	<b>Code of Conduct</b>	
Supply Chain Management Sustainability Policy	<a href="https://www.cipla.com/sites/default/files/SSCM%20Policy-Final_1.pdf">https://www.cipla.com/sites/default/files/SSCM%20Policy-Final_1.pdf</a>	Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2021-22. A declaration to this effect signed by Mr Umang Vohra, MD & GCEO, forms part of the report.	
Whistle Blower Policy	<a href="https://www.cipla.com/sites/default/files/2020-02/Whistle%20Blower%20Policy%20V3-%20Final.pdf">https://www.cipla.com/sites/default/files/2020-02/Whistle%20Blower%20Policy%20V3-%20Final.pdf</a>	<b>Whistle Blower Policy/Vigil Mechanism</b>	
Anti-Trust and Fair Competition Policy	<a href="https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf">https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf</a>	The Code of Conduct has a Whistle Blower Policy that applies to all associates, Board members, contractors, consultants, trainees, service providers of our Company, our subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. It contains a reporting mechanism, the manner in which all reported concerns are dealt with, confidentiality of the investigations and processes, protection of the whistle blower against any retaliation, and guidelines for retention of records during the investigation/reporting of the case. The Audit Committee oversees the functioning of the vigil mechanism and receives a summary of the whistle-blowing incidents and actions taken by the Ethics Committee on a quarterly basis. The directors, employees and external stakeholders can report their genuine concerns either in writing or by email to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at <a href="mailto:ethics@cipla.com">ethics@cipla.com</a> . The whistle blower can also approach the Chairperson of the Audit Committee at <a href="mailto:audit.chairman@cipla.com">audit.chairman@cipla.com</a> , whenever required. An Ethics Committee comprising of the Global Chief People Officer as Chairperson, the Global Chief Financial Officer, the Global General Counsel and the Chief Internal Auditor as members,	
Anti-Bribery and Anti-Corruption Policy	<a href="https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf">https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf</a>		
Policy for Determination of Materiality of Events or Information	<a href="https://www.cipla.com/sites/default/files/2020-02/Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information%20.pdf">https://www.cipla.com/sites/default/files/2020-02/Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information%20.pdf</a>		

investigates whistle blower complaints. A report on the functioning of the mechanism, including the complaints received and actions taken, is presented to the Audit Committee on a quarterly basis.

During the year, the Company received 126 complaints (excluding 14 cases carried from FY 2020-21). Of the total 140 complaints, 131 were resolved and for the balance 9 complaints investigations were underway as on the date of this report. No person has been denied access to the Chairman of the Audit Committee.

### **Code on Prevention of Insider Trading**

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has formulated the Code of Conduct for Prevention of Insider Trading ("Code") to regulate and monitor trading by Designated Persons (DPs) and their immediate relatives. The Code, inter alia, lays down the procedures to be followed by DPs while trading/ dealing in Company shares/ derivatives and while sharing Unpublished Price Sensitive Information (UPSI). The Code includes the Company's obligation to maintain the digital database, mechanism for prevention of insider trading and handling of UPSI, process to familiarise with the sensitivity of UPSI, transactions which are prohibited and manner in which permitted transactions in the securities of the Company shall be carried out. During the year under review, the Insider Trading Code was amended to align it with the industry practices and regulatory changes.

A Monitoring Committee comprising of MD & GCEO, Global Chief People has been constituted by the Board to review the list of DPs, trading by DPs, implementation of policies under the PIT Regulations, etc. A report on compliance status of the Code and PIT Regulations, covering trading by DPs and various initiatives/ actions taken by the Company under the PIT Regulations is sent to the Chairman of Audit Committee and also placed before the Audit Committee on quarterly basis.

### **Related Party Transactions**

The Board has approved and adopted a Policy on related party transactions ("RPT Policy") and the same is updated from time to time, based on the amendment notified in the regulatory provisions.

All related party transactions are placed before the Audit Committee for their approval as per the RPT Policy of the Company. All the related party transactions entered into are placed before the Audit Committee on a quarterly basis for review and noting. Related party transactions, in which the directors and key managerial personnel are concerned or interested, are additionally approved by the Board of Directors.

All contracts, arrangements and transactions entered by the Company with related parties during FY 2021-22 were in the ordinary course of business and on an arm's length basis. During FY 2021-22, there were no materially significant related-party transactions that had potential conflict with the interests of the Company.

### **Monitoring governance of subsidiaries**

As on 31<sup>st</sup> March, 2022, the Company had 45 subsidiaries in India and across the globe. Each subsidiary is managed by its respective board of directors or equivalent body. To ensure robust compliances and high standards of governance, irrespective of the statutory requirements, each of the Indian subsidiaries has appointed Key Managerial Personnel.

The Board of Cipla Limited or its duly constituted committees also have oversight of the affairs of the subsidiaries and regularly reviews various information w.r.t to the subsidiary companies, that inter-alia includes:

- o Review of financial statements;
- o Review of material developments, financial and operating performance and strategies;
- o Review of significant transactions or arrangements entered into by the unlisted subsidiaries;
- o Review of utilisation of funds and details of investment and advances by the subsidiaries;
- o Prior recommendation on strategic / long-term investments, loans, guarantees, acquisitions or divestment by subsidiaries outside Cipla Group;
- o Prior recommendation in case of purchase/sale/disposal of intellectual property rights or other assets and entering into in-licensing deals by subsidiaries/associates/joint ventures above certain threshold;
- o Noting of minutes of the board meetings; and
- o Noting of key internal audit findings.

As on 31<sup>st</sup> March, 2022, Cipla (EU) Limited continues to qualify as a material subsidiary of the Company in terms of Regulation 24 of the Listing Regulations and Mr Ashok Sinha, independent director of the Company is an independent director on the board of Cipla (EU) Limited.

### **Compliance management**

The Company has adopted a compliance management tool which provides system-driven alerts to the respective owners for complying with the applicable laws and regulations. An update on the compliance status of all applicable laws and regulations applicable to the Company, in the form of a certificate, is submitted by the Global General Counsel to the Board on a quarterly basis.

### **Investor Servicing and Grievance Redressal**

The Stakeholders Relationship Committee has adopted an Investor Servicing and Grievance Redressal Policy and Investor FAQs Handbook to effectively redress the investor grievances and improve the services provided to the investors. The Investor FAQs Handbook serves as ready reference material to shareholders holding/dealing in Cipla shares. It is designed to assist shareholders on matters such as transmission of shares,

dematerialisation of shares, dividend, IEPF, etc. The Handbook and Investor Grievance Redressal Policy is uploaded on the Company's website under the Corporate Governance tab of the Investors section at <https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf>.

## Share transfer system

KFin Technologies Limited ("KFin") is the Registrar and Share Transfer Agent of the Company.

The Board has delegated the authority for approving the transmission, transposition, deletion of shares and change of name, etc. to the Company Secretary and Executive Director. A summary of transactions so approved are placed before the SRC on a quarterly basis. The matters relating to issue of duplicate share certificate(s) are approved by the SRC.

The Company has obtained an annual certificate from a Practising Company Secretary as per the requirement of Regulation 40(9) of Listing Regulations confirming that all certificates have been issued within thirty days of the date of lodgement of transfer, renewal, exchange requests. The certificate has been filed with the stock exchanges and is available on the website of the Company.

In terms of amended Regulation 40 of Listing Regulations, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, effective 24<sup>th</sup> January, 2022, SEBI has made

it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/transposition of securities. SEBI vide Circular dated 25<sup>th</sup> January, 2022, has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

## Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are required to be transferred to the IEPF. The Company had transferred unclaimed dividend and shares to the IEPF authority within statutory timelines which were due in FY 2020-21.

The unclaimed dividend for the financial year ended 31<sup>st</sup> March, 2015 will become due for transfer to IEPF on 1<sup>st</sup> October, 2022.

Shareholders can check the details of any unclaimed shares and unclaimed dividends on the Company's website, [www.cipla.com](http://www.cipla.com) under Unclaimed Data tab in the Investors section.

### Status of unclaimed dividend and shares which have been transferred to the IEPF are given hereunder:

Unclaimed dividend and shares	Status	Whether it can be claimed	Process for claim	Actions to be taken
Upto and including the FY 2013-14	Transferred to the IEPF authority	Yes	File an online application in e-form IEPF-5 and send this e-form to the Registered Office of the Company addressed to the Nodal Officer along with complete set of documents. Write to RTA (Kfin) from your registered e-mail ID or make a physical application under the registered signature, along with KYC documents.	IEPF Authority to pay the claim amount to the shareholder based on the e-verification report submitted by the Company and the documents submitted by the investor
For the FY 2014-15 to 2020-21	Amount lying in respective Unpaid Dividend accounts	Yes	RTA to verify the application and release the unclaimed dividend.	

### 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
2014-15	2	27 <sup>th</sup> August, 2015	1 <sup>st</sup> October, 2022
2015-16	2	28 <sup>th</sup> September, 2016	30 <sup>th</sup> October, 2023
2016-17	2	11 <sup>th</sup> August, 2017	12 <sup>th</sup> September, 2024
2017-18	3	30 <sup>th</sup> August, 2018	3 <sup>rd</sup> October, 2025
2018-19	3	16 <sup>th</sup> August, 2019	19 <sup>th</sup> September, 2026
2019-20	4 (Interim Dividend 3 plus Special dividend 1)	12 <sup>th</sup> March, 2020	15 <sup>th</sup> April, 2027
2020-21	5	25 <sup>th</sup> August, 2021	28 <sup>th</sup> September, 2028

## Shareholder information and communication

- **Financial Results**

During the year, financial results were published in the following newspapers: Business Standard (All Editions) and Sakaal (Mumbai edition). The annual/half-yearly/quarterly results were sent to the stock exchanges and were also displayed on the Company's website - [www.cipla.com](http://www.cipla.com).

- **News and media release**

The official news and media releases of key events are disseminated to stock exchanges and displayed on the Company's website.

- **Earning conference calls and presentations to Institutional Investors / Analysts**

The Company organises earnings conference call with analysts and investors after the announcement of financial results. The transcript and audio recording of the earnings call is uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

Presentations made to institutional investors and financial analysts are filed with the stock exchanges and uploaded on the Company's website.

- **Compliance reports, corporate announcements, material information and updates**

The Company disseminates the requisite corporate announcements including the SEBI Listing Regulations compliances, shareholding pattern, corporate governance report, financial results, material/price sensitive information, etc., electronically through designated electronic portals of NSE/BSE.

- **Annual Report**

The Annual Report for FY 2021-22 will be uploaded on the Company's website and will be circulated to members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges and be available on their websites.

- **Website**

The Company's website contains a separate section for investors.

The shareholders can access the profiles of Board members, Board committees' composition, Board committee charters, profile of Management Council members, Corporate Governance policies, financial information, Annual Reports, Memorandum and Articles of Association, shareholding information, details of unclaimed dividends and shares transferred / liable to transfer to IEPF, Investor FAQs, etc. on the Company's website.

Other information, such as press releases, stock exchange disclosures and Investor presentations are also regularly updated on the Company's website.

- **Chairman's speech**

A copy of the speech to be given by the Chairman at the 86<sup>th</sup> AGM will be uploaded on the website of the Company.

- **Designated email ID:**

We have a designated e-mail ID for investor services: [cosecretary@cipla.com](mailto:cosecretary@cipla.com)

## Other disclosures

- The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the stock exchanges, SEBI or any other statutory authority.
- The securities of the Company were not suspended from trading at any time during the year.
- The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the risk management framework of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts and/or options to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. Materially, there are no uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31<sup>st</sup> March, 2022 are disclosed in Note No. 44 to the standalone financial statements.
- Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the Statutory Auditor and all the entities in the network firm/network entity of which Statutory Auditor is a part are provided in Note No. 39 to the consolidated financial statements.
- The cost of raw materials forms a large portion of the Company's operating expenses. The Company is focused on developing processes/programmes which help in cost-effective procurement of raw materials and which reduces the cost of APIs. Additionally, an Alternate Vendor Development Strategy has been implemented to ensure uninterrupted supply of raw materials and rate benefits. The Company endeavours to monitor the prices of key commodities and formulates procurement strategies based on actual price movements and trends as well as the external regulatory environment and has adequate governance structures in place to align and review procurement strategies with external and internal dynamics. Since the Company has not entered into any derivative contract to hedge exposure to fluctuations in commodity prices, no disclosure is required pursuant to SEBI circular dated 15<sup>th</sup> November, 2018.

- o During FY 2021-22, the Company has not raised funds through preferential allotment or qualified institutional placement.
- o The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the Listing Regulations.
- o A certificate from a Company Secretary in practice confirming that none of the directors are disqualified or debarred from being appointed or continuing as directors of the Company by the SEBI or the Ministry of Corporate Affairs or any other authority is provided in Annexure C which forms part of this report.
- o During FY 2021-22, the Board of Directors has accepted all the recommendations of the committees of the Board.
- o Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2021-22:

<b>Particulars</b>	<b>Number</b>
Number of complaints filed during the financial year	9
Number of complaints resolved during the financial year	8
Number of complaints pending as on 31 <sup>st</sup> March, 2022	1

### Compliance of discretionary requirements

The Company has complied with following discretionary requirements under regulation 27(1) of the Listing Regulations:

- a. The auditors have issued an unmodified opinion on the financial statements of the Company;
- b. The Chairman of the Board is a non-executive director and is not related to the MD & GCEO;

### General Meetings

- o The details of last three annual general meetings are:

<b>Financial Year</b>	<b>Meeting</b>	<b>Date &amp; Time</b>	<b>Venue</b>	<b>Special Resolution passed</b>
2018-19	83 <sup>rd</sup> AGM	16 <sup>th</sup> August, 2019 at 3.00 p.m.	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai 400 020	<ul style="list-style-type: none"> <li>(i) Re-appointment of Mr Ashok Sinha as an independent director of the Company</li> <li>(ii) Re-appointment of Dr Peter Mugyenyi as an independent director of the Company</li> <li>(iii) Re-appointment of Mr Adil Zainulbhais as an independent director of the Company</li> <li>(iv) Re-appointment of Ms Punita Lal as an independent director of the Company</li> <li>(v) Authorisation for issuance of equity shares/other securities convertible into equity shares up to ₹ 3,000 crores</li> </ul>

### Enhanced disclosures

Cipla has always followed the highest standards of Corporate Governance and has benchmarked its governance and disclosure practices against national and international codes, guidelines and principles. Enhancing the standards of disclosures and transparency, we voluntary adopted the following regulations, guidelines and principles:

- a. Substantially in compliance with the G-20 OECD Principles of Corporate Governance.
- b. Substantially in compliance with the National Guidelines on responsible business conduct principles issued by the Ministry of Corporate Affairs.
- c. The Annual Report is made in accordance with the Global Reporting Initiative (GRI) standards - Core option.
- d. For the fifth year in a row, the Annual Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting (<IR>) framework. To improve its credibility the Company has obtained an external assurance on the disclosures made under the Integrated Annual Report from DNV Business Assurance India Private Limited which is provided as Annexure D to this report.

### Certification by MD & GCEO and Interim Chief Financial Officer

The MD & GCEO and the Interim Chief Financial Officer have certified to the Board on the financial reporting and internal controls as required under Regulation 17(8), read with Part B of Schedule II of the Listing Regulations. The certification by MD & GCEO and Interim Chief Financial Officer is enclosed as Annexure E which forms part of this report.

Financial Year	Meeting	Date & Time	Venue	Special Resolution passed
2019-20	84 <sup>th</sup> AGM	27 <sup>th</sup> August, 2020 at 3.00 p.m.	Video conferencing (VC)/ other audio-visual means (OAVM)	(i) To re-appoint Ms Naina Lal Kidwai as an independent director of the Company (ii) To authorise issuance of equity shares/ other securities convertible into equity shares up to ₹ 3,000 crores
2020-21	85 <sup>th</sup> AGM	25 <sup>th</sup> August, 2021 at 3.00 p.m.	Video conferencing (VC)/ other audio-visual means (OAVM)	(i) To re-appoint Mr M K Hamied as a director liable to retire by rotation

- o No resolution was passed through Postal Ballot during the Financial Year 2021-22.
- o None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

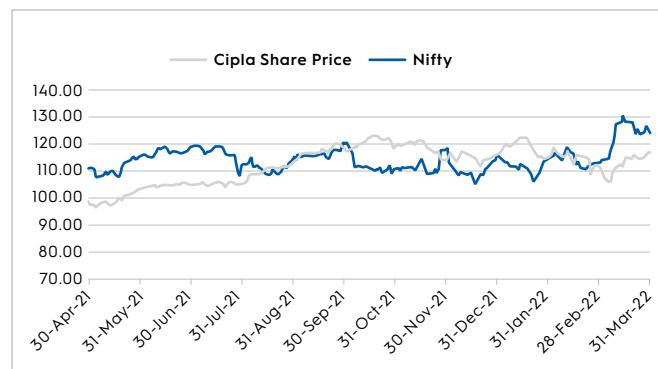
### General shareholder information

o Date, Time and Venue of the AGM	Friday, 26 <sup>th</sup> August, 2022 at 3.00 p.m. through video conferencing("VC")/Other Audio visual means ("OAVM")
o Financial Calendar	1 <sup>st</sup> April to 31 <sup>st</sup> March of the next calendar year
o <b>Adoption of Financial Results (Tentative Schedule, subject to change)</b>	
For the quarter ending 30 <sup>th</sup> June, 2021	Friday, 29 <sup>th</sup> July, 2022
For the quarter and half year ending 30 <sup>th</sup> September, 2021	Friday, 4 <sup>th</sup> November, 2022
For the quarter and nine months ending 31 <sup>st</sup> December, 2021	Wednesday, 25 <sup>th</sup> January, 2023
For the fourth quarter and financial year ending 31 <sup>st</sup> March, 2022	Friday, 12 <sup>th</sup> May, 2023
o Trading window closure for financial results	From the 1 <sup>st</sup> day from close of quarter till the completion of 48 hours after the UPSI becomes generally available
o Dividend rate and payment date	₹ 5/- per equity share for FY 2021-22. The Company will endeavour to pay the dividend within 7 working days from the date of declaration but not later than 30 days from the date of AGM. The payment of dividend will be subject to deduction of tax at source, as applicable, in compliance with the statutory requirements.
o Record date	Wednesday, 10 <sup>th</sup> August, 2022
o Listing on Stock Exchanges	<b>Equity Shares:</b> 1. Name: BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 2. Name: National Stock Exchange of India Limited Address: Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
	<b>Global Depository Receipts (GDRs):</b> Name: Societe De La Bourse De Luxembourg, Address: Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited, BSE Limited and the Luxembourg Stock Exchange.
o Stock Code	500087 : BSE Limited
o DR Symbol/CUSIP	CIPLA : National Stock Exchange of India Limited
o ISIN Number for NSDL & CDSL	CIPLG/172977209 INE059A01026

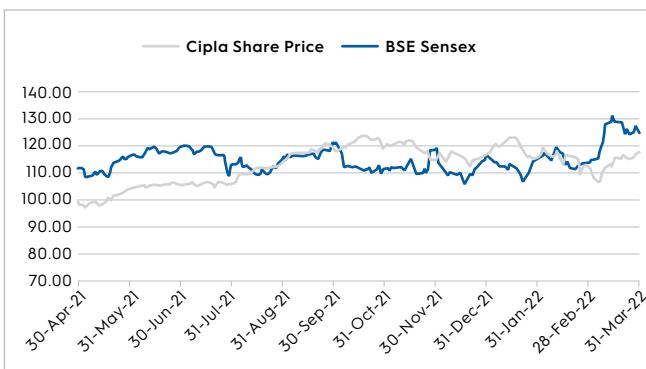
Market price data for the period from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

Month (FY 2021-22)	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	966.00	806.20	82,48,362	966.35	806.10	17,33,22,333	12.60	11.10
May	951.55	869.55	87,80,587	951.95	869.00	15,59,02,255	13.00	11.90
June	997.20	931.70	45,37,199	997.00	931.85	6,44,07,893	13.30	12.80
July	989.95	872.10	24,43,709	989.90	872.00	4,42,88,494	13.10	11.90
August	952.85	886.45	40,96,820	953.00	886.05	5,89,96,504	13.00	12.00
September	1,005.00	920.00	76,88,270	1,005.00	920.00	4,89,87,228	13.30	12.70
October	996.50	878.45	69,81,647	996.95	885.25	5,08,07,218	13.30	11.90
November	998.00	882.80	19,95,589	998.00	883.00	4,98,77,621	12.90	12.00
December	986.35	850.00	18,94,303	986.70	850.00	5,61,71,225	12.80	11.30
January	949.95	860.10	17,63,920	950.00	860.00	4,51,54,550	12.60	11.70
February	976.85	880.00	2,38,22,758	977.35	888.15	4,60,51,352	13.00	11.80
March	1083.15	913.65	24,54,539	1,083.00	911.10	8,03,83,742	14.00	12.20

## Performance in comparison to NSE Nifty –FY 2021-22



## Performance in comparison to BSE SENSEX –FY 2021-22

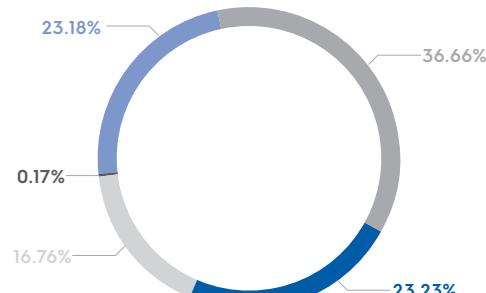
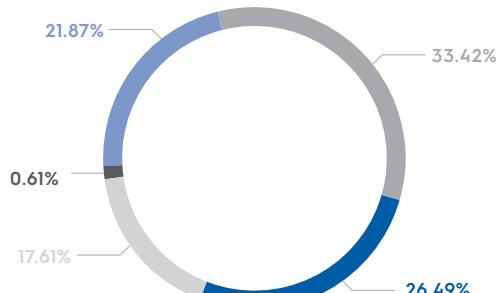


## Address for correspondence

	Contact details	Address
For Corporate Governance, IEPF and other secretarial matters	Mr Rajendra Chopra Company Secretary & Compliance Officer Email: <a href="mailto:cosecretary@cipla.com">cosecretary@cipla.com</a>	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013 Tel: (022) 2482 6000/6222 Fax: (022) 2482 6120
For Financial Statements related matters and Institutional Investors	Mr Naveen Bansal Head Investor Relations Email: <a href="mailto:investor.relations@cipla.com">investor.relations@cipla.com</a>	Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana Tel: (040) 6716 2222 / 1511
For Corporate Communication related matters	Ms Heena Kanal Vice-President, Corporate Communications Email: <a href="mailto:corpcomm@cipla.com">corpcomm@cipla.com</a>	
For share transfer, transmission, National Electronic Clearing Service, dividend, dematerialisation, etc.	KFin Technologies Limited (Share Transfer Agents) Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>	

**Distribution of shareholding as on 31<sup>st</sup> March, 2022 (Class-wise distribution of equity shares)**

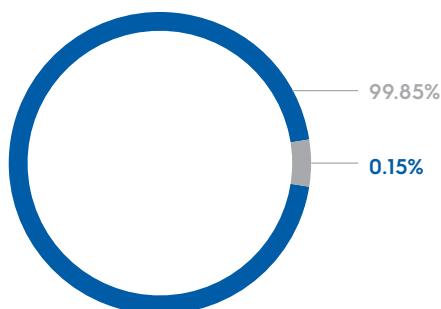
<b>Category</b>	<b>No. of Folios</b>	<b>% of Total</b>	<b>No. of Shares</b>	<b>% of Total</b>
1 - 5000	4,14,173	98.95	2,77,90,509	3.44
5001 - 10000	1,381	0.33	50,12,728	0.62
10001 - 20000	890	0.21	65,41,423	0.81
20001 - 30000	395	0.09	48,73,069	0.60
30001 - 40000	233	0.06	40,79,032	0.51
40001 - 50000	172	0.04	38,89,149	0.48
50001 - 100000	412	0.10	1,49,74,126	1.86
100001 & above	935	0.22	73,96,54,000	91.68
<b>TOTAL</b>	<b>4,18,591</b>	<b>100</b>	<b>80,68,14,036</b>	<b>100</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2021<sup>3</sup>****Shareholding pattern as on 31<sup>st</sup> March, 2022<sup>3</sup>**

● Others   ● GDR   ● Indian Institutional Investors   ● Foreign Institutional Investors   ● Promoter and Promoter Group

**Dematerialisation of shares and liquidity**

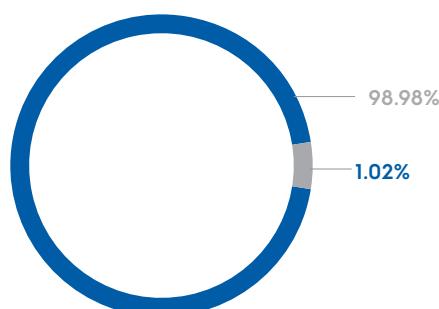
Break-up of shares held in physical and dematerialised form as on 31<sup>st</sup> March, 2022 is as follows:

**Shareholding****No. of Folios**

**4,18,591**

633

**4,17,958**

**No. of Shares****No. of Shares**

**80,68,14,036**

82,17,330

**79,85,96,706**

● Dematerialised Mode   ● Physical Mode

The equity shares of the Company are liquid and traded in dematerialised form on BSE Limited and National Stock Exchange of India Limited.

#### **Outstanding GDRs/ADRs/Warrants**

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. As on 31<sup>st</sup> March, 2022, 49,42,665 GDRs were outstanding. The Company has not issued any American Depository Receipts (ADRs)/Warrants/convertible instruments.

During the year, the Company has granted 1,82,743 stock options to its employees and those of its subsidiaries under Cipla

Limited Employee Stock Option Scheme 2013-A ('ESOS 2013-A). The Company allots equity shares from time to time on exercise of stock options by the employees, pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the terms and conditions of ESOS 2013-A. As on 31<sup>st</sup> March, 2022, 6,13,677 stock options were outstanding under ESOS 2013-A.

During the year, the Company has granted 4,30,738 Employee Stock Appreciation Rights ('ESARs') to the employees of the Company or its subsidiaries under Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021'). As on 31<sup>st</sup> March, 2022, 3,98,376 ESARs were outstanding under ESAR 2021.

#### **List of credit ratings obtained/revised**

During FY 2021-22, credit rating of the following instruments was done by India Ratings & Research Private Limited:

Instrument Type	Rating/Outlook	Rating Action	Credit rating agency
Commercial paper (CP)*	IND A1+	Affirmed	India Ratings and Research Private Limited

\*No commercial papers have been issued by the Company during the FY 2021-22.

#### **Plant locations of Cipla Limited as on 31<sup>st</sup> March, 2022**

Plant Type	Plant Address
Active Pharmaceutical Ingredients Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru - 560 049, Karnataka Bommasandra-Jigani Link Road, Industrial Area, KIADB 4 <sup>th</sup> Phase, Bengaluru - 560 099, Karnataka
Active Pharmaceutical Ingredients and Formulations Manufacturing Facility	MIDC, Patalganga-410220, District: Raigad, Maharashtra MIDC Industrial Area, Kurkumbh-413802, Daund, District: Pune, Maharashtra
	Verna Industrial Estate, Verna-403722, Salcette, Goa
Formulations Manufacturing Facility	Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi-173 205, District: Solan, Himachal Pradesh Village Kumrek, Rangpo-737132, District: East Sikkim, Sikkim Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur - 454 774, District: Dhar, Madhya Pradesh Taza Block, Amba Tareythang Illaka, Rorathang- 737 133, District: East Sikkim, Sikkim

#### **Plant locations of subsidiary companies of Cipla Limited as on 31<sup>st</sup> March, 2022**

Plant Type	Plant Address
Formulations Manufacturing Facility	Plot Number 344-348, Kundaim Industrial Estate, Kundaim, Goa - 403115 Plot No. 352, Kundaim Industrial Estate, Kundaim, Goa - 403115 L-1/1, L-1/2/2 & L-2, Additional MIDC, Satara 415004 Tarpin Block, Rorathang, East District, Sikkim - 737133 Plot 1-7, 1 <sup>st</sup> Ring Road, Luzira Industrial Park, Kampala-Uganda 7 Oser Avenue, Hauppauge, NY, USA, ZIP - 11788 600 Old Willets, Path Hauppauge, NY, USA, ZIP - 11788 550 South Research Place, Central Islip, NY, USA, ZIP - 11722 927 Currant Road, Fall River, MA, USA, ZIP - 02720 18 Golden Drive Morehill Benoni, South Africa 1501 1474 South Coast Road, Moberni, Durban, South Africa 4052 Oum Azza - BP 4492 - 11850 Ain El Aouda - Rabat, Morocco Life and health industrial park, No.1 Jianghai Road, Beixin Town, Qidong City, Jiangsu Province, China - 226200

Plant Type	Plant Address
Contract Research and Contract Manufacturing	L-147/B, Verna Industrial Area, Verna, Goa - 403722
Manufacturing of Medical Devices	Plot No. 38 &39, Opp. Sagar Petrol Pump, Western Express Highway, Sativali, Tal. Vasai (E), Dist. Thane- 401208
Analytical Research & Bioequivalence Division	Plot GEN 40, TTC MIDC, Behind Millennium Business Park, Near Nelco Bus stop, Mahape, Navi Mumbai, Maharashtra - 400710
Pathology Lab & Screening Area	1 <sup>st</sup> Floor, Jayshree Plaza, L.B.S. Marg, Bhandup West, Near Dreams Mall, Mumbai, Maharashtra - 400078
Analytical Research Division (Stability Samples Storage)	EL-87, Electronic Zone, MIDC Industrial Area, Mahape, Navi Mumbai, Maharashtra - 400710
Clinical Research Department	Plot No. PAP-A-417, TTC, MIDC, Behind Millennium Business Park, Near Nelco Bus Stop, Mahape, Navi Mumbai, Maharashtra - 400710.
Testing Laboratory (Testing of pharmaceutical product)	Building A8, Antonie Van Leeuwenhoeklaan 9, 3721 MA, Bilthoven, The Netherlands

#### **Declaration of compliance with the Code of Conduct**

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31<sup>st</sup> March, 2022.

For Cipla Limited

Date: 10<sup>th</sup> May, 2022

Place: Mumbai

**Umang Vohra**

Managing Director and Global Chief Executive Officer

## Annexure A

Attendance of Directors

Board Members	Board Meeting	ACM	NRC	CSR	IRMC	OAC	Independent Director Meeting	Present at the last AGM
Dr Y K Hamied	5(7)	-	-	-	-	-	-	Yes
Mr Adil Zainulbhhai	7(7)	6(7)	3(4)	3(4)	4(4)	-	-	3(3) Yes
Mr Ashok Sinha	7(7)	10(10)	-	-	4(4)	4(4)	-	3(3) Yes
Mr MK Hamied	7(7)	-	-	-	4(4)	-	3(3)	- Yes
Ms Naina Lal Kidwai <sup>(1)</sup>	7(7)	10(10)	-	4(4)	-	4(4)	-	3(3) Yes
Dr Peter Mugyenyi	7(7)	-	2(2)	2(2)	-	-	-	3(3) Yes
Ms Punita Lal	7(7)	-	4(4)	-	4(4)	-	-	3(3) Yes
Mr Robert Stewart <sup>(2)</sup>	6(7)	-	2(2)	-	-	3(3)	-	2(2) Yes
Ms Samina Hamied	7(7)	-	-	-	-	4(4)	3(3)	- Yes
Mr S Radhakrishnan	7(7)	9(10)	4(4)	4(4)	4(4)	4(4)	1(3)	- Yes
Mr Umang Vohra	6(7)	-	-	4(4)	4(4)	4(4)	1(3)	- Yes
Mr P R Ramesh <sup>(3)</sup>	5(5)	8(8)	-	-	-	-	2(2)	Yes

**Note:**

(1) Resigned w.e.f. close of business hours on 31<sup>st</sup> March, 2022

(2) Appointed as Independent Director w.e.f 14<sup>th</sup> May, 2021

(3) Appointed as Independent Director w.e.f. 1<sup>st</sup> July, 2021

## Annexure B

### Statutory details of Board of Directors

Name	Category	Original Date of Appointment	Tenure as on 31 <sup>st</sup> March, 2022 (in years)	No. of shares held in the Company as on 31 <sup>st</sup> March, 2022	No. of directorships held in other Indian companies as on 31 <sup>st</sup> March, 2022	Name of other listed companies where he/she is a Director as on 31 <sup>st</sup> March, 2022 <sup>(1)</sup>	No. of Committee membership/Chairpersonship held in other Indian public companies as on 31 <sup>st</sup> March, 2022 <sup>(2)</sup>	
							Membership	Chairpersonship
Dr Y K Hamied (DIN: 000290749)	Non-Executive / Non-Independent Directors	21 <sup>st</sup> July, 1972	49.8	15,05,21,183	1	--	Nil	Nil
Mr M K Hamied (DIN: 00029084)	Non-Independent Directors	16 <sup>th</sup> August, 1977	44.7	2,78,44,320	Nil	--	Nil	Nil
Mr S Radhakrishnan (DIN: 02313000)		12 <sup>th</sup> November, 2010	11.4	1,82,321 <sup>(4)</sup>	Nil	--	Nil	Nil
Ms Samina Hamied (DIN: 00027923)	Executive Directors	10 <sup>th</sup> July, 2015	6.8	1,79,99,500 <sup>(5)</sup>	1	--	Nil	Nil
Mr Umang Vohra (DIN: 02296740)		1 <sup>st</sup> September, 2016	5.7	3,18,173	Nil	--	Nil	Nil
Mr Adil Zainulbhhai (DIN: 06646490)		23 <sup>rd</sup> July, 2014	7.8	Nil	11	:	Reliance Industries Ltd Network18 Media & Investments Ltd TV18 Broadcast Ltd Larsen & Toubro Ltd	7
Mr Ashok Sinha (DIN: 000070477)		16 <sup>th</sup> July, 2013	8.8	Nil	7	:	J. K. Cement Limited The Tata Power Company Limited Tata Communication Ltd Navin Fluorine International Limited	6
Ms Naina Lal Kidwai <sup>(3)</sup> (DIN: 00017806)	Independent Directors	6 <sup>th</sup> November, 2015	6.4	Nil	5	:	UPL Ltd Gland Pharma Ltd Max Financial Services Ltd	3
Dr Peter Mugenyi (DIN: 0679942)		12 <sup>th</sup> February, 2014	8.1	Nil	Nil	--	Nil	Nil
Ms Punita Lal (DIN: 03412604)		13 <sup>th</sup> November, 2014	7.4	Nil	1	--	Nil	Nil
Mr P R Ramesh (DIN: 01915274)		1 <sup>st</sup> July, 2021	0.9	Nil	5	:	Nestle Ltd Crompton Greaves Consumer Electricals Ltd Housing Development Finance Corporation Ltd	4
Mr Robert Stewart (DIN: 03515778)		14 <sup>th</sup> May, 2021	0.11	Nil	Nil	--	Nil	Nil

**Notes:**

- (1) All the directorships held by the directors in other listed companies are in the capacity of independent directors.
- (2) Committees considered for the purpose are those prescribed under the Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of listed and unlisted Indian public companies.
- (3) resigned w.e.f close of business hours on 31<sup>st</sup> March, 2022
- (4) includes 38,125 shares which are held jointly with his wife
- (5) includes 43,78,500 shares which are held jointly with her brother Kamil Hamied and 90,000 shares jointly held with her sister Rumana Hamied

## Annexure C

### Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Cipla Limited**  
Cipla House,  
Peninsula Business Park,  
Ganpatrao Kadam Marg,  
Lower Parel – 400 013  
Mumbai

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Cipla Limited having **CIN L24239MH1935PLC002380** and having registered office at Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such statutory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company*
1	Dr Y K Hamied	00029049	21 <sup>st</sup> July, 1972
2	Mr M K Hamied	00029084	16 <sup>th</sup> August, 1977
3	Ms Samina Hamied	00027923	10 <sup>th</sup> July, 2015
4	Mr Umang Vohra	02296740	1 <sup>st</sup> September, 2016
5	Mr S Radhakrishnan	02313000	12 <sup>th</sup> November, 2010
6	Mr Ashok Sinha	00070477	16 <sup>th</sup> July, 2013
7	Mr Adil Zainulbhai	06646490	23 <sup>rd</sup> July, 2014
8	Dr Peter Mugyenyi	06799942	12 <sup>th</sup> February, 2014
9	Ms Punita Lal	03412604	13 <sup>th</sup> November, 2014
10	Ms Naina Lal Kidwai**	00017806	6 <sup>th</sup> November 2015
11	Mr Robert Stewart	03515778	14 <sup>th</sup> May, 2021
12	Mr P R Ramesh	01915274	1 <sup>st</sup> July, 2021

\*Note - Date of appointment of all the directors are original date of appointment as per MCA Records.

\*\*Ms Naina Lal Kidwai, Non-Executive Independent Director has resigned from the Company w.e.f 31<sup>st</sup> March, 2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

#### For BNP & Associates

Company Secretaries  
[Firm Regn. No. P2014MH037400]

#### Avinash Bagul

Partner  
FCS No: 5578  
C P No: 19862  
UDIN: F005578C000305383  
PR No. 637/2019

# Annexure D

## Independent Assurance Statement<sup>\*</sup>

### Scope and Approach

DNV Business Assurance India Private Limited ('DNV') was engaged by the management of Cipla Limited ('Cipla', Corporate Identity Number L24239MH1935PLC002380) to undertake an independent assurance of the Company's non-financial / sustainability performance in its printed Annual Report 2021-22 ('the Report') as well as references made to the Company's website. The disclosures in this Report have been prepared by the Company based on the Guiding Principles and Content Elements of the International <IR> Framework ('<IR> Framework') of the International Integrated Reporting Council ('IIRC') and using selected topic-specific Standards from the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards ('GRI Standards') to bring out the Company's sustainability performance during the reporting period 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

We performed a limited level of assurance based on DNV's assurance methodology VeriSustain™. In doing so, we evaluated the quantitative and qualitative sustainability performance disclosures presented in the Report for the activities undertaken by the Company. Our assurance engagement was planned and carried out from April 2022 – July 2022.

The reporting topic boundaries of non-financial performance is based on the internal and external materiality assessment covering Cipla's global pharmaceutical operations as set out in the Report in the section "*About this Report*".

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement. We understand that the reported disclosures on economic performance, including Corporate Social Responsibility (CSR) expenses incurred by the Company and contributions to the Cipla Foundation, are based on audited financial statements presented in the Report, which is subject to a separate independent statutory audit process and was not included in our scope of work. As part of our assurance process, we did not engage with any external stakeholders.

### Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole accountability for the preparation of the non-financial disclosures in this Report and are responsible for maintaining 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. Cipla is also responsible for ensuring the maintenance and integrity of reported and referenced non-financial disclosures in its website.

In performing this assurance work, our responsibility is to the management of Cipla; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management Report highlighting our assessment findings for future improvements.

DNV's assurance engagements are based on the assumption that the data and information provided by Cipla to us as part of our review have been provided in good faith and are free from any misstatements. We disclaim any liability or responsibility for any decision, investment or otherwise, that a person or an entity may make based on this Assurance Statement.

### Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed assurance work at selected sites of Cipla considering a limited level of assurance. We adopted a risk-based approach, that is, 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:

- o Reviewed the Company's approach to addressing the reporting requirements of <IR> Framework including stakeholder engagement and its materiality determination process;
- o Reviewed disclosures related to value creation across six capitals of the <IR> Framework and claims made in the Report, and assessed the robustness of related management systems, data accuracy, information flow and controls for the reported disclosures;
- o Visited sample facilities of the Company, that is, Active Pharmaceutical Ingredients (API) and Formulations manufacturing facilities at Bengaluru in Karnataka (Bommasandra and Virgonagar), Patalganga in Maharashtra, and Goa (Verna (Cluster 1)). We also carried out remote audits with Formulation manufacturing facilities at Indore in Madhya Pradesh, and Sikkim, in India, as well as the overseas formulation manufacturing facility in Uganda, to review processes and systems for preparing site-level sustainability disclosures and implementation of the Company's sustainability strategies, as well as reviewed the overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at

<sup>\*</sup>GRI 102-56.

<sup>†</sup>The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from [www.dnv.com](http://www.dnv.com)

Mumbai, India. We were free to choose sites for conducting assessments on the basis of their materiality;

- o Carried out desk reviews for sustainability performance data related to the Formulations and API manufacturing facilities in India and overseas;
- o Examined and reviewed documents, data and other information made available by the Company related to reported disclosures;
- o Conducted virtual interviews with management team of Cipla and other representatives, including data owners and decision-makers from different divisions and functions of the Company to validate the non-financial disclosures;
- o Performed sample-based review of the mechanisms in implementation of company sustainability related policies implemented by the company, as described in the Report;
- o Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative information included in the Report based on the GRI Standards chosen by Cipla to bring out its non-financial performance.

## Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe Cipla's adherence to the Guiding Principles and Content Elements of the <IR> Framework including representation of the material topics, business model, disclosures on value creation through six (6) capitals, related strategies and management approach, and GRI topic-specific Standards chosen related to the material topics identified by Cipla to bring out its performance against its identified material topics.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

### Stakeholder Inclusiveness

#### The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report identifies patients, channel partners, business partners, employees, suppliers, government and regulators, healthcare professionals, communities, shareholders and investors, and institutional partners as its key stakeholder groups across its pharmaceutical business. The Report brings out the channels through which the Company engages with its stakeholder groups on a continual basis through virtual channels along with formal and informal processes that are currently in place for identifying emerging stakeholder concerns.

**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 carried out during the year and the processes for review, identification and prioritisation of topics, based on which fifteen (15) material topics identified by Cipla have emerged. Further, the material topics were reviewed and validated by the Board and senior management personnel, and have been considered for disclosures within the Report.

**In our opinion, nothing has come to our attention that Cipla has missed out any known material issues, nor that the Report does not meet the requirements related to the Principle of Materiality.**

### Responsiveness

#### The extent to which an organization responds to stakeholder issues.

The Company has responded to key material topics through descriptions of its value creation process including policies and strategies for sustainable development. Cipla's sustainability performance is brought out within the Report through the descriptions of management approach, key Content Elements of the <IR> Framework such as the business model and value creation across each capital, selected GRI topic-specific Standards for bringing out performance data, and risks and challenges considering the overall sustainability context of Cipla's pharmaceutical business.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.**

### Reliability

#### The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of quantitative and qualitative data and information verified at the Corporate Office and sites sampled by us were found to be fairly accurate and reliable. Sustainability performance related to selected GRI topic-specific Standards and other Company-specific performance indicators are captured in data formats devised by the Company through formal processes and tools for monitoring and recording sustainability performance data. Some of the data inaccuracies

identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors have been communicated, and corrections were made in the reported data and information.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.**

#### Completeness

**How much of all the information that has been identified as material to the organisation and its stakeholders is reported**

The Report articulates disclosures related to company's sustainability performance for the identified material topics and reporting boundaries for the reporting period through appropriate GRI topic specific standards and the requirements of the <IR> Framework related to Content and Quality, including value creation through six (6) capitals, business model, strategy, management approach and monitoring systems through Company-specific metrics. However, Cipla may further bring out exclusions as applicable based on the GRI Standard requirements for performance reporting.

**Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.**

#### Neutrality

**The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone**

The Report had disclosed sustainability issues, challenges and performance in a neutral tone, in terms of content and

presentation, and had also considered its sustainability context and external environment in bringing out its value creation across six (6) capitals during the reporting period.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

#### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements including the ISAE 3000 (Revised) Code of Ethics. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services to Cipla and its subsidiaries in FY 2021-22 that could compromise the independence or impartiality of our work.

#### For DNV Business Assurance India Private Limited

##### Bhargav Lankalapalli

Lead Verifier

DNV Business Assurance India Private Limited, India.

28<sup>th</sup> July, 2022, Mumbai, India.

##### Kiran Radhakrishnan

Assurance Reviewer

DNV Business Assurance India Private Limited, India.

## Annexure E

### Certificate by CEO/CFO to the Board of Directors

We, Mr Umang Vohra, Managing Director and Global Chief Executive Officer and Mr Dinesh Jain, Interim Chief Financial Officer hereby certify that:

- A. We have reviewed financial statements and the cash flow statements (standalone and consolidated) for the year ended 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify such deficiencies.
- D. We have further indicated to the auditors and the Audit Committee that during the year under reference:
  - (1) there have not been any significant changes in internal control over financial reporting;
  - (2) there have not been any significant changes in the accounting policies requiring disclosures except as mandated by the Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and
  - (3) there have not been, any instances of significant fraud of which we had become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Cipla Limited

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

Date: 10<sup>th</sup> May, 2022  
Place: Mumbai

For Cipla Limited

**Dinesh Jain**  
Interim Chief Financial Officer



# **Standalone Financial Statements**

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# Independent Auditor's Report

To the Members of Cipla Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Cipla Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow 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 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2022, its profit (including other comprehensive income), and its cash flows and the changes in equity for the year ended on that date.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matter

#### Drugs (Prices Control) Orders (DPCO) matters

The Company is regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant Drugs (Prices Control) Orders (DPCO) as disclosed in Note 37(B)(ii) to the standalone financial statements, relating to overcharging of certain drugs under DPCO.

According to NPPA's public disclosure, the total demand against the Company aggregates to ₹ 3,703.40 crores as at 31<sup>st</sup> March, 2022, of which:

- a) ₹ 3,456.39 crores relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crores being 50% of the total demand of ₹ 350.15 crores as at 1<sup>st</sup> August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and
- b) ₹ 247.01 crores relates to other matters, wherein based on facts and legal advice, the Company has recorded a charge of ₹ 7.34 crores (including interest) during the year ended 31<sup>st</sup> March, 2022 and carries a total provision of ₹ 118.49 crores (including interest) as at 31<sup>st</sup> March, 2022.

### Basis of 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### How our audit addressed the key audit matter

Our audit of DPCO matters included, but was not limited to, the following procedures:

- a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved;
- b) Evaluated the design and tested the operating effectiveness of key controls around above process;
- c) Inspected correspondence with the Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;
- d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale;

# Independent Auditor's Report

## Key audit matter

The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability or not, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management.

Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.

## **Revenue from operations: (refer note 1.13 and 25 to the Standalone financial statements)**

The Company recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Company records product sales net of estimated incentives/discounts, returns, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers.

Further, the Company has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue.

The Company also has development and commercialisation arrangements relating to research and development of new products. This includes in-licensing and out-licensing arrangements and other types of complex agreements.

We identified recognition of revenue from operations as a key audit matter because:

- Accrual towards rebates, discounts, returns and allowances is complex and requires significant judgments and estimates in relation to contractual agreements/ commercial terms across various geographies. Any change in these estimates can have a significant financial impact.
- The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition.

## How our audit addressed the key audit matter

- Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and
- Evaluated the Company's disclosures for adequate disclosure regarding the significant litigations of the Company.

Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the standalone financial statements taken as a whole.

Our audit included, but was not limited to, the following procedures:

- Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, rebates and regulatory compliance requirements;
- Evaluated the design and tested the operating effectiveness of the Company's internal controls, including general IT controls, key IT application controls exercised by the management, over recognition of revenue and measurement of various discount schemes, returns and rebates;
- Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations;
- Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents;
- Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/ understatement of revenue recorded for the year;
- Obtained management workings for amounts recognised towards discount schemes, returns and rebates during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations, as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;
- Evaluated historical accuracy of the Company's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias;

## Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>c) The Company considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period.</p>	<p>h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and</p> <p>i) Evaluated the adequacy of disclosures in the standalone financial statements.</p> <p>Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the standalone financial statements taken as a whole. Our audit included, but was not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>a) Obtained an understanding of the management's process for identification of impairment indicators and tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified investments;</li> <li>b) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management;</li> <li>c) Reconciled the cash flows to the business plans approved by the respective Board of Directors of the identified investee companies;</li> <li>d) Evaluated and challenged management's assumptions such as implied growth rates during explicit period, terminal growth rate, targeting savings and discount rate for their appropriateness based on our understanding of the business of the respective investee companies, past results and external factors such as industry trends and forecasts, including the possible impact of COVID-19 pandemic on such assumptions;</li> <li>e) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rates and discount rates;</li> <li>f) Tested the mathematical accuracy of the management computations with regard to cash flows and sensitivity analysis;</li> <li>g) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for each of the identified investments to evaluate sufficiency of headroom between recoverable value and carrying amount; and</li> <li>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.</li> </ul> <p>Based on the audit procedures performed, we determined that the management's assertion on the recoverability of investments in subsidiaries is appropriate in the context of the standalone financial statements taken as a whole.</p>
<p><b>Recoverability of investments in subsidiaries:</b></p> <p>The Company has investments of ₹ 8,877.47 crores in subsidiaries being carried at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amounts of each investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of that investment as on the reporting date. Management's assessment of whether there are impairment indications and estimate of the recoverable amounts of the identified investments determined through discounted cash flow valuation method requires significant judgment in carrying out the impairment assessment. The key assumptions used in management's assessment of the recoverable amounts include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years.</p> <p>Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting future cash flow projections, recoverability of investments in subsidiaries has been considered to be a key audit matter for the current period audit.</p>	

# Independent Auditor's Report

## Key audit matter

### **Provision for Obsolescence of Inventory (refer note 1.3.2(v), 1.11 and 9 to the standalone financial statements)**

The Company held inventories aggregating ₹ 3,199.05 crores as at 31<sup>st</sup> March, 2022 comprising of raw materials, work-in-progress, stock-in-trade, finished goods, packaging materials and stores, spares and consumables, on which the Company has recorded an obsolescence provision amounting to ₹ 494.86 crores during the current year.

At each reporting period end, the management assesses whether there is any objective evidence indicating that the net realisable value of any item of inventory is below its carrying value. If so, such inventories are written down to their net realisable value in accordance with the requirements of Ind AS 2, Inventories ('Ind AS 2').

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated remaining shelf life, product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

Considering the inherent nature of the industry, particularly limited useful life of inventories, the aforesaid determination is complex on account of estimation of consumption patterns, prescription patterns, alternate product availability, alternate uses, changing regulations, which involves significant management judgement and high estimation uncertainty. This complexity was particularly further increased during the current year due to introduction of certain products in Company's portfolio leading to an increased charge to the Statement of Profit and Loss in the current year as compared to earlier years in this respect.

Considering the above, provision for obsolescence of inventory has been considered as key audit matter for the current period audit.

## How our audit addressed the key audit matter

Our audit of provision for obsolescence of inventory included, but was not limited to, the following procedures:

- a) Obtained an understanding of management's process to identify slow-moving, obsolete and other non-saleable inventory, and process of consequent measurement of required provision for obsolescence.
- b) Evaluated the appropriateness of related accounting policies adopted by the Company in accordance with the requirements of Ind AS 2 ('Ind AS 2');
- c) Evaluated the design, implementation and tested the operating effectiveness of key controls that the Company has in relation to aforesaid process;
- d) Evaluated the nature, source and reliability of all the information used by the management for arriving at the estimates for determination of provision for obsolescence of inventory;
- e) For the provisions made in respect of expired or near-expiry inventory balances, tested such identification from the batch-wise expiry information and reperformed computations to validate the accuracy and completeness of such provision estimates;
- f) For the provisions made in respect of other non-saleable inventory, discussed with the senior management the triggers taken into account for such identification and evaluated the same in view of our understanding of the business and industry conditions. Assessed the projected sale estimates made by the management in respect of balance inventory of aforesaid specific products that is expected to be sold in the near future, for its appropriateness basis past trends and market conditions. Further, reperformed computations to validate the accuracy and completeness of such provision estimates; and
- g) Evaluated appropriateness of disclosures made in the financial statements.

Based on the audit procedures performed, the management's assessment provision for obsolescence of inventory balances was determined to be appropriate in the context of the standalone financial statements taken as a whole.

# Independent Auditor's Report

## Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors are 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 intend 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 Standalone 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, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal 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 adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If

# Independent Auditor's Report

we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('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, to the extent applicable.
17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone financial statements dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 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 with reference to financial statements of the Company as on 31<sup>st</sup> March, 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 37 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March, 2022.
  - ii. As detailed in note 50, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2022;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2022;
  - iv. a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 43 (j) and 43 (k) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity(ies), including foreign entities ('the intermediaries'),

## Independent Auditor's Report

- with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 43 (f) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. a. The final dividend paid by the Company during the year ended 31<sup>st</sup> March, 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 46 (B) (b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31<sup>st</sup> March, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
**UDIN: 22504662AISJDR8526**

**Place:** Mumbai  
**Date:** 10<sup>th</sup> May, 2022

## Annexure I

**referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of 3 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, right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties and including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity at the beginning and during the year. Accordingly, reporting under clauses 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. However, the Company has made investment in 9 entities amounting to ₹ 1,188.86 crores (year-end balance ₹ 8,934.88 crores) and in our opinion, and according to the information and explanations given to us, such investments made are, *prima facie*, not prejudicial to the interest of the Company.
- (c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans, investments, guarantees and security, as applicable. Further, the Company has not entered into any transaction covered under section 185.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. 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 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) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with 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 became payable.

## Annexure I

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross 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	283.10	187.64	AY 2009-2010, AY 2013-2014, AY 2015-2016 and AY 2018-2019	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	33.19	33.04	AY 2014-2015	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	17.24	1.92	2011-12 and 2016-17	Customs, Excise and Service tax Appellate Tribunal (CESTAT) (East Zonal Bench)
Central Excise Act, 1944	Excise duty	65.44	3.26	2008-09 to 2015-16	CESTAT (South Zonal Bench)
Central Excise Act, 1944	Excise duty	66.56	3.39	2008-09 to 2016-17	CESTAT (West Zonal Bench)
Central Excise Act, 1944	Excise duty	12.68	-	1999-00 to 2004-05	Commissioner of Excise, Pune, Raigad, Goa, Mumbai
Central Excise Act, 1944	Excise duty	3.19	0.21	2009-10 to 2016-17	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty	0.02	0.01	2001-02 to 2006-07	Honourable High Court, Mumbai
Central Excise Act, 1944	Excise duty	7.79	-	2015-16 to 2017-18	Principal Commissioner, Bengaluru
Central Excise Act, 1944	Excise duty	0.02	-	2000-01 and 2003-04	Honourable Supreme Court
Central Excise Act, 1944 and CENVAT Credit Rule, 2004	Excise duty	0.44	-	2007-08 to 2009-10	CESTAT (West Zonal Bench)
Central Excise Act, 1944 and CENVAT Credit Rule, 2004	Excise duty	1.02	0.07	2011-12 and 2015-16 to 2017-18	Commissioner (Appeals)
Cenvat Credit Rule, 2004	Excise duty	0.06	0.03	2012-13 and 2013-14	CESTAT (East Zonal Bench)
Cenvat Credit Rule, 2004	Excise duty	1.31	0.98	2008-09 to 2010-11, 2016-17 and 2017-18	Commissioner (Appeals), Siliguri, Sikkim
Cenvat Credit Rule, 2004	Excise duty	0.03	-	2011-12 to 2013-14	CESTAT (South Zonal Bench)
Customs Act, 1975	Custom Duty	9.39	4.67	2009-10 to 2014-15	CESTAT, (South Zonal Bench)
Customs Act, 1975	Custom Duty	0.17	0.08	2017-18 to 2019-20	Commissioner of Customs (Appeals), Mumbai Zone-III
Customs Act, 1975	Custom Duty	1.57	0.11	2017-18 to 2018-19, 2020-21	CESTAT (West Zonal Bench)
Customs Act, 1975	Custom Duty	5.20	2.35	2016-17 and 2017-18	CESTAT (West Zonal Bench)
Central Goods and Service Tax Act, 2017	Goods and service tax	1.07	0.54	2017-18	Commissioner (Appeals), Bengaluru
Central Goods and Service Tax Act, 2017	Goods and service tax	2.53	2.30	2017-18	Additional Commissioner CGST and Central Excise, Goa

**Annexure I** referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022

Name of the statute	Nature of dues	Gross Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Goods and Service Tax Act, 2017	Goods and Service tax	0.09	0.09	2017-18	Superintendent CGST and Central Excise, Mumbai
Central Goods and Service Tax Act, 2017, State Goods & Service Tax Act, 2017	Goods and Service tax	0.20	0.14	2017-18 to 2021-22	Joint Commissioner (Appeal) -Vijayawada, Andhra Pradesh
Finance Act, 1994	Service tax	38.85	1.46	2008-09 to 2012-13, 2016-17 to 2017-18	CESTAT (West Zonal Bench)
Finance Act, 1994	Service tax	0.09	0.07	2012-13 to 2017-18	Commissioner (Appeals), Baddi (Himachal Pradesh)
Gujarat Value Added Tax Act, 2003	Value added tax	0.38	0.13	2013-14	Gujarat Value Added Tax, Tribunal, Ahmedabad, Gujarat
Bihar Value Added Tax Act, 2005	Value Added Tax	2.36	0.41	2013-14 to 2015-16	Joint Commissoner of Commercial Tax, (Appeals), Patna Central Division, Patna
Andhra Pradesh VAT Act, 2005	Value Added Tax	0.13	0.13	2005-06	Telangana VAT Appellate Authority, Hyderabad Rural Division
The Chhattisgarh VAT (Amendment) Act, 2005	Value Added Tax	0.01	0.01	2014-15	Appellate authority- Commissioner, Raipur, Chhattisgarh
Maharashtra Value Added Tax Act, 2002	Value Added Tax	0.04	-	2002-03	Joint Commissioner of Sales-Nagpur
Maharashtra Value Added Tax Act, 2002	Value Added Tax	0.52	0.07	2007-08 and 2013-14	Deputy Commissioner of Sales Tax - LTU, Mazgaon, Mumbai
Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.83	0.29	2002-03 and 2011-12	Appellant CTO, Anti Evasion, Rajasthan, Circle II, Jaipur
Goa Value Added Tax Act, 2005	Value Added Tax	0.12	-	2006-07	Commercial Tax Office, Margo ward, Goa
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	0.09	0.04	2011-12	Joint Commissioner of Commercial Tax, Corporate Circle, Lucknow
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.02	-	2002-03	Honourable High Court, Kolkata
Uttar Pradesh Value Added Tax Act, 2003	Value Added Tax	0.01	0.01	2011-12	Joint Commissioner of Commercial Tax, Corporate Circle, Lucknow
West Bengal Value Added Tax Act, 2003	Value Added Tax	2.53	0.24	2015-16	Senior Joint Commissioner, Sales Tax, Central Audit Unit, Kolkata
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.12	0.02	2001-02 and 2005-06	The West Bengal Taxation Tribunal, Extraordinary Jurisdiction, Kolkata

## Annexure I

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022

Name of the statute	Nature of dues	Gross Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.05	-	2009-10	West Bengal Sales Tax Appellate - Revisional Board, Kolkata
West Bengal Value Added Tax Act, 2003	Value Added Tax and Central Sales Tax	0.23	0.02	2017-18	Senior Joint Commissioner, Commercial Taxes/Central Audit Unit - I, Kolkata
Central Goods and Service Tax Act, 2017	Goods and Service Tax	12.34	-	2017-18 to 2019-20	Directorate General of GST Intelligence, West Zone at Mumbai

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

- (ix) (a) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) (a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.

- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality as outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) The whistleblower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

## Annexure I

**referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022**

- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi)(a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) According to the information and explanations given to us, does not have any unspent amount in respect of any ongoing or other than ongoing project under sub-section (6) and sub-section (5) of Section 135, respectively of the Act as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

**UDIN: 22504662AISJDR8526**

**Place:** Mumbai

**Date:** 10<sup>th</sup> May, 2022

## **Annexure II** to the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022

### **Annexure II**

#### **Independent Auditor's Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the standalone financial statements of Cipla Limited ('the Company') as at and for the year ended 31<sup>st</sup> March, 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the

## Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2022

### Annexure II

possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March, 2022, 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 Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

**UDIN: 22504662AISJDR8526**

**Place:** Mumbai

**Date:** 10<sup>th</sup> May, 2022

# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Notes	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	2.1	3,049.56	3,569.27
(b) Right-of-use assets	2.2	62.17	103.88
(c) Capital work-in-progress	2.4	169.22	275.04
(d) Investment properties	3	63.35	123.79
(e) Intangible assets	4	215.96	269.51
(f) Intangible assets under development	4	44.62	80.07
(g) Financial assets			
(i) Investments	5	8,934.88	7,720.99
(ii) Other financial assets	6	368.88	83.57
(h) Income tax assets (net)	7	377.12	401.31
(i) Other non-current assets	8	138.66	144.13
<b>Total non-current assets</b>		<b>13,424.42</b>	<b>12,771.56</b>
<b>2. Current assets</b>			
(a) Inventories	9	3,199.05	3,085.81
(b) Financial assets			
(i) Investments	10	2,038.80	2,004.84
(ii) Trade receivables	11	1,939.62	3,035.37
(iii) Cash and cash equivalents	12	177.29	294.72
(iv) Bank balances other than cash and cash equivalents	13	1,250.74	580.08
(v) Loans	14	0.89	0.96
(vi) Other financial assets	15	856.63	475.04
(c) Other current assets	16	674.13	713.93
<b>Total current assets</b>		<b>10,137.15</b>	<b>10,190.75</b>
<b>3. Assets classified as held for sale/transfer</b>	2.3 & 36	<b>1,887.48</b>	<b>1.43</b>
<b>Total assets</b>		<b>25,449.05</b>	<b>22,963.74</b>
<b>Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	17	161.36	161.29
(b) Other equity	18	22,352.19	19,766.27
<b>Total equity</b>		<b>22,513.55</b>	<b>19,927.56</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	2.2	11.59	29.46
(ii) Other financial liabilities	19	53.13	56.01
(b) Provisions	20	78.92	95.97
(c) Deferred tax liabilities (net)	7	55.96	104.91
(d) Other non-current liabilities	21	7.34	57.89
<b>Total non-current liabilities</b>		<b>206.94</b>	<b>344.24</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	2.2	7.33	22.66
(ii) Trade payables	22		
- Total outstanding dues of micro enterprises and small enterprises		146.52	49.17
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,232.41	1,446.32
(iii) Other financial liabilities	23	186.16	236.15
(b) Other current liabilities	24	201.28	312.51
(c) Provisions	20	630.79	620.56
(d) Income tax liabilities (net)	7	-	4.57
<b>Total current liabilities</b>		<b>2,404.49</b>	<b>2,691.94</b>
<b>3. Liabilities directly associated with assets classified as held for sale/transfer</b>	36	<b>324.07</b>	-
<b>Total liabilities</b>		<b>2,935.50</b>	<b>3,036.18</b>
<b>Total equity and liabilities</b>		<b>25,449.05</b>	<b>22,963.74</b>

The accompanying notes form an integral part of these standalone financial statements.

1-52

As per our report of even date attached

For and on behalf of the **Board of Directors**For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**Managing Director and  
Global Chief Executive Officer  
DIN: 02296740**Samina Hamied**Executive  
Vice-Chairperson  
DIN: 00027923**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>A. Continuing Operations :</b>			
<b>1. Revenue from operations</b>			
a) Revenue from sale of products	25	12,827.29	11,060.17
b) Other operating revenue	26	264.50	242.54
<b>Total revenue from operations</b>		<b>13,091.79</b>	<b>11,302.71</b>
<b>2. Other income</b>	27	666.70	230.28
<b>3. Total income (1+2)</b>		<b>13,758.49</b>	<b>11,532.99</b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	28	2,767.79	2,249.35
(b) Purchases of stock-in-trade	29	2,850.85	1,847.85
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	(528.40)	6.41
(d) Employee benefits expense	31	1,729.16	1,703.58
(e) Finance costs	32	26.93	45.07
(f) Depreciation, impairment and amortisation expense	33	460.01	468.62
(g) Other expenses	34	2,905.92	2,428.11
<b>Total expenses</b>		<b>10,212.26</b>	<b>8,748.99</b>
<b>5. Profit before tax from continuing operations (3-4)</b>		<b>3,546.23</b>	<b>2,784.00</b>
<b>6. Tax expense (net)</b>	7		
(a) Current tax		887.24	756.27
(b) Deferred tax		(30.40)	(16.92)
<b>Total tax expense</b>		<b>856.84</b>	<b>739.35</b>
<b>7. Profit for the year from continuing operations (5-6)</b>		<b>2,689.39</b>	<b>2,044.65</b>
<b>B. Discontinuing/Restructuring Operations:</b>			
8. Profit before tax	36	358.85	566.66
9. Tax expense	7	90.31	143.03
<b>10. Profit for the year from discontinuing/restructuring operations (8-9)</b>		<b>268.54</b>	<b>423.63</b>
<b>11. Profit for the year (7+10)</b>		<b>2,957.93</b>	<b>2,468.28</b>
<b>12. Other comprehensive income/(loss) for the year</b>			
<b>I. In respect of continuing operations:</b>			
a) (i) Items that will not be reclassified to profit or loss		16.78	17.56
(ii) Income tax relating to these items		(4.22)	(4.42)
b) (i) Items that will be reclassified to profit or loss		(9.38)	37.08
(ii) Income tax relating to these items		2.37	(9.33)
<b>Sub-total (I)</b>		<b>5.55</b>	<b>40.89</b>
<b>II. In respect of Discontinuing/Restructuring operations:</b>			
(i) Items that will not be reclassified to profit or loss		0.73	0.76
(ii) Income tax relating to these items		(0.18)	(0.19)
<b>Sub-total (II)</b>		<b>0.55</b>	<b>0.57</b>
<b>Other comprehensive income for the year (I+II)</b>		<b>6.10</b>	<b>41.46</b>
<b>13. Total comprehensive income for the year (11+12)</b>		<b>2,964.03</b>	<b>2,509.74</b>
<b>14. Earnings per equity share from continuing operations of face value of ₹ 2 each</b>	47		
Basic (in ₹)		33.34	25.36
Diluted (in ₹)		33.30	25.32
<b>15. Earnings per equity share from Discontinuing/Restructuring operations of face value of ₹ 2 each</b>			
Basic (in ₹)		3.33	5.25
Diluted (in ₹)		3.33	5.25
<b>16. Earnings per equity share from total operations of face value of ₹ 2 each</b>			
Basic (in ₹)		36.67	30.61
Diluted (in ₹)		36.63	30.57
The accompanying notes form an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Reg. No.: 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No.: 504662  
Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**  
Interim Global Chief Financial Officer

Mumbai, 10<sup>th</sup> May, 2022

**Rajendra Chopra**  
Company Secretary

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

## (a) Equity share capital (refer note 17)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance at the beginning of the year</b>	161.29	161.25
Changes in equity share capital during the year on exercise of employee stock options (ESOSS)	0.07	0.04
<b>Balance at the end of the year</b>	<b>161.36</b>	<b>161.29</b>

## (b) Other equity (refer note 18)

Particulars	Attributable to the owners of the Company							
	Reserves and surplus					Items of other comprehensive income		
	Capital reserve	Securities premium reserve	General reserve	Employee stock options/ESAR	Retained earnings	Investments through other comprehensive income	Cash flow hedge reserve	Other equity
<b>Balance as at 1<sup>st</sup> April, 2020</b>	0.08	1,602.03	3,142.62	34.17	12,479.72	-	(16.91)	17,241.71
Profit for the year for continuing and discontinuing operations	-	-	-	-	2,468.28	-	-	2,468.28
Other comprehensive income/(loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	13.71	-	27.75	41.46
Exercise of employee stock options	-	11.28	2.02	(13.30)	-	-	-	-
Share based payments expense (refer note 40)	-	-	-	14.82	-	-	-	14.82
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>0.08</b>	<b>1,613.31</b>	<b>3,144.64</b>	<b>35.69</b>	<b>14,961.71</b>	<b>-</b>	<b>10.84</b>	<b>19,766.27</b>
Profit for the year for continuing and discontinuing operations	-	-	-	-	2,957.93	-	-	2,957.93
Other comprehensive income/(loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	12.93	0.18	(7.01)	6.10
Payment of dividend (refer note 46)	-	-	-	-	(403.35)	-	-	(403.35)
Refund of excess Dividend Distribution Tax (DDT) paid in earlier years	-	-	-	-	5.55	-	-	5.55
Exercise of employee stock options	-	18.38	-	(18.38)	-	-	-	-
Transfer to general reserve	-	-	0.16	(0.16)	-	-	-	-
Share based payments expense (refer note 40)	-	-	-	19.69	-	-	-	19.69
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>0.08</b>	<b>1,631.69</b>	<b>3,144.80</b>	<b>36.84</b>	<b>17,534.77</b>	<b>0.18</b>	<b>3.83</b>	<b>22,352.19</b>

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

For and on behalf of the **Board of Directors**

**Umang Vohra**

Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**

Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flow from operating activities</b>		
<b>Profit before tax from:</b>		
Continuing operations	3,546.23	2,784.00
Discontinuing/Restructuring operations (refer note 36)	358.85	566.66
<b>Adjustments for:</b>		
Depreciation, impairment and amortisation expense	546.62	556.11
Interest expense	26.93	45.07
Unrealised foreign exchange (gain)/loss (net)	(1.45)	(20.58)
Share based payment expense	19.68	14.78
Allowances for credit loss (net)	14.19	19.65
Provision for diminution in value of investments	-	10.88
Interest income	(57.25)	(36.42)
Interest income on income tax refund	(15.64)	-
Dividend income	(403.32)	-
Sundry balance written off/back (net)	24.05	8.10
Net gain on sale of current investments carried at fair value through profit or loss	(64.00)	(47.67)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	(3.23)	(10.12)
Net (gain)/loss on sale/disposal of property, plant and equipment	(0.72)	(3.48)
Rent income	(12.60)	(15.91)
<b>Operating profit before working capital changes</b>	<b>3,978.34</b>	<b>3,871.07</b>
<b>Adjustments for working capital:</b>		
Increase in inventories	(433.56)	(64.45)
Decrease in trade and other receivables	225.70	519.50
(Decrease)/Increase in trade payables and other liabilities	(63.02)	86.14
<b>Cash generated from operations</b>	<b>3,707.46</b>	<b>4,412.26</b>
Income taxes paid (net of refunds)	(934.03)	(951.95)
<b>Net cash flow generated from operating activities (a)</b>	<b>2,773.43</b>	<b>3,460.31</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment {refer note (ii) below}	(305.04)	(370.46)
Purchase of intangible assets (including intangible asset under development)	(26.64)	(146.51)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	11.18	12.33
Investments in associates	(15.43)	(9.00)
Purchase of non-current investments	-	(40.00)
Investment in subsidiaries	(1,173.43)	(1,360.21)
(Purchase)/Sale of current investments (net)	33.27	(1,112.61)
Change in other bank balance and cash not available for immediate use	(1,444.21)	(388.48)
Interest received	40.65	38.58
Dividend received from subsidiaries	403.32	-
Rent received	12.60	15.91
<b>Net cash flow used in investing activities (b)</b>	<b>(2,463.73)</b>	<b>(3,360.45)</b>

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOs)	0.07	0.05
Repayment from current borrowings (net)	-	(6.06)
Interest paid	(3.84)	(34.01)
Payment of lease liabilities	(19.60)	(25.78)
Dividend paid	(403.35)	-
<b>Net cash flow used in financing activities (c)</b>	<b>(426.72)</b>	<b>(65.80)</b>
<b>Net (decrease)/increase in cash and cash equivalents (a+b+c)</b>	<b>(117.02)</b>	<b>34.06</b>
Cash and cash equivalents at the beginning of the year	294.72	261.54
Exchange difference on translation of foreign currency cash and cash equivalents	(0.41)	(0.88)
<b>Cash and cash equivalents at the end of the year (refer note 12)</b>	<b>177.29</b>	<b>294.72</b>

The accompanying notes form an integral part of these standalone financial statements (note 1-52).

**Note:**

- i. The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.
- ii. Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment properties adjusted for movement of capital work in progress, capital advances, capital creditors during the year.

## Net debt movement

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Opening balance</b>		
Add: Proceeds	-	6.06
Less: Repayment	-	625.92
Foreign exchange movement	-	(631.98)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**

Managing Director and

Global Chief Executive Officer

DIN: 02296740

**Samina Hamied**

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**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Notes to the standalone financial statements

## Corporate information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Company has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

## Note 1 – Significant accounting policies and key accounting estimates and judgements

### 1.1 Basis of preparation

#### (i) Compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company as at and for the year ended 31<sup>st</sup> March, 2022 have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], and presentation requirements of Division II of Schedule III to the Companies Act, 2013 as amended from time to time, guidelines issued by the Securities and Exchange Board of India (SEBI) and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31<sup>st</sup> March, 2022.

#### (ii) Basis of measurement

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right-of-use assets – measured at fair value; and
- Share based payments – measured at fair value.

#### (iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

#### (iv) 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 crores or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores.

### 1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - *Presentation of Financial Statements*.

#### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

#### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

# Notes to the standalone financial statements

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

## 1.3 Use of estimates and judgements

The preparation of financial statements requires management of the Company to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

### 1.3.1 Judgements

#### (i) Leases

Ind AS 116 -Leases requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

#### (ii) Income taxes

Significant 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.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon

the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

#### (iii) Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

#### (iv) Provisions and contingent liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

### 1.3.2 Estimates

#### (i) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment, and intangibles assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's

# Notes to the standalone financial statements

expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

## (ii) Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

## (iii) Provision for rebates and discounts

Provisions for rebates, discounts and other deductions are estimated and provided for in the year of sales and recorded as reduction of revenue. Provisions for such rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with customers.

## (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 - *Financial Instruments*, the Company applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve 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) Inventories obsolescence

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory obsolescence to reflect its actual experience on a periodic basis.

## (vi) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the 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.

## Notes to the standalone financial statements

### (vii) Impairment of non-financial assets

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.

### (viii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### (ix) Impact of COVID-19

The Company continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how it has impacted and will impact its customers, employees, vendors and business partners. The Management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial statements for the year ended 31<sup>st</sup> March, 2022.

## 1.4 Property, plant and equipment

### (i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant

and equipment comprises purchase price, non-refundable taxes, levies, and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (refer note 1.8 for more details). The Company had applied for the one-time transition exemption of considering the carrying cost on the transition date i.e., 1<sup>st</sup> April, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

### (ii) Depreciation

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II to the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives

# Notes to the standalone financial statements

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:

<b>Property, plant and equipment</b>	<b>Useful life</b>
Buildings - Factory and administrative buildings	30 to 99 years
Buildings - Ancillary structures	3 to 10 years
Plant and equipment	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	8 years

## (ii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

## 1.5 Intangible assets

### (i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of upfront and milestones payments and are capitalised following a cost accumulation approach to variable payments (milestones) 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 (refer note 1.8 for more details). Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

### (ii) In-process research and development assets ("IPR&D") or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-process research and development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised

but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

### (iii) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the profit or loss.

### (iv) Amortisation

The Company amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

- Marketing intangibles, Trademarks, Technical know-how and Brands 2-10 years
- Computer software 3-6 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

### (v) De-recognition

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as at the date of de-recognition.

## 1.6 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

## Notes to the standalone financial statements

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.

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations and;
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

The result of discontinued operations are presented separately in the Statement of Profit and Loss.

### 1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment properties. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

### 1.8 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and

is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses, including impairment on inventories, are recognised in the profit or loss.

### 1.9 Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the profit or loss.

### 1.10 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### 1.11 Inventories

Inventories consists of raw materials and packing materials, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventories is determined on a weighted moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

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.

Raw materials and packing materials are considered at replacement cost if the finished products, in which they will be used, are expected to be sold at or above cost.

# Notes to the standalone financial statements

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of consumables, engineering spares (such as machinery spare parts), 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.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from government authorities are recognised in the profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## 1.13 Revenue recognition

A contract with a customer exists only when: the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

### (i) Sale of products

The majority of customer contracts that the Company enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Company records product sales net of estimated incentives/discounts, returns, and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the Company considers its historical record of performance on similar contracts.

### (ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Control in respect of ownership of generic products are transferred by the Company when the goods 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 arrangements of the Company's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Company accounts for IP rights and services separately if they are distinct - i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Company has a present right to payment and ownership is transferred to the customer.

## Notes to the standalone financial statements

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 upon 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) Profit sharing revenues

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

### (vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be

measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### (vii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

### (viii) Other Income

Other Income consist of litigation settlement income, rent income, insurance claim and miscellaneous income and is recognised when it is probable that economic benefits will flow to the company and amount of income can be measured reliably.

## 1.14 Employee benefits

### (i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc., and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension Scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the profit or loss for the year when the contributions to the respective funds accrue. The Company does not have any obligation other than the contribution made.

### (iii) Defined benefit plans

#### a) Employees' provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan

# Notes to the standalone financial statements

is a defined obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by government-administered provident fund. A part of the Company's contribution is transferred to government-administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the profit or loss under "Employee benefits expense".

## b) Gratuity obligations

Post-retirement benefit plans such as gratuity is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

## (iv) Other benefit plans

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the profit or loss and are not deferred.

## (v) Termination benefits

Termination benefits are recognised in the profit or loss when:

- the Company has a present obligation as a result of past event;

- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## (vi) Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

## 1.15 Share based payments

### a) Equity settled share based payment transactions

The Company operates equity settled share based remuneration plans for its employees.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options/Employee stock appreciation rights reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

## Notes to the standalone financial statements

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### b) Cash settled share based payment transactions

The fair value of the amount payable to employees in respect of share based payment transactions which are settled in cash is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share based payment transaction. Any changes in the liability are recognised in the profit or loss.

## 1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

### (i) Current income tax

Current income tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (ii) Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination

and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign affiliates in which the Company holds more than 26% shares is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment and receipt.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

### (iii) Uncertain tax positions

Accruals for uncertain tax positions require management to make judgements of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method

# Notes to the standalone financial statements

the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

## 1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### (i) Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings and computers. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost

less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### (ii) Company as a lessor

Leases for which the Company is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

### (iii) Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 - Leases to the lease element of the arrangement. For the purpose of

# Notes to the standalone financial statements

applying the requirements under Ind AS 116 - Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

## 1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

## 1.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### Provision for onerous contracts:

A provision for onerous contracts is recognised in the profit or loss when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

## 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.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

##### (b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### (c) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments at fair value through other comprehensive income (FVTOCI).

# Notes to the standalone financial statements

- 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 - *Financial Instruments* are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss. Transaction cost of financial assets at FVTPL are expensed in profit or loss.

## (e) Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and associates at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1<sup>st</sup> April, 2015.

## (f) De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset,

nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## (g) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired. In accordance with Ind AS 109 - *Financial Instruments*, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

### (ii) Financial liabilities

#### (a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

#### (b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, financial guarantee contracts and derivative financial instruments.

# Notes to the standalone financial statements

## (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 - *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 - *Financial Instruments* are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to the profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in profit or loss. The Company has not designated any financial liability as fair value through profit or loss.

## (d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings.

## (e) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the profit or loss.

## (iii) Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward and currency options contracts, to hedge its foreign currency risks for which no hedge accounting is applied. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The changes in fair value of such derivative contracts, as well as the foreign exchange gain and losses relating to monetary items are recognised in the profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## (iv) Cash flow hedge

The Company classifies its foreign exchange forward and currency options contracts that hedge foreign currency risk associated with highly probable forecasted transaction as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'Other income/expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to profit or loss.

## (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

# Notes to the standalone financial statements

## (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 - *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115 - *Revenue from Contracts with Customers*.

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

### New and amended standards adopted by the Company:

#### Reclassification and disclosures consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24<sup>th</sup> March 2021 to increase the transparency and provide additional disclosures to users of the financial statements. These amendments were applied w.e.f 1<sup>st</sup> April, 2021. Consequent to above, the Company has disclosed the required relevant disclosure and changed the classification/presentation of the following:

- a) Security deposits – now included in other financial assets instead of loans
- b) Lease liabilities – now disclosed as separate line item on the face of balance sheet instead of other financial liabilities

The Company have reclassified the comparative amounts to confirm with current year presentation as per the requirements of Ind AS 1 - *Presentation of Financial Statements*. The impact of such classifications is summarised as under:

Particulars	As per Balance sheet as at 31 <sup>st</sup> March, 2021	As per Balance sheet as at 31 <sup>st</sup> March, 2022	Change
<b>Non-current assets</b>			
Loans	43.37	-	(43.37)
Other financial assets	40.20	83.57	43.37
<b>Current assets</b>			
Loans	1.90	0.96	0.94
Other financial assets	474.10	475.04	(0.94)
<b>Non-current liabilities</b>			
Lease liabilities	-	29.46	29.46
Other financial liabilities	85.47	56.01	(29.46)
<b>Current liabilities</b>			
Lease liabilities	-	22.66	22.66
Other financial liabilities	258.81	236.15	(22.66)

### New amendments issued but not effective

Ministry of Corporate Affairs ("MCA") has vide notification dated 23<sup>rd</sup> March, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022, which amends certain accounting standards, and are effective from 1<sup>st</sup> April, 2022. These amendments are not expected to have a material impact on the Company or future reporting periods and on foreseeable future transactions.

# Notes to the standalone financial statements

## Note 2.1: Property, plant and equipment

₹ in crores

Particulars	Freehold land	Buildings and flats <sup>i</sup>	Plant and equipment <sup>ii</sup>	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Gross block</b>							
<b>Balance as at 1<sup>st</sup> April, 2020</b>	<b>39.15</b>	<b>1,896.46</b>	<b>3,804.68</b>	<b>106.36</b>	<b>92.85</b>	<b>6.79</b>	<b>5,946.29</b>
Additions for the year	-	14.39	318.05	2.38	4.74	0.56	340.12
Deletions and adjustments during the year	-	(0.84)	(44.88)	(0.48)	(1.05)	(0.11)	(47.36)
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>39.15</b>	<b>1,910.01</b>	<b>4,077.85</b>	<b>108.26</b>	<b>96.54</b>	<b>7.24</b>	<b>6,239.05</b>
Additions for the year	-	16.26	357.73	3.87	6.83	0.53	385.22
Transfer from investment property (refer note 3)	-	64.69	0.77	0.92	1.06	-	67.44
Transferred to assets classified as held for sale (refer note 36)	(2.79)	(290.48)	(725.09)	(11.00)	(4.12)	(0.85)	(1,034.33)
Deletions and adjustments during the year	-	(0.05)	(50.79)	(0.40)	(0.66)	(0.16)	(52.06)
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>36.36</b>	<b>1,700.43</b>	<b>3,660.47</b>	<b>101.65</b>	<b>99.65</b>	<b>6.76</b>	<b>5,605.32</b>
<b>Depreciation and impairment</b>							
<b>Accumulated balance as at 1<sup>st</sup> April, 2020</b>	<b>-</b>	<b>266.84</b>	<b>1,865.93</b>	<b>56.73</b>	<b>66.94</b>	<b>3.67</b>	<b>2,260.11</b>
Depreciation charge for the year	-	57.89	367.76	8.84	9.82	0.62	444.93
Impairment charge for the year <sup>iii</sup>	-	0.01	4.15	-	-	-	4.16
Deletions and adjustments during the year	-	(0.21)	(37.83)	(0.37)	(0.95)	(0.06)	(39.42)
<b>Accumulated balance as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>324.53</b>	<b>2,200.01</b>	<b>65.20</b>	<b>75.81</b>	<b>4.23</b>	<b>2,669.78</b>
Depreciation charge for the year	-	58.57	364.00	7.93	6.70	0.61	437.81
Impairment charge for the year <sup>iii</sup>	-	0.07	9.51	0.08	0.01	-	9.67
Transfer from investment property (refer note 3)	-	7.20	0.53	0.63	1.00	-	9.36
Transferred to assets classified as held for sale (refer note 36)	-	(75.14)	(441.24)	(9.12)	(3.09)	(0.39)	(528.98)
Deletions and adjustments during the year	-	(0.01)	(40.77)	(0.34)	(0.62)	(0.14)	(41.88)
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>315.22</b>	<b>2,092.04</b>	<b>64.38</b>	<b>79.81</b>	<b>4.31</b>	<b>2,555.76</b>
<b>Net block</b>							
<b>As at 31<sup>st</sup> March, 2022</b>	<b>36.36</b>	<b>1,385.21</b>	<b>1,568.43</b>	<b>37.27</b>	<b>19.84</b>	<b>2.45</b>	<b>3,049.56</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>39.15</b>	<b>1,585.48</b>	<b>1,877.84</b>	<b>43.06</b>	<b>20.73</b>	<b>3.01</b>	<b>3,569.27</b>

- 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 ₹ 16.54 crores (31<sup>st</sup> March, 2021: ₹ 22.79 crores) used for research and development.
- iii. The impairment charge for the year ₹ 9.67 crores (31<sup>st</sup> March, 2021: ₹ 4.16 crores) includes impairment charge on certain assets that has been assessed as non-useable by the management and has been recorded at scrap value less cost to sell.
- iv. The title deeds of the immovable properties are held in the name of the Company.
- v. The Company has not revalued its property, plant and equipment.
- vi. The Company has not created any charge on its property, plant and equipment.

## Notes to the standalone financial statements

### Note 2.2: Lease accounting

Following are the changes in the carrying value of right of use assets:

₹ in crores

Particulars	Land	Category of ROU asset		
		Buildings and Flats	Computers	Total
<b>Balance recognised as at 1<sup>st</sup> April, 2020</b>	<b>65.89</b>	<b>47.64</b>	<b>18.96</b>	<b>132.49</b>
Additions during the year	-	0.01	-	0.01
Depreciation charge for the year	(2.15)	(15.99)	(10.48)	(28.62)
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>63.74</b>	<b>31.66</b>	<b>8.48</b>	<b>103.88</b>
Deletions during the year	-	(9.01)	-	(9.01)
Depreciation charge for the year	(2.16)	(10.00)	(7.01)	(19.17)
Transferred to assets classified as held for sale/transfer (refer note 36)	(13.53)	-	-	(13.53)
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>48.05</b>	<b>12.65</b>	<b>1.47</b>	<b>62.17</b>

i. The lease agreements for immovable properties where the Company is the lessee are duly executed in favour of the Company.

ii. The Company has not revalued its Right-of-use assets.

iii. The weighted average incremental borrowing rate applied to lease liability is in the range of 8.50% to 12.00%.

The following is the break-up of current and non-current lease liabilities:

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
		Current lease liabilities	Non-current lease liabilities
<b>Current lease liabilities</b>	<b>7.92</b>	<b>22.66</b>	
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(0.59)	-	-
	<b>7.33</b>	<b>22.66</b>	
<b>Non-current lease liabilities</b>	<b>15.53</b>	<b>29.46</b>	
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(3.94)	-	-
	<b>11.59</b>	<b>29.46</b>	
<b>Total</b>	<b>18.92</b>	<b>52.12</b>	

The following is the movement in lease liabilities:

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	
		Opening balance	Closing balance
<b>Opening balance</b>	<b>52.12</b>	<b>74.66</b>	
Deletion, modifications and adjustments during the year	(9.07)	3.24	
Finance cost accrued during the year	3.78	6.82	
Payment of lease liabilities (outflow)	(23.38)	(32.60)	
<b>Closing balance</b>	<b>23.45</b>	<b>52.12</b>	
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(4.53)	-	
<b>Net closing balance</b>	<b>18.92</b>	<b>52.12</b>	

## Notes to the standalone financial statements

### Note 2.2: Lease accounting (Contd.)

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Less than one year	11.69	26.43
One to five years	14.71	32.76
More than five years	-	10.65
<b>Sub-Total</b>	<b>26.40</b>	<b>69.84</b>
Less: Financial component	(2.95)	(17.72)
<b>Total</b>	<b>23.45</b>	<b>52.12</b>

Rental expense recorded for short-term leases during the year is ₹ 41.88 crores (31<sup>st</sup> March, 2021: ₹ 38.66 crores)

Right-of-use asset	Range of remaining term
Leasehold land	7 to 93 years
Buildings and flats	1 to 6 years
Computers	1 to 2 years

### Note 2.3: Assets classified as held for sale/transfer

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Plant and equipment*	-	1.43
Assets related to Discontinued/Restructuring operation (refer note 36)	1,887.48	-
	<b>1,887.48</b>	<b>1.43</b>

\*Plant and equipment includes power plant at Goa and other assets impaired in earlier years. Fair market value for such assets was valued at ₹ 1.43 crores as at 31<sup>st</sup> March, 2021. During the current year, these assets were sold at ₹ 1.43 crores. There were no gain/loss on sale of such assets.

### Note 2.4: Details of capital work-in-progress

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>275.04</b>	<b>255.73</b>
Additions during the year	302.60	360.87
Capitalised during the year	(385.09)	(340.12)
Impairment during the year <sup>i</sup>	(6.29)	(1.44)
Less: transferred to assets classified as held for sale/transfer (refer note 36)	(17.04)	-
<b>Closing balance</b>	<b>169.22</b>	<b>275.04</b>

- i. The impairment loss relates to certain capital work-in-progress that has been assessed as non-usable by the management and has been recorded at the scrap value less cost to sell.

## Notes to the standalone financial statements

### Note 2.4: Details of capital work-in-progress (Contd.)

#### ii. Capital work-in-progress ageing schedule

The table below provides details regarding the CWIP ageing (including ₹ 17.04 crores related to assets classified as held for sale/transfer) schedule as of 31<sup>st</sup> March, 2022:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	142.65	17.62	5.49	20.50	186.26
Projects temporary suspended	-	-	-	-	-
<b>Total</b>	<b>142.65</b>	<b>17.62</b>	<b>5.49</b>	<b>20.50</b>	<b>186.26</b>

The table below provides details regarding the CWIP ageing schedule as of 31<sup>st</sup> March, 2021:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	165.99	39.61	23.21	46.23	275.04
Projects temporary suspended	-	-	-	-	-
<b>Total</b>	<b>165.99</b>	<b>39.61</b>	<b>23.21</b>	<b>46.23</b>	<b>275.04</b>

#### iii. CWIP completion schedule

There are no projects under capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

### Note 3: Investment properties

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Gross block</b>		
<b>Opening balance</b>	<b>142.18</b>	<b>142.18</b>
Transfer to property, plant and equipment (refer note 2.1)	(67.44)	-
<b>Closing balance</b>	<b>74.74</b>	<b>142.18</b>
<b>Accumulated depreciation</b>		
<b>Opening balance</b>	18.39	15.74
Transfer to property, plant and equipment	(9.36)	-
Depreciation for the year (refer note 33)	2.36	2.65
<b>Closing balance</b>	<b>11.39</b>	<b>18.39</b>
<b>Net block</b>	<b>63.35</b>	<b>123.79</b>
<b>Fair value</b>	<b>120.07</b>	<b>182.56</b>

### Note 3: Investment properties (Contd.)

Rental income recognised in profit or loss for investment properties aggregates to ₹ 12.60 crores (31<sup>st</sup> March, 2021: ₹ 15.83 crores). Total direct operating expenses from property that generated rental income aggregates to ₹ 0.35 crores (31<sup>st</sup> March, 2021: ₹ 0.70 crores).

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement is categorised in level 3 fair value hierarchy.

## Notes to the standalone financial statements

### Note 4: Intangible assets

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
<b>Gross block</b>						
<b>Balance as at 1<sup>st</sup> April, 2020</b>	<b>202.24</b>	<b>110.41</b>	<b>4.67</b>	<b>124.08</b>	<b>1.08</b>	<b>442.48</b>
Additions for the year <sup>i</sup>	6.42	20.92	-	45.24	65.37	137.95
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>208.66</b>	<b>131.33</b>	<b>4.67</b>	<b>169.32</b>	<b>66.45</b>	<b>580.43</b>
Additions for the year	9.24	8.25	-	0.18	0.10	17.77
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>217.90</b>	<b>139.58</b>	<b>4.67</b>	<b>169.50</b>	<b>66.55</b>	<b>598.20</b>
<b>Amortisation and impairment</b>						
<b>Accumulated balance as at 1<sup>st</sup> April, 2020</b>	<b>159.95</b>	<b>61.27</b>	<b>4.67</b>	<b>9.64</b>	<b>1.08</b>	<b>236.61</b>
Amortisation charge for the year	27.34	17.11	-	12.62	9.81	66.88
Impairment charge for the year <sup>ii</sup>	-	4.53	-	2.90	-	7.43
<b>Accumulated balance as at 31<sup>st</sup> March, 2021</b>	<b>187.29</b>	<b>82.91</b>	<b>4.67</b>	<b>25.16</b>	<b>10.89</b>	<b>310.92</b>
Amortisation charge for the year	17.97	19.45	-	15.78	13.07	66.27
Impairment charge for the year <sup>ii</sup>	-	5.05	-	-	-	5.05
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	<b>205.26</b>	<b>107.41</b>	<b>4.67</b>	<b>40.94</b>	<b>23.96</b>	<b>382.24</b>
<b>Net block</b>						
<b>As at 31<sup>st</sup> March, 2022</b>	<b>12.64</b>	<b>32.17</b>	<b>-</b>	<b>128.56</b>	<b>42.59</b>	<b>215.96</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>21.37</b>	<b>48.42</b>	<b>-</b>	<b>144.16</b>	<b>55.56</b>	<b>269.51</b>

- i. Includes, acquisition of Syncrobreathe from Cipla (EU) Limited for an amount of ₹ 25.19 crores (refer note 39)
- ii. Due to change in business plan, the carrying amount of certain marketing intangibles and trademarks has been reduced to its recoverable amount by recognition of an impairment loss in profit or loss to give effects to change in cash flows.
- iii. The Company has not revalued its intangible assets.

### Intangible assets under development

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>80.07</b>	<b>64.00</b>
Additions during the year	19.12	154.02
Capitalised during the year	(17.77)	(137.95)
Transferred to assets classified as held for sale/transfer (refer note 36)	(36.80)	-
<b>Closing balance</b>	<b>44.62</b>	<b>80.07</b>

### Acquisition of significant intangibles:

- a) There were no significant acquisitions during the year.
- b) Significant acquisitions during the previous year

Product	Date of agreement/completion	₹ in crores	Type of deal
Brand Elores - Novel and patented anti-infective product	1 <sup>st</sup> July, 2020	65.37	Acquisition of Brand

The Company has recorded the above acquired assets as intangible assets under Ind AS 38 - Intangible Assets on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Company and future economic benefits are probable.

# Notes to the standalone financial statements

## Note 4: Intangible assets (Contd.)

### Contingent consideration (on achievement of sale target as per agreement):

As at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

#### i. Intangible assets under development aging schedule

The table below provides details regarding the Intangible assets under development ageing (including ₹ 36.80 crores related to assets classified as held for sale/transfer) schedule as of 31<sup>st</sup> March, 2022:

Particulars	Amount in intangible assets under development for a period of				₹ in crores
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	10.85	15.76	22.33	32.48	81.42
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>10.85</b>	<b>15.76</b>	<b>22.33</b>	<b>32.48</b>	<b>81.42</b>

The table below provides details regarding the Intangible assets under development aging schedule as of 31<sup>st</sup> March, 2021:

Particulars	Amount in intangible assets under development for a period of				₹ in crores
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	18.64	8.85	41.36	11.22	80.07
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>18.64</b>	<b>8.85</b>	<b>41.36</b>	<b>11.22</b>	<b>80.07</b>

#### ii. Intangible assets under development completion schedule

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

## Note 5: Non-current investments

Particulars	No. of units	As at 31 <sup>st</sup> March, 2022		No. of units	As at 31 <sup>st</sup> March, 2021			
<b>(Unquoted, except otherwise stated)</b>								
<b>(A) Investment in equity instruments - carried at cost</b>								
<b>I. Investments in Subsidiaries</b>								
Equity shares of Goldencross Pharma Limited of ₹ 10 each, fully paid	45,966	191.12	45,966	191.12				
Equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each, fully paid <sup>i</sup>	3,50,00,000	35.00	2,00,00,000	20.00				
Equity shares of Meditab Specialities Limited of ₹ 1 each, fully paid	71,18,416	382.57	71,18,416	382.57				
Meditab Specialities Limited (equity component of inter corporate deposits)	-	107.50	-	107.50				
Equity shares of Cipla (EU) Limited of GBP 1 each, fully paid <sup>ii and xii</sup>	52,44,03,526	4,959.71	40,84,99,464	3,773.90				
Equity shares of Cipla Medpro South Africa (Pty) Limited of 0.1 cent each, fully paid	45,07,40,684	2,081.09	45,07,40,684	2,081.09				
Equity shares of Cipla Holding B.V. of EUR 100 each, fully paid	1,00,367	80.48	1,00,367	80.48				
Equity shares of Cipla Pharma and Life Sciences Limited of ₹ 10 each, fully paid (formerly known as Cipla BioTec Limited) net of impairment ₹ 294.55 crores (31 <sup>st</sup> March, 2021: ₹ 294.55 crores) <sup>xii</sup>	25,87,08,433	80.96	25,87,08,433	80.96				
Equity shares of Saba Investment Limited of USD 1 each, fully paid	1,74,27,511	230.79	1,74,27,511	230.79				

# Notes to the standalone financial statements

## Note 5: Non-current investments (Contd.)

Particulars	No. of units	As at 31 <sup>st</sup> March, 2022		No. of units	As at 31 <sup>st</sup> March, 2021
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 <sup>ix, viii and x</sup>	23,25,213	631.51	23,25,213	626.73	
Equity shares of Cipla Digital Health Limited of ₹ 10 each, fully paid <sup>iii</sup>	5,00,000	0.50	-	-	
<b>Sub-total (I)</b>		<b>8,877.47</b>			<b>7,671.38</b>
<b>II. Investments in associate</b>					
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>xii</sup>	6,927	1.80	6,927	1.80	
<b>Sub-total (II)</b>		<b>1.80</b>			<b>1.80</b>
<b>Total (A)</b>		<b>8,879.27</b>			<b>7,673.18</b>
<b>(B) Investment in equity instruments - carried at amortised cost</b>					
<b>I. Investments in associate</b>					
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid <sup>iv</sup>	1,01,800	0.01	90,000	0.01	
Equity Shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid <sup>v</sup>	7,50,000	0.06	-	-	
<b>Sub-total (I)</b>		<b>0.07</b>			<b>0.01</b>
<b>II. Other investments</b>					
National savings certificates ₹ 41,000 (31 <sup>st</sup> March, 2021: ₹ 41,000)		0.00			0.00
<b>Sub-total (II)</b>		<b>0.00</b>			<b>0.00</b>
<b>Total (B)</b>		<b>0.07</b>			<b>0.01</b>
<b>(C) Investment in equity instruments - carried at fair value through profit or loss (FVTPL)</b>					
Equity shares of Saraswat Co-operative Bank Limited of ₹ 10 each, fully paid ₹ 10,000 (31 <sup>st</sup> March, 2021: ₹ 10,000)	1,000	0.00	1,000	0.00	
<b>Total (C)</b>		<b>0.00</b>			<b>0.00</b>
<b>(D) Investment in equity instruments - carried at fair value other comprehensive income (FVTOCI)</b>					
ABCD Technologies LLP <sup>xiv</sup>	-	40.25	-		40.00
Equity Shares of Swasth Digital Health Foundation of ₹ 100 each, fully paid <sup>vi</sup>	5,000	0.05	-		-
<b>Total (D)</b>		<b>40.30</b>			<b>40.00</b>
<b>(E) Investment in Preference Shares- carried at cost</b>					
<b>Investments in associate</b>					
0.001% Compulsorily Convertible Preference Shares of GoApptiv Private Limited ₹ 10 each <sup>xiii</sup>	27,706	7.20	27,706	7.20	
<b>Total (E)</b>		<b>7.20</b>			<b>7.20</b>
<b>(F) Investment in Debentures - carried at amortised cost</b>					
<b>Investments in associates</b>					
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid <sup>iv</sup>	1,00,742	0.80	89,100	0.60	
0.01% Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid <sup>v</sup>	67,500	0.56	-	-	
<b>Total (F)</b>		<b>1.36</b>			<b>0.60</b>
<b>(G) Investment in Limited Liability Partnership (LLP) - carried at amortised cost</b>					
<b>Investments in associates</b>					
Clean Max Auriga Power LLP <sup>vii</sup>	-	6.68	-		-
<b>Total (G)</b>		<b>6.68</b>			<b>6.68</b>
Aggregate amount of unquoted investments		8,934.88			7,720.99
Aggregate amount of impairment in value of investment		8,934.88			7,720.99
		970.20			970.20

### Notes for changes in current year:

- i. During the year, the Company further invested ₹ 15.00 crores and acquired 1,50,00,000 equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each.
- ii. During the year, pursuant to the Board resolutions passed on 14<sup>th</sup> May 2021, 5<sup>th</sup> August 2021, 26<sup>th</sup> October 2021, the Company further invested ₹ 1,185.81 crores and acquired 11,59,04,062 equity shares of Cipla (EU) Limited of GBP 1 each.

- iii. On 25<sup>th</sup> February, 2022, the Company has incorporated a new subsidiary, Cipla Digital Health Limited and subscribed its 5,00,000 equity shares of ₹ 10 each.
- iv. Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 23<sup>rd</sup> May, 2019 and amendments thereof, the Company has further invested ₹ 1.17 crores in AMPSolar Power Systems Private Limited, representing 11,800 equity shares of ₹ 10 each and 11,642, 0.01% Compulsory Convertible Debenture of ₹ 1,000 each.

# Notes to the standalone financial statements

## Note 5: Non-current investments (Contd.)

Further, there has been no change in the stake and has been accounted in the same manner as it was accounted at the time of initial investment.

- v. Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 4<sup>th</sup> February, 2022, the Company has acquired 32.49% stake on fully diluted basis in AMP Energy Green Eleven Private Limited, representing 750,000 equity shares of ₹ 10 each and 67,500, 0.01% Compulsory Convertible debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each for a total consideration of ₹ 7.50 crores. Further, the Company also entered in a Power Purchase Agreement ('PPA') with AMP Energy Green Eleven Private Limited to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in agreement. As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Company will receive nominal value of its investment without any share of profit/loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.
- vi. Pursuant to the Board resolutions passed on 5<sup>th</sup> August, 2021, the Company invested ₹ 0.05 crores and acquired 5,000 equity shares of Swasth Digital Health Foundation of ₹ 100 each. Swasth Digital Health Foundation is a Not-for-Profit initiative (registered under Section 8 of the Companies Act, 2013) that aims to leveraging digital technologies to improve healthcare outcomes and increase healthcare inclusion in India. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.
- vii. Pursuant to Limited Liability Partnership Agreement ("LLP Agreement") dated 14<sup>th</sup> December, 2021 and amendments thereof, the Company has acquired 33% stake in Clean Max Auriga Power LLP ('Clean Max') for a total consideration of ₹ 6.75 crores. Further, the Company has also entered in a Power Purchase Agreement ('PPA') with Clean Max to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in the PPA. Further, in the event of termination of the contracts or completion of the PPA term, the Company will receive fair market value of its investment on the date of termination/completion which is expected to be Nil at the end of the PPA term. Accordingly, the investment amount will be amortised over a period of 25 years. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.

- viii. During the year, the Company has further invested ₹ 4.78 crores, pursuant to tripartite agreement entered during the previous year wherein ESOP holders of Cipla Health Limited agreed to extinguish their right of exercise of ESOPs vested.

### Notes for changes in previous year:

- ix. During the year, pursuant to the board resolution passed on 1<sup>st</sup> July, 2020, 5,34,658 Series A and 33,039 Series A1 0.01% Compulsory Convertible Preference Shares of Cipla Health Limited were converted into equivalent number of 5,67,697 equity shares.
- x. (a) During the year, pursuant to the board resolution passed on 8<sup>th</sup> May, 2020, the Company has by way of right issue invested in 1,62,469 equity shares of face value of ₹ 10 each at a premium of ₹ 6,145 per share of Cipla Health Limited.
- (b) During the year ended 31<sup>st</sup> March, 2021, the ESOP holders entered into a tripartite agreement with the Company and Cipla Limited wherein they agreed to extinguish their right of exercise of ESOPs vested against the payment received from Cipla Limited.
- xi. The Company has re-assessed the carrying value of investment in Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited) and recorded impairment charge of ₹ 10.88 crores.
- xii. Pursuant to the Board resolutions passed on 15<sup>th</sup> May, 2020, 7<sup>th</sup> August, 2020 and 6<sup>th</sup> November, 2020, the Company further invested ₹ 1,191.49 crores and acquired 12,41,44,449 equity shares of Cipla (EU) Limited of GBP 1 each.
- xiii. On 9<sup>th</sup> June, 2020, the Company has signed Amended and Restated Shareholders' Agreement with GoApptiv Private Limited to acquire 21.85% stake on fully diluted basis for a total consideration of ₹ 9 crores. Pursuant to this, the Company acquired 6,927 equity shares of ₹ 10 each from the sellers via Share Purchase Agreement for a total consideration of ₹ 1.80 crores and via Share Subscription Agreement with GoApptiv Private Limited to acquire 27,706, 0.001% compulsorily convertible preference shares of ₹ 10 each for a total consideration of ₹ 7.20 crores. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.
- xiv. On 30<sup>th</sup> March, 2021, the Company has signed Restated and 2<sup>nd</sup> Amended Limited Liability Partnership Agreement ("LLP Agreement") to make an strategic investment of ₹ 40 crores in ABCD Technologies LLP (to be renamed as IndoHealth Services LLP). The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's ele ction in accordance with Ind AS 109 - Financial Instruments.

## Notes to the standalone financial statements

### Note 6: Non-current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Margin deposits <sup>i</sup>	0.36	0.22
Fixed Deposit (maturity more than 12 months)	323.15	-
Share application money pending allotment (refer note below and 39) <sup>ii</sup>	-	32.72
Security deposit	41.55	43.37
Amount recoverable from supplier	7.04	7.26
	<b>372.10</b>	<b>83.57</b>
Less: transferred to assets classified as held for sale/transfer (refer note 36)	(3.22)	-
	<b>368.88</b>	<b>83.57</b>

i Amount held as margin money under lien to tax authority and electricity department.

ii During the previous year, share application money pending allotment is the money remitted to Cipla (EU) Limited for further investment in 32,38,425 equity shares of GBP 1 each. The shares got allotted subsequently on 6<sup>th</sup> April, 2021.

### Note 7: Income taxes

The major components of income tax expense for the years ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 are:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>A. Profit or loss section</b>		
<b>On continuing operations</b>		
Current income tax charge	887.24	756.27
Adjustments in respect of deferred tax charge of previous year	14.34	13.30
Deferred tax credit/reversal on account of temporary differences	(44.74)	(30.22)
	<b>856.84</b>	<b>739.35</b>
<b>On discontinuing/restructuring operations</b>		
Current income tax charge	87.60	148.11
Deferred tax credit/reversal on account of temporary differences	2.71	(5.08)
	<b>90.31</b>	<b>143.03</b>
<b>B. Other Comprehensive income section</b>		
<b>On continuing operations</b>		
Income tax relating to re-measurements gain on defined benefit plans	(4.15)	(4.42)
Income tax relating to changes in fair value of FVTOCI financial instruments	(0.07)	-
Income tax relating to cash flow hedge	2.37	(9.33)
	<b>(1.85)</b>	<b>(13.75)</b>
<b>On discontinuing/restructuring operations</b>		
Income tax relating to re-measurements gain on defined benefit plans	(0.18)	(0.19)
	<b>(0.18)</b>	<b>(0.19)</b>

# Notes to the standalone financial statements

## Note 7: Income taxes (Contd.)

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Profit before tax from continuing operations	3,546.23	2,784.00
Profit before tax from discontinuing/restructuring operations	358.85	566.66
<b>Profit before tax from operations</b>	<b>3,905.08</b>	<b>3,350.66</b>
At India's applicable statutory income tax rate of 25.168% (31 <sup>st</sup> March, 2021: 25.168%)	982.83	843.29
<b>Effect for:</b>		
Prior year adjustments to deferred tax	14.34	13.30
Deduction under section 80M	(101.51)	-
Non-deductible expenses for tax purpose	63.23	36.47
Others	(11.74)	(13.42)
Effect of impairment of investment	-	2.74
<b>Income tax expense reported in the profit or loss relating to operations</b>	<b>947.15</b>	<b>882.38</b>
<b>Effective income tax rate</b>	<b>24.25%</b>	<b>26.33%</b>

There are unused capital losses amounting to ₹ 129.50 crores (expiring from FY 2025-26 to FY 2027-28) as at 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: ₹ 129.50 crores) for which no deferred tax asset has been recognised as the Company believes that availability of taxable profit against which such temporary difference can be utilised is not probable.

The Company has ongoing disputes which includes receipt of demands, notices and inquiries from income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Company has disclosed amount of ₹ 20.52 crores (31<sup>st</sup> March, 2021: ₹ 49.97 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Company has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### C. Deferred tax:

#### Carrying value of deferred tax liabilities (net)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Carrying value of deferred tax liabilities (net)	79.25	104.91
Transferred to discontinuing/restructuring operations (refer note 36)	(23.29)	-
	<b>55.96</b>	<b>104.91</b>

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2022:

Particulars	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	₹ in crores	
				As at 31 <sup>st</sup> March, 2022	
<b>Deferred tax assets/(liabilities):</b>					
Property, plant and equipment, and intangible assets	(329.06)	15.44	-	(313.62)	
Employee benefits expense	47.61	(5.23)	(4.33)	38.05	
Fair value of FVTOCI financial instruments	-	-	(0.07)	(0.07)	

# Notes to the standalone financial statements

## Note 7: Income taxes (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	₹ in crores	As at 31 <sup>st</sup> March, 2022
Others*	63.82	6.92	2.37		73.11
Allowance for credit loss	24.95	2.45	-		27.40
Deferred revenue	13.45	(1.78)	-		11.67
Provision for right of return, discounts and others	74.32	9.89	-		84.21
<b>Deferred tax assets/(liabilities) (net)</b>	<b>(104.91)</b>	<b>27.69</b>	<b>(2.03)</b>		<b>(79.25)</b>

\*Others includes provision for claims – DPCO, Hedge reserve, etc

### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2021:

Particulars	As at 31 <sup>st</sup> March, 2020	Profit or loss	Other comprehensive income	₹ in crores	As at 31 <sup>st</sup> March, 2021
<b>Deferred tax assets/(liabilities):</b>					
Property, plant and equipment and intangible assets	(353.62)	24.56	-		(329.06)
Employee benefits expense	51.90	0.32	(4.61)		47.61
Others*	65.82	7.33	(9.33)		63.82
Allowance for credit loss	42.13	(17.18)	-		24.95
Deferred revenue	15.23	(1.78)	-		13.45
Provision for right of return, discounts and others	65.57	8.75	-		74.32
<b>Deferred tax assets/(liabilities) (net)</b>	<b>(112.97)</b>	<b>22.00</b>	<b>(13.94)</b>		<b>(104.91)</b>

\*Others includes, provision for claims – DPCO, Hedge reserve, etc

### D. Tax assets and liabilities:

Particulars	As at 31 <sup>st</sup> March, 2022	₹ in crores	As at 31 <sup>st</sup> March, 2021
Income tax assets (net)	377.12		401.31
Income tax liabilities	-		(4.57)

## Note 8: Other non-current assets

Particulars	As at 31 <sup>st</sup> March, 2022	₹ in crores	
		As at 31 <sup>st</sup> March, 2021	
<b>(Unsecured, considered good, except otherwise stated)</b>			
Capital advances			
Secured, considered good *	0.89	0.59	
Unsecured, considered good *	115.70	110.85	
Prepaid expenses	23.47	13.53	
VAT receivable	13.38	19.16	
	<b>153.44</b>	<b>144.13</b>	

## Note 8: Other non-current assets (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2022	₹ in crores	As at 31 <sup>st</sup> March, 2021
Transferred to assets classified as held for sale/transfer (refer note 36)		(14.78)	-
		<b>138.66</b>	<b>144.13</b>
# Secured against bank guarantees			
* Includes amount paid to wholly owned subsidiary - Meditab Specialities Limited (refer note 39)		55.74	55.74

## Notes to the standalone financial statements

### Note 9: Inventories

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Lower of cost and net realisable value)</b>		
Raw materials and packing materials	1,268.82	1,395.51
Work-in-progress	677.39	677.01
Finished goods	726.88	574.35
Stock-in-trade	780.47	384.08
Stores, spares and consumables	65.82	54.86
	<b>3,519.58</b>	<b>3,085.81</b>
Less: transferred to assets classified as held for sale/transfer (refer note 36)	(320.33)	-
	<b>3,199.05</b>	<b>3,085.81</b>
 <b>Goods-in-transit included above</b>		
Raw materials and packing materials	59.41	60.28
Work-in-progress	29.86	15.33
Finished goods	63.76	54.80
Stock-in-trade	6.12	7.51
	<b>159.15</b>	<b>137.92</b>

The Company recorded inventory write down (net) of ₹ 494.86 crores (31<sup>st</sup> March, 2021: ₹ 241.50 crores). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

### Note 10: Current investments

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Investment in mutual funds (quoted)	2,038.80	2,004.84
(Carried at fair value through profit or loss)		

### Note 10: Current investments (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Aggregate amount of quoted investments</b>	<b>2,038.80</b>	<b>2,004.84</b>
<b>Aggregate market value of quoted investments</b>	<b>2,038.80</b>	<b>2,004.84</b>

### Note 11: Trade receivables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unsecured, considered good #	2,905.53	3,085.66
Unsecured, considered doubtful	59.01	45.35
Less: Allowance for expected credit loss	(104.76)	(95.64)
	<b>2,859.78</b>	<b>3,035.37</b>
Less: transferred to assets classified as held for sale/transfer (refer note 36)	(920.16)	-
	<b>1,939.62</b>	<b>3,035.37</b>
# Includes amount due from related parties (refer note 39)	1,722.26	1,622.52

- 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.
- There are no trade receivables which have significant increase in credit risk and trade receivables which are credit impaired.

# Notes to the standalone financial statements

## Note 11: Trade receivables (Contd.)

Ageing for trade receivables (including ₹ 920.16 crores related to assets classified as held for sale/transfer) from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					₹ in crores Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
<b>a. Undisputed Trade receivables</b>								
- considered good	-	2,007.89	680.59	84.95	104.20	8.52	19.38	2,905.53
- considered doubtful	-	-	-	0.80	3.67	0.97	1.67	7.11
<b>b. Disputed Trade receivables</b>								
- considered good	-	-	-	-	-	-	-	-
- considered doubtful	-	-	0.25	2.23	3.02	33.97	12.43	51.90
	<b>-</b>	<b>2,007.89</b>	<b>680.84</b>	<b>87.98</b>	<b>110.89</b>	<b>43.46</b>	<b>33.48</b>	<b>2,964.54</b>

Ageing for trade receivables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2021 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					₹ in crores Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
<b>a. Undisputed Trade receivables</b>								
- considered good	-	2,013.10	860.52	92.35	64.25	28.08	27.36	3,085.66
- considered doubtful	-	-	-	-	-	-	-	-
<b>b. Disputed Trade receivables</b>								
- considered good	-	-	-	-	-	-	-	-
- considered doubtful	-	-	-	2.57	32.78	5.45	4.55	45.35
	<b>-</b>	<b>2,013.10</b>	<b>860.52</b>	<b>94.92</b>	<b>97.03</b>	<b>33.53</b>	<b>31.91</b>	<b>3,131.01</b>

## Note 12: Cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balances with banks		
- In Current accounts	36.28	171.80
- In EEFC accounts	132.37	-
- In fixed deposits (original maturity less than 3 months)	0.23	110.77
Remittance in transit <sup>i</sup>	7.61	11.50
Cash on hand	0.80	0.65
	<b>177.29</b>	<b>294.72</b>

i. Remittance in transit from group entities.

## Note 13: Bank balance other than cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Fixed deposits with banks (original maturity between 3 months and 12 months)	1,234.82	565.25
Amount held as margin money to Government authority	4.01	3.71
Balance earmarked for unclaimed dividend*	11.91	11.12
	<b>1,250.74</b>	<b>580.08</b>

\* 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 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

## Notes to the standalone financial statements

### Note 14: Current financial assets - loans

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Loan to employees and others	0.89	0.96
	<b>0.89</b>	<b>0.96</b>

#### Notes

1. In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10<sup>th</sup> March, 2015, loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
2. There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:
  - (a) repayable on demand; or
  - (b) without specifying any terms or period of repayment.

### Note 15: Current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(Carried at amortised cost, except otherwise stated)		
Incentives/benefits receivable from Government	108.56	143.15
Deposit*	178.05	175.08
Derivatives not designated as hedge - carried at fair value (refer note 44)	17.73	1.90
Derivatives designated as hedge - carried at fair value (refer note 44)		
Forward contracts	0.41	58.40
Options	0.34	1.31

### Note 15: Current financial assets - others (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Fixed deposits with banks (having remaining maturity less than 12 months)	524.14	73.54
Amount held as margin money to Government authority	0.01	0.35
Inter-company receivables (refer note 39)	-	3.51
Advance gratuity (refer note 38)	9.30	-
Fixed deposit interest receivable	23.61	7.00
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	9.79	10.80
Considered doubtful	2.91	1.47
Less: Allowance for bad and doubtful advances	(2.91)	(1.47)
	<b>871.94</b>	<b>475.04</b>
Less: transferred to assets classified as held for sale/ transfer (refer note 36)	(15.31)	-
	<b>856.63</b>	<b>475.04</b>

\* Includes ₹ 175.08 crores as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 in respect of DPCO matter explained in note 37B.

### Note 16: Other current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advances to suppliers	111.31	109.09
Prepaid expenses	74.82	64.95
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	527.83	538.98
Other advances	1.13	0.91
	<b>715.09</b>	<b>713.93</b>
Less: transferred to assets classified as held for sale/ transfer (refer note 36)	(40.96)	-
	<b>674.13</b>	<b>713.93</b>

# Notes to the standalone financial statements

## Note 17: Equity share capital

Particulars	Numbers	As at 31 <sup>st</sup> March, 2022		Numbers	As at 31 <sup>st</sup> March, 2021
			₹ in crores		
<b>Authorised</b>					
Equity shares of ₹ 2/- each	87,50,00,000	175.00	87,50,00,000	175.00	175.00
		<b>175.00</b>			<b>175.00</b>
<b>Issued</b>					
Equity shares of ₹ 2/- each	80,68,14,036	161.36	80,64,63,279	161.29	161.29
		<b>161.36</b>			<b>161.29</b>
<b>Subscribed and paid-up</b>					
Equity shares of ₹ 2/- each, fully paid up	80,68,14,036	161.36	80,64,63,279	161.29	161.29
		<b>161.36</b>			<b>161.29</b>

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of shares	% of holding	Number of shares	% of holding
Number of shares outstanding at the beginning of the period	80,64,63,279		80,62,35,329	
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 40)	3,50,757		2,27,950	
<b>Number of shares outstanding at the end of the period</b>	<b>80,68,14,036</b>		<b>80,64,63,279</b>	

### Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of shares	% of holding	Number of shares	% of holding
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

### Details of shares held by promoters in the Company

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%	(1.67%)
M K Hamied	2,78,44,320	3.45%	3,45,67,572	4.29%	(0.84%)
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.23%	98,86,500	1.23%	0.00%
MN Rajkumar Garments LLP	-	0.00%	53,76,852	0.67%	(0.67%)
Alps Remedies Private Limited	-	0.00%	4,92,985	0.06%	(0.06%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>29,56,74,971</b>	<b>36.67%</b>	<b>(3.24%)</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution

# Notes to the standalone financial statements

## Note 17: Equity share capital (Contd.)

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 and share appreciation rights.**

For number of stock options against which equity shares are to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR holders as per the relevant schemes - Refer note 40.

## Note 18: Other equity\*

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital reserve	0.08	0.08
Securities premium reserve	1,631.69	1,613.31
General reserve	3,144.80	3,144.64
Employee stock options/ ESAR	36.84	35.69
Retained earnings	17,534.77	14,961.71
Investments through other comprehensive income	0.18	-
Cash flow hedge reserve	3.83	10.84
	<b>22,352.19</b>	<b>19,766.27</b>

\* For movement in other equity, refer Statement of Changes in Equity

## Other Comprehensive Income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A. (i) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post- employment benefit obligation {refer note 38 (e)}	17.26	18.32
(ii) Changes in fair value of FVTOCI financial instruments	0.25	-
	<b>17.51</b>	<b>18.32</b>

## Note 18: Other equity (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
(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	(4.33)	(4.61)
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(0.07)	-
	<b>(4.40)</b>	<b>(4.61)</b>
B. (1) Items that will be reclassified to profit or loss		
(i) Cash flow hedge (refer note 44)	(9.38)	37.08
	<b>(9.38)</b>	<b>37.08</b>
(2) Income tax relating to Items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge	2.37	(9.33)
	<b>2.37</b>	<b>(9.33)</b>

### Nature and purpose of reserve:

#### Capital reserve

The Company recognised profit or loss on sale, issue, purchase or cancellation of the Company's own equity instruments to capital reserve. Capital reserve may be used by the Company only for some specific purpose.

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### General reserve

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purpose.

# Notes to the standalone financial statements

## Note 18: Other equity (Contd.)

### Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various schemes as per SEBI regulations. The reserve is used for the settlement of ESOS and ESAR (refer note 40).

### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

### Investments 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.

### Cash flow hedge reserve

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow (refer note 44).

## Note 19: Other financial liabilities - non-current

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Security deposits	53.13 <b>53.13</b>	56.01 <b>56.01</b>

## Note 20: Provisions

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-current</b>		
Provision for employee benefits (refer note 38)	81.63 <b>81.63</b>	95.97 <b>95.97</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/ transfer (refer note 36)	(2.71) <b>78.92</b>	- <b>95.97</b>

## Note 20: Provisions (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Current</b>		
Provision for employee benefits (refer note 38)	127.49	157.55
Provision for claims - DPCO (refer note below and note 37B)	118.49	111.15
Provision for anticipated claims on pricing	29.40	24.98
Provision for right of return/discounts and others (refer note below)	359.21	326.88
	<b>634.59</b>	<b>620.56</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/ transfer (refer note 36)	(3.80)	-
	<b>630.79</b>	<b>620.56</b>

Provision is made for right of return/discounts and others in respect of products sold as per the contractual terms and conditions. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior year.

### Movement of provision for claims - DPCO, provision for anticipated claims on pricing and provision for right of return/discounts and others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Provision for claims - DPCO (refer note 37B)</b>		
Balance at the beginning of the year	<b>111.15</b>	<b>104.26</b>
Provided during the year	7.34	6.89
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>118.49</b>	<b>111.15</b>
<b>Provision for anticipated claims on pricing</b>		
Balance at the beginning of the year	<b>24.98</b>	<b>22.15</b>
Provided during the year	4.42	2.83
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>29.40</b>	<b>24.98</b>

# Notes to the standalone financial statements

## Note 20: Provisions (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Provision for right of return/ discounts and others</b>		
<b>Balance at the beginning of the year</b>	<b>326.88</b>	<b>287.61</b>
Provided during the year	573.68	714.62
Utilised/reversed/payout during the year	(541.35)	(675.35)
<b>Balance at the end of the year</b>	<b>359.21</b>	<b>326.88</b>

## Note 21: Other non-current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Deferred government grants	2.20	2.45
Deferred revenue	44.38	55.01
Deferred lease income	0.04	0.43
	<b>46.62</b>	<b>57.89</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(39.28)	-
	<b>7.34</b>	<b>57.89</b>

## Note 22: Trade payables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Total outstanding dues of micro enterprises and small enterprises	146.52	49.17
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	-	-
	<b>146.52</b>	<b>49.17</b>
Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,443.28	1,446.32
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(210.87)	-
	<b>1,232.41</b>	<b>1,446.32</b>
# Includes amount due to related parties (refer note 39)	<b>1,378.93</b>	<b>1,495.49</b>

## Note 22: Trade payables (Contd.)

- The above 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.

### Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
A. (i) Principal amount remaining unpaid	146.52	49.17
A. (ii) Interest amount remaining unpaid	-	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
D. Interest accrued and remaining unpaid	-	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Note: Identification of micro and small enterprises is basis intimation received from vendors

## Notes to the standalone financial statements

### Note 22: Trade payables (Contd.)

Ageing for trade payables (including ₹ 210.87 crores related to assets classified as held for sale/transfer) from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled accruals	Not due	Outstanding for following periods from due date of payment				Total	₹ in crores
			Less than 1 year	1-2 years	2-3 years	More than 3 years		
<b>a. Undisputed dues</b>								
- MSME	-	146.52	-	-	-	-	146.52	
- Others	-	97.35	1,162.15	70.25	44.60	57.18	1,431.53	
<b>b. Disputed dues</b>								
- MSME	-	-	-	-	-	-	-	
- Others	-	-	11.18	0.57	-	-	11.75	
	<b>-</b>	<b>243.87</b>	<b>1,173.33</b>	<b>70.82</b>	<b>44.60</b>	<b>57.18</b>	<b>1,589.80</b>	

Ageing for trade payables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2021 as follows:

Particulars	Unbilled accruals	Not due	Outstanding for following periods from due date of payment				Total	₹ in crores
			Less than 1 year	1-2 years	2-3 years	More than 3 years		
<b>a. Undisputed dues</b>								
- MSME	-	49.17	-	-	-	-	49.17	
- Others	-	213.75	1,003.46	75.87	77.41	69.52	1,440.01	
<b>b. Disputed dues</b>								
- MSME	-	-	-	-	-	-	-	
- Others	-	4.95	1.36	-	-	-	6.31	
	<b>-</b>	<b>267.87</b>	<b>1,004.82</b>	<b>75.87</b>	<b>77.41</b>	<b>69.52</b>	<b>1,495.49</b>	

### Note 23: Other financial liabilities - current

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unclaimed dividend*	11.91	11.12
Security deposits	2.68	3.23
Capital creditors	45.03	49.45
Employee dues	84.79	105.25
Book overdraft	-	5.08
Import advance licences	17.10	22.13
Accrued expenses	41.42	39.89
	<b>202.93</b>	<b>236.15</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(16.77)	-
	<b>186.16</b>	<b>236.15</b>

\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

### Note 24: Other current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance from customers	51.38	13.49
Amount refundable/adjustable to customers	12.60	20.41
Income received in advance	3.01	5.01
Other payables:		
Statutory dues	140.12	148.20
Deferred government grants	0.25	0.25
Deferred revenue	16.52	124.64
Deferred lease income	0.22	0.51
	<b>224.10</b>	<b>312.51</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 36)	(22.82)	-
	<b>201.28</b>	<b>312.51</b>

# Notes to the standalone financial statements

## Note 25: Revenue from sale of products

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Sale of products (refer note below)	15,378.36	13,610.02
Less: related to discontinuing/restructuring operations (refer note 36)	(2,551.07)	(2,549.85)
	<b>12,827.29</b>	<b>11,060.17</b>

### Ind AS 115- Disclosures

#### (i) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follows:

Nature of revenue	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Sale of products</b>		
<b>India</b>		
Branded and trade generics	9,320.92	7,370.80
Others	169.80	129.36
<b>Export sales</b>		
North America (USA)	1,863.26	1,813.39
South Africa, Sub- Saharan Africa and Cipla Global Access (SAGA)	984.53	1,161.74
Emerging Market (EM)	1,439.54	1,380.61
Europe	870.04	940.26
Active Pharmaceutical Ingredient (API)	711.61	749.86
Others	18.66	64.00
	<b>15,378.36</b>	<b>13,610.02</b>

#### (ii) Reconciliation of revenue from sale of products and services with the contracted price

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Contracted price	16,295.06	14,474.57
Less: trade discounts, sales and expiry return	(916.70)	(864.55)
<b>Sale of product and services</b>	<b>15,378.36</b>	<b>13,610.02</b>

## Note 25: Revenue from sale of products (Contd.)

#### (iii) Contract assets

The Company recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31<sup>st</sup> March, 2022, the Company has ₹ 20.63 crores (31<sup>st</sup> March, 2021: ₹ 16.68 crores) as contract asset.

#### (iv) Contract liabilities

The Company records a contract liability when cash payments are received or due in advance of its performance.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance from customers	51.38	13.49
Amount refundable/ adjustable to customers	12.60	20.41
Deferred revenue	60.90	179.65

#### Deferred revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance at the beginning of the year</b>	<b>179.65</b>	<b>66.07</b>
Revenue recognised during the year	(122.68)	(40.80)
Variable consideration	-	147.14
Milestone payment received during the year	3.93	7.24
<b>Balance at the end of the year</b>	<b>60.90</b>	<b>179.65</b>

#### (v) Information about major customers

No single external customer represents 10% or more of the Company's total revenue for the years ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 respectively.

# Notes to the standalone financial statements

## Note 26: Other operating revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Rendering of services	3.67	0.89
Export incentives <sup>i</sup>	35.54	95.96
Technical know-how and licensing fees	60.46	23.80
Scrap sales	32.42	19.51
Sale of marketing and product license	10.17	11.24
Royalty income	106.47	73.77
Goods and service tax area based incentive	21.85	18.52
Miscellaneous income <sup>ii</sup>	57.76	46.87
	<b>328.34</b>	<b>290.56</b>
Less: related to discontinuing/restructuring operations (refer note 36)	(63.84)	(48.02)
	<b>264.50</b>	<b>242.54</b>

i Pursuant to withdrawal of Export Incentive under MEIS the Indian entities have recognised the benefit upto 31<sup>st</sup> August, 2020 only.

ii Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

## Note 27: Other income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Interest income -		
Deposit	57.25	36.42
Income tax refund	15.64	-
Dividend income -		
Subsidiaries - carried at amortised cost (refer note 39)	403.32	-
Other non-operating income-		
Government grants <sup>i</sup>	0.25	0.25
Net gain on foreign currency transaction and translation	65.77	44.13
Net gain on sale of investment -		
Current investments carried at FVTPL	64.00	47.67
Fair value gain on financial instruments at FVTPL	3.23	10.12
Net gain on disposal of property, plant and equipment	0.72	3.48
Insurance claim	8.58	1.38
Rent income	12.60	15.91
Corporate guarantee commission (refer note 39)	1.80	9.14
Litigation settlement income <sup>ii</sup>	-	50.61
Income from vendor settlement	12.39	-
Miscellaneous income <sup>iii</sup>	21.15	11.17
	<b>666.70</b>	<b>230.28</b>

## Note 27: Other income (Contd.)

i Government grants pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

ii Previous year includes Litigation settlement income received from innovator pursuant to a settlement agreement entered into on 18<sup>th</sup> December, 2020. The agreement effectively settles all outstanding claims in the litigation. Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell certain volume-limited amounts of certain product in the US beginning on a confidential date that is some time after March 2022. For each consecutive twelve-month period (or part thereof) following the volume-limited entry date until 31<sup>st</sup> January, 2026, the volume of certain product sold by Cipla cannot exceed certain agreed-upon percentages. In addition, Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell an unlimited quantity of certain product in the US beginning no earlier than 31<sup>st</sup> January, 2026.

iii Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

## Note 28: Cost of materials consumed

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Semi-finished goods consumed	1,397.82	1,125.20
Raw material consumed	1,065.76	982.31
Packing material consumed	1,150.10	1,027.64
Cost of material supplied - others	160.09	127.14
<b>Total cost of materials consumed</b>	<b>3,773.77</b>	<b>3,262.29</b>
Less: related to discontinuing/restructuring operations (refer note 36)	(1,005.98)	(1,012.94)
	<b>2,767.79</b>	<b>2,249.35</b>

## Note 29: Purchases of stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Purchases of stock-in-trade	2,850.85	1,847.85
	<b>2,850.85</b>	<b>1,847.85</b>

## Note 30: Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Opening stock		
Work-in-progress	677.01	700.10
Finished goods	574.35	595.34

## Notes to the standalone financial statements

### Note 30: Changes in inventories of finished goods, work-in-progress and stock-in-trade (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Stock-in-trade	384.08	330.07
	<b>1,635.44</b>	<b>1,625.51</b>
Less: Closing stock (refer note 9)		
Work-in-progress	677.39	677.01
Finished goods	726.88	574.35
Stock-in-trade	780.47	384.08
	<b>2,184.74</b>	<b>1,635.44</b>
	(549.30)	(9.93)
Less: related to discontinuing/restructuring operations (refer note 36)	20.90	16.34
<b>(Increase)/decrease</b>	<b>(528.40)</b>	<b>6.41</b>

### Note 31: Employee benefits expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Salaries and wages	1,914.90	1,835.46
Contribution to provident and other funds (refer note 38)	90.65	95.13
Share based payments expense (refer note 40) <sup>i</sup>	19.69	14.78
Staff welfare expenses	96.78	93.51
	<b>2,122.02</b>	<b>2,038.88</b>
Less: related to discontinuing/restructuring operations (refer note 36)	(392.86)	(335.30)
	<b>1,729.16</b>	<b>1,703.58</b>

i. Share based payments expense charges includes net recovery of ₹ Nil from subsidiaries. (31<sup>st</sup> March, 2021: ₹ 0.04 crores) (refer note 40)

### Note 32: Finance costs

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Interest on provision for claims - DPCO	7.34	6.89
Interest on lease liabilities (refer note 2.2)	3.78	6.82

### Note 32: Finance costs (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Interest on working capital demand loan and bank overdraft	0.05	13.52
Others finance cost (including interest on taxes)	15.76	17.84
	<b>26.93</b>	<b>45.07</b>

### Note 33: Depreciation, impairment and amortisation expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Depreciation on property, plant and equipment (refer note 2.1)	437.81	444.93
Impairment of property, plant and equipment (refer note 2.1)	9.67	4.16
Depreciation on right-of-use assets (refer note 2.2)	19.17	28.62
Impairment of capital work-in-progress (refer note 2.4)	6.29	1.44
Depreciation on investment properties (refer note 3)	2.36	2.65
Amortisation of intangible assets (refer note 4)	66.27	66.88
Impairment on intangible assets (refer note 4)	5.05	7.43
	<b>546.62</b>	<b>556.11</b>

Less: related to discontinuing/restructuring operations (refer note 36)

(86.61) (87.49)

**460.01** **468.62**

# Notes to the standalone financial statements

## Note 34: Other expenses

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Manufacturing expenses	560.69	499.07
Stores and spares	107.94	98.18
Repairs and maintenance:		
Buildings	30.52	25.50
Plant and equipment	115.29	93.91
Insurance	46.64	38.99
Rent (refer note 2.2)	41.88	38.66
Rates and taxes	73.44	50.62
Power and fuel	247.58	234.58
Travelling and conveyance	157.40	84.95
Sales promotion expenses	411.51	289.98
Commission on sales	248.70	180.49
Freight and forwarding	247.19	208.19
Allowance for credit loss (net) (refer note 44)	14.19	19.65
Contractual services	180.11	189.43
Non-executive directors remuneration (refer note 39)	10.95	8.64
Courier and telephone expenses	20.22	18.37
Legal and professional fees	542.90	471.88
Payment to auditors (refer note ii below)	2.94	2.75
Corporate social responsibility (CSR) expenditure (refer note 45)	53.25	42.84
Donations	3.54	1.90
Research - clinical trials, samples and grants	303.40	185.07
Miscellaneous expenses <sup>i</sup>	277.15	256.28
	<b>3,697.43</b>	<b>3,039.93</b>
Less: related to discontinuing/restructuring operations (refer note 36)	(791.51)	(611.82)
	<b>2,905.92</b>	<b>2,428.11</b>
i. Expenses below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.		
ii. Payment to auditors include:		
Audit fees	1.56	1.56
Tax audit fees	0.30	0.30
For other services (includes consolidation fees, certifications, etc.)	1.04	0.85
Reimbursement of expenses	0.04	0.04
	<b>2.94</b>	<b>2.75</b>

## Note 35: Research and development (R & D) expenditure

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>The amount of expenditure as shown in the respective heads of account is as under:</b>		
R&D capital expenditure (gross)		
Building	0.02	0.59
Assets other than building	16.52	22.19
	<b>16.54</b>	<b>22.78</b>
Less: Realisation on sale of R&D assets		
Assets other than building	0.26	0.08
	<b>0.26</b>	<b>0.08</b>
<b>Total R&amp;D capital expenditure (net)</b>	<b>16.28</b>	<b>22.70</b>
<b>R&amp;D revenue expenditure included in the profit or loss (excluding depreciation)</b>		
Materials consumed	230.06	165.14
Employee benefits expense	238.52	225.68
Power and fuel	22.32	21.75
Repairs and maintenance	26.80	24.71
Manufacturing expenses	21.82	19.95
Professional fees	67.31	82.75
Research - clinical trials, samples and grants	85.29	70.26
Printing and stationery	0.28	0.33
Travelling expenses	2.88	2.37
Other research and development expenses	199.49	135.08
Allocated manufacturing expenses for R&D batches	21.42	20.33
<b>Total R&amp;D revenue expenditure</b>	<b>916.19</b>	<b>768.35</b>
<b>Total R&amp;D expenditure</b>	<b>932.47</b>	<b>791.05</b>
<b>Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961</b>		
R&D capital expenditure (gross)	16.52	22.19
R&D revenue expenditure*	916.19	768.35
	<b>932.71</b>	<b>790.54</b>

## Notes to the standalone financial statements

### Note 35: Research and development (R & D) expenditure (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Less: Realisation on sale of R&D assets	0.26	0.08
	<b>932.45</b>	<b>790.46</b>
<b>Revenue from operations (continued and discontinued)</b>	15,706.70	13,900.58
Total R&D expenditure/revenue	5.94%	5.69%
Total eligible R&D expenditure/revenue	5.94%	5.69%

\*Pursuant to provisions of section 35(2AB) of the Income Tax Act, 1961 the weighted deduction on R&D has been restricted to 100% from the assessment year 2021-22. Hence, the Company has allowed deduction to the extent of 100% on R&D expenses while computing current tax provision.

### Note 36: Discontinuing/restructuring operations

The board at its meeting held on 26<sup>th</sup> October, 2021 decided not to proceed with the draft scheme of arrangement as approved by the Board in its meeting held on 29<sup>th</sup> January, 2021.

Subsequently, the Board at its meeting held on 25<sup>th</sup> January, 2022 considered and approved the transfer of the India based US business undertaking to CPLS for a consideration of ₹ 1,400 crores and the Consumer Business Undertaking to CHL for a consideration of ₹ 80 crores as a going concern on a slump sale basis through a Business Transfer Agreement ("BTA"). The final consideration is subject to the adjustments as on the date of transfer as per the terms of BTA. The Company is currently in the process of completing the regulatory and legal process for transfer as on 31<sup>st</sup> March, 2022. Accordingly, as per Ind AS 105 -Non- Current Assets Held for Sale and Discontinued Operations the disclosures have been made in these financial statements for all the periods presented.

#### The financial performance and cash flows for Discontinuing/restructuring operations:

##### i. Analysis of profit from discontinuing/restructuring operations

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Revenue from operations</b>		
a) Revenue from sale of products	2,551.07	2,549.85
b) Other operating revenue	63.84	48.02
<b>Total revenue from operations</b>	<b>2,614.91</b>	<b>2,597.87</b>

### Note 36: Discontinuing/restructuring operations (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Expenses</b>		
Cost of materials consumed	1,005.98	1,012.94
Changes in inventories of finished goods and work-in-progress	(20.90)	(16.34)
Employee benefits expense	392.86	335.30
Depreciation, impairment and amortisation expense	86.61	87.49
Other expenses	791.51	611.82
<b>Total expenses</b>	<b>2,256.06</b>	<b>2,031.21</b>
<b>Profit before tax</b>	<b>358.85</b>	<b>566.66</b>
<b>Tax expense (net)</b>		
(a) Current tax	87.60	148.11
(b) Deferred tax	2.71	(5.08)
<b>Total tax expense</b>	<b>90.31</b>	<b>143.03</b>
<b>Profit after tax</b>	<b>268.54</b>	<b>423.63</b>
<b>Other comprehensive income for the year</b>		
Items that will not be reclassified to profit or loss	0.73	0.76
Income tax relating to these items	(0.18)	(0.19)
<b>Other comprehensive income for the year</b>	<b>0.55</b>	<b>0.57</b>
<b>Total comprehensive income for the year</b>	<b>269.09</b>	<b>424.20</b>

#### ii. Net cash flows attributable to the discontinuing/restructuring operations

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Net cash generated from operating activities	481.63	619.74
Net cash used in investing activities	(75.14)	(134.09)
Net cash used in financing activities	-	-

## Notes to the standalone financial statements

### Note 36: Discontinuing/restructuring operations (Contd.)

#### iii. Information of assets and associated liabilities classified as held for sale/transfer

Particulars	As at 31 <sup>st</sup> March, 2022
<b>Non-current assets</b>	
Property, plant and equipment	505.35
Right-of-use assets	13.53
Capital work-in-progress	17.04
Intangible assets under development	36.80
Others non-current financial assets	3.22
Other non-current assets	14.78
<b>Current assets</b>	
Inventories	320.33
Trade receivables	920.16
Others current financial assets	15.31
Other current assets	40.96
<b>Total assets classified as held for sale/transfer</b>	<b>1,887.48</b>
<b>Non-current liabilities</b>	
Lease liabilities	3.94
Provisions	2.71
Deferred tax liabilities (net)	23.29
Other non-current liabilities	39.28
<b>Current liabilities</b>	
Lease liabilities	0.59
Trade payables	210.87
Other financial liabilities	16.77
Other current liabilities	22.82
Provisions	3.80
<b>Liabilities directly associated with assets classified as held for sale/transfer</b>	<b>324.07</b>

### Note 37: Contingent liabilities, commitments and other litigations (to the extent not provided for)

#### A. Details of contingent liabilities and commitments:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debt <sup>i</sup>	147.64	152.14
Guarantees*	237.43	1,279.58
Letters of credit	76.81	81.40
Income tax on account of disallowance/additions	20.52	49.97
Excise duty/service tax on account of valuation/cenvat credit	129.88	129.68
Sales tax on account of credit/classification	7.43	8.02
	<b>619.71</b>	<b>1,700.79</b>

#### Commitments

(a) Estimated amount of contracts unexecuted on capital account	355.60	272.16
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\*The Company has given guarantees in favour of various banks for ₹ Nil (31<sup>st</sup> March, 2021: ₹ 1,094.84 crores) relating to loan obtained by Cipla (EU) Limited and InvaGen Pharmaceuticals Inc. (wholly-owned subsidiaries) (refer note 39).

#### Note:

- i. Claims against the Company not acknowledged as debt include claim relating to pricing, commission, etc.
- ii. It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of our pending resolution of the

## Notes to the standalone financial statements

### Note 37: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

respective proceedings as it is determined only on receipt of judgements/decisions pending with various forum/authorities.

- iii. The Company does not expect any reimbursements in respect of the above contingent liabilities.
- iv. The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- v. There has been a judgement by the Honourable Supreme Court of India dated 28<sup>th</sup> February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, 1952 ("EPF"). In view of the interpretative aspects related to the Judgement including the effective date of application, the 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 crores along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.
- (ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,703.40 crores.

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 crores. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹ 175.08 crores which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court vide its Order and Judgment dated 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.

The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 25<sup>th</sup> January, 2021 for further hearing but the case was not listed due to the COVID-19 lockdown and the next date is awaited.

# Notes to the standalone financial statements

## Note 37: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court. Although, the decision of Honourable Supreme Court dated 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 crores. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company

in relation to the above said molecules to be ₹ 3,281.31 crores (after adjusting deposit of ₹ 175.08 crores), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 crores.

In addition, Company had made provision of ₹ 118.49 crores as of 31<sup>st</sup> March, 2022 (₹ 111.15 crores as of 31<sup>st</sup> March, 2021) for products not part of the referenced writ proceedings against total demand of ₹ 247.01 crores. Further, no new recovery notices were received by the Company during the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

## Note 38: Employee benefits

### a. Description of the plan:

Retirement benefit plans of the Company include Gratuity and Provident Fund. The Company established the Cipla Limited Employees Gratuity Fund (the "Gratuity Fund") to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Provident Fund is managed through the trust, Cipla Limited Employees Provident Fund Trust (the "Provident Fund") managed by the Company.

### b. Governance of the plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Further, since these funds are income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act, 1961 and Rules.

### c. Investment strategy:

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified,

such that the failure of any single investment would not have a material impact on the overall level of assets.

### d. Charge to the profit or loss

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Defined contribution plans</b>		
Employees' pension scheme	28.92	28.25
Others - ESIS, Labour welfare fund, etc.	2.11	2.19
	<b>31.03</b>	<b>30.44</b>
<b>Defined benefit plans</b>		
Gratuity [refer table (e) below]	21.10	25.08
Provident fund [refer table (f) below]	38.52	39.61
	<b>59.62</b>	<b>64.69</b>
<b>Total contribution to provident fund and other fund</b>		
	<b>90.65</b>	<b>95.13</b>

### e. Disclosures for defined benefit plans based on actuarial reports

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2022 Gratuity (funded plan)	31 <sup>st</sup> March, 2021 Gratuity (funded plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	167.36	163.45
Interest cost	11.07	10.82
Current service cost	21.24	23.16

## Notes to the standalone financial statements

### Note 38: Employee benefits (Contd.)

Particulars	₹ in crores		₹ in crores	
	31 <sup>st</sup> March, 2022 Gratuity (funded plan)	31 <sup>st</sup> March, 2021 Gratuity (funded plan)	31 <sup>st</sup> March, 2022 Gratuity (funded plan)	31 <sup>st</sup> March, 2021 Gratuity (funded plan)
Actuarial changes arising from changes in demographic assumptions	-	(0.07)	Interest on defined benefit obligation	11.07
Actuarial changes arising from changes in financial assumptions	(4.88)	1.12	Expected return on plan assets	(11.21) (8.90)
Actuarial changes arising from changes in experience assumptions	(6.81)	(13.92)	<b>Total expense recognised in profit or loss</b>	<b>21.10</b> <b>25.08</b>
Benefits paid	(27.94)	(17.20)	<b>v. Expenses recognised in other comprehensive income (OCI)</b>	
<b>Liability at the end of the year</b>	<b>160.04</b>	<b>167.36</b>	Actuarial changes arising from changes in demographic assumptions	- (0.07)
<b>ii. Change in fair value of assets</b>			Actuarial changes arising from changes in financial assumptions	(4.88) 1.12
Opening fair value of plan assets	163.10	135.51	Actuarial changes arising from changes in experience assumptions	(6.81) (13.92)
Expected return on plan assets	11.21	8.90	Actuarial (gain)/loss return on plan assets, excluding interest income	(5.57) (5.45)
Return on plan assets, excluding interest income	5.57	5.45	<b>Net (income)/expense for the period recognised in OCI</b>	<b>(17.26)</b> <b>(18.32)</b>
Contributions by employer	19.96	28.10	<b>vi. Actual return on plan assets</b>	
Benefits paid	(30.50)	(14.86)	Expected return on plan assets	11.21 8.90
<b>Closing fair value of plan assets</b>	<b>169.34</b>	<b>163.10</b>	Actuarial gain/(loss) on plan assets	5.57 5.45
<b>iii. Amount recognised in balance sheet</b>			<b>Actual return on plan assets</b>	<b>16.78</b> <b>14.35</b>
Present value of obligations as at year end	(160.04)	(167.36)	<b>vii. Asset information</b>	
Fair value of plan assets as at year end	169.34	163.10	<b>Insurer managed funds</b>	<b>100%</b> <b>100%</b>
<b>Net asset/(liability) recognised</b>	<b>9.30</b>	<b>(4.26)</b>	<b>viii. Expected employer's contribution for the next year</b>	<b>18.58</b> <b>17.14</b>
<b>iv. Expenses recognised in profit or loss</b>				
Current service cost	21.24	23.16		

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences [refer note 38(g)] are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal actuarial assumptions used	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Financial assumptions:</b>		
Discounted rate (per annum)	7.21%	6.87%
Expected rate of return on plan assets	7.21%	6.87%

# Notes to the standalone financial statements

## Note 38: Employee benefits (Contd.)

Principal actuarial assumptions used	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%
<b>Demographic assumptions:</b>		
Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

### Sensitivity Analysis

₹ in crores

Particulars	For the Year ended 31 <sup>st</sup> March, 2022		For the Year ended 31 <sup>st</sup> March, 2021	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>Discount rate</b>				
Increase/(Decrease) in the defined benefit liability	(13.02)	15.10	(13.76)	16.36
<b>Salary growth rate</b>				
Increase/(Decrease) in the defined benefit liability	15.27	(13.38)	16.53	(14.16)
<b>Attrition rate</b>				
Increase/(Decrease) in the defined benefit liability	2.35	(2.67)	2.25	(2.56)

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 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
1 <sup>st</sup> following year	13.39	12.39
2 <sup>nd</sup> following year	11.96	14.29
3 <sup>rd</sup> following year	16.27	12.29
4 <sup>th</sup> following year	12.40	16.50
5 <sup>th</sup> following year	15.41	13.84
Sum of years 6 <sup>th</sup> to 10 <sup>th</sup>	62.44	63.57
Sum of years 11 <sup>th</sup> and above	221.79	231.86

Average estimated future working life is 11.48 years (31<sup>st</sup> March, 2021: 11.78 years)

# Notes to the standalone financial statements

## Note 38: 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

Particulars	31 <sup>st</sup> March, 2022 Provident fund (funded plan)	₹ in crores 31 <sup>st</sup> March, 2021 Provident fund (funded plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,215.17	1,085.93
Interest cost	101.88	92.81
Current service cost	38.52	39.61
Employee contribution	90.33	85.76
Liability transferred in	25.60	15.06
Benefits paid	(187.68)	(128.49)
Other experience adjustment	(31.03)	24.49
<b>Liability at the end of the year</b>	<b>1,252.79</b>	<b>1,215.17</b>
<b>ii. Change in fair value of assets</b>		
Opening fair value of plan assets	1,232.23	1,094.00
Expected return on plan assets	101.88	92.81
Actuarial (loss)/gain	(31.03)	24.49
Contributions	128.85	125.37
Transfer of plan assets	25.60	15.06
Benefits paid	(187.68)	(128.49)
Other experience adjustment	9.50	8.99
<b>Closing fair value of plan assets</b>	<b>1,279.35</b>	<b>1,232.23</b>
<b>iii. Amount recognised in balance sheet</b>		
Present value of obligations as at year end	(1,252.79)	(1,215.17)
Fair value of plan assets as at year end	1,279.35	1,232.23
Funded status	(26.56)	(17.06)
<b>Net asset/(liability) recognised</b>	<b>-</b>	<b>-</b>
<b>iv. Expenses recognised in profit or loss</b>		
Current service cost	38.52	39.61
Interest cost	101.88	92.81
Expected return on plan assets	(101.88)	(92.81)
<b>Total expense recognised in profit or loss</b>	<b>38.52</b>	<b>39.61</b>
<b>v. Actual return on plan assets</b>		
Expected return on plan assets	101.88	92.81
Actuarial (loss)/gain on plan assets	(31.03)	24.49
<b>Actual return on plan assets</b>	<b>70.85</b>	<b>117.30</b>
<b>vi. Asset information</b>		
Investment in PSU bonds	515.31	513.62
Investment in Government securities	581.17	565.90
Bank special deposit	15.58	15.58
Investment in other securities	46.01	41.12
Equity/insurer managed funds/mutual funds	121.27	93.71
Short-term debt instruments and related investment	0.01	-
Cash and cash equivalents	-	2.30
<b>Total assets at the end of the year</b>	<b>1,279.35</b>	<b>1,232.23</b>
<b>vii. Principal actuarial assumptions used</b>		
Discounted rate (per annum)	7.21%	6.87%
Expected rate of return on plan assets (per annum)	8.10%	8.50%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%

# Notes to the standalone financial statements

## Note 38: Employee benefits (Contd.)

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2022 Provident fund (funded plan)	31 <sup>st</sup> March, 2021 Provident fund (funded plan)
<b>viii. Experience adjustments</b>		
Defined benefit obligation	1,252.79	1,215.17
Plan assets	(1,279.35)	(1,232.23)
<b>Deficit/(surplus)</b>	<b>(26.56)</b>	<b>(17.06)</b>
Experience adjustment on plan assets - (loss)/gain	(31.03)	24.49

### g. Compensated absences note:

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was ₹ 99.78 crores and ₹ 127.06 crores as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, respectively.

## Note 39: Related Party Disclosures

Information on related party transactions as required by Ind AS 24 - Related Party Disclosures are given below:

### A. Enterprise where control exists:

Sr. No.	Name of the Company
<b>(a) Subsidiaries (held directly)</b>	
	Cipla (Mauritius) Limited (Liquidated w.e.f. 17 <sup>th</sup> May, 2020)
	Cipla Medpro South Africa (Pty) Limited
	Cipla Holding B.V.
	Cipla Pharma and Life Sciences Limited (Formerly known as Cipla BioTec Limited)
	Cipla (EU) Limited
	Cipla Health Limited
	Goldencross Pharma Limited
	Jay Precision Pharmaceuticals Private Limited
	Meditab Specialities Limited
	Cipla Pharmaceuticals Limited
	Saba Investment Limited
	Cipla Digital Health Limited (Incorporated 25 <sup>th</sup> February, 2022)
<b>(b) Subsidiaries (held indirectly)</b>	
	Cipla (UK) Limited (Liquidated w.e.f. 5 <sup>th</sup> March, 2021)
	Cipla Australia Pty Limited
	Medispray Laboratories Private Limited
	Sitec Labs Limited
	Meditab Holdings Limited
	Cipla Kenya Limited
	Cipla Malaysia Sdn. Bhd.
	Cipla Europe NV
	Cipla Quality Chemical Industries Limited
	Inyanga Trading 386 (Pty) Limited (dissolved w.e.f. 10 <sup>th</sup> December, 2021)
	Cipla Medpro Holdings (Pty) Limited (under liquidation)

Sr. No.	Name of the Company
	Cape to Cairo Exports (Pty) Limited (De-registered w.e.f. 27 <sup>th</sup> August, 2020)
	Cipla Dibcare (Pty) Limited (under liquidation)
	Cipla Medpro Manufacturing (Pty) Limited (Formerly known as Cipla Life Sciences (Pty) Limited)
	Cipla-Medpro (Pty) Limited
	Cipla-Medpro Distribution Centre (Pty) Limited
	Cipla Medpro Botswana (Pty) Limited
	Cipla Select (Pty) Limited (Formerly known as Cipla OLTP (Pty) Limited)
	Medpro Pharmaceutica (Pty) Limited
	Breathe Free Lanka (Private) Limited
	Cipla Medica Pharmaceutical and Chemical Industries Limited
	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.
	Cipla Maroc SA
	Cipla Middle East Pharmaceuticals FZ-LLC
	Quality Chemicals Limited (ceased to be subsidiary w.e.f. 19 <sup>th</sup> August, 2020)
	Cipla Philippines Inc.
	Cipla USA Inc.
	InvaGen Pharmaceuticals Inc.
	Exelan Pharmaceuticals Inc.
	Anmaraté (Pty) Limited (ceased to be subsidiary w.e.f. 19 <sup>th</sup> August, 2020)
	Cipla BioTec South Africa (Pty) Limited (De-registered w.e.f. 3 <sup>rd</sup> February, 2022)

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Sr. No.	Name of the Company	Sr. No.	Name of the Company
Cipla Algérie		F.	<b>Post-employment benefit trusts</b>
Cipla Technologies LLC			Cipla Limited Employees Provident Fund
Cipla Gulf FZ-LLC			Cipla Limited Employees Gratuity Fund
Mirren (Pty) Limited		G.	<b>Trust over which entity has control/significant influence</b>
Madison Pharmaceuticals Inc.			Cipla Employees Stock Option Trust (De-registered)
Cipla Colombia SAS			Cipla Health Employees Stock Option Trust
Cipla (China) Pharmaceutical Co., Ltd.			
Cipla (Jiangsu) Pharmaceutical Co., Ltd.			
Cipla Therapeutics Inc.			
(c) <b>Associates held directly</b>			
AMPSolar Power Systems Private Limited			₹ in crores
GoApptiv Private Limited (Acquisition of 21.85% stake and associate from 27 <sup>th</sup> July, 2020)			
AMP Energy Green Eleven Private Limited (acquired 32.49% on fully diluted basis from 8 <sup>th</sup> February, 2022)			
Clean Max Auriga Power LLP (acquired 33% stake effective from 14 <sup>th</sup> December, 2021)			
(d) <b>Associates held indirectly</b>			
Stempeutics Research Private Limited			
Avenue Therapeutics Inc.			
Brandmed (Pty) Limited			
Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)			
B. <b>Key Management personnel (KMP)</b>			
Ms Samina Hamied - Executive Vice-Chairperson			
Mr Umang Vohra - Managing Director and Global Chief Executive Officer			
Mr Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3 <sup>rd</sup> May, 2022)			
C. <b>Non-executive Chairman and Non-executive Vice-Chairman</b>			
Dr Y K Hamied, Chairman			
Mr M K Hamied, Vice-Chairman			
D. <b>Non-executive Directors</b>			
Mr Ashok Sinha			
Mr Adil Zainulbhai			
Ms Punita Lal			
Ms Naina Lal Kidwai (Resigned w.e.f. close of business hours on 31 <sup>st</sup> March, 2022)			
Dr Peter Mugenyi			
Mr S Radhakrishnan			
Mr Robert Stewart (w.e.f. 14 <sup>th</sup> May, 2021)			
Mr P R Ramesh (w.e.f. 1 <sup>st</sup> July, 2021)			
E. <b>Entities over which Company is able to exercise control/significant influence</b>			
Cipla Foundation			
Chest Research Foundation (formerly known as Hamied Foundation)			
Cipla Cancer and AIDS Foundation			
		Particulars	
		For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
		<b>A. Investment in equity shares of Subsidiaries</b>	
		Cipla (EU) Limited	1,153.09
		Cipla (EU) Limited (Allotment pending)	-
		Cipla Health Limited	4.78
		Cipla Digital Health Limited	0.50
		Cipla Pharmaceuticals Limited	15.00
			<b>1,173.37</b>
			<b>1,360.21</b>
		<b>B. Investment in equity shares of Associates</b>	
		AMPSolar Power Systems Private Limited (refer note 5)	0.01
		GoApptiv Private Limited (refer note 5)	-
		Clean Max Auriga Power LLP	6.75
		AMP Energy Green Eleven Private Limited	0.75
			<b>7.51</b>
			<b>1.80</b>
		<b>C. Investment in Compulsory Convertible Preference Share of Associates</b>	
		GoApptiv Private Limited (refer note 5)	-
		AMPSolar Power Systems Private Limited	1.16
			<b>1.16</b>
			<b>7.20</b>
		<b>D. Investment in Compulsory Convertible Debentures of Associates</b>	
		AMP Energy Green Eleven Private Limited	6.75
			<b>6.75</b>
			<b>-</b>
		<b>E. Outstanding payables</b>	
		Goldencross Pharma Limited	10.67
		Sitec Labs Limited	25.15
		Medispray Laboratories Private Limited	23.92
			37.82
			41.23
			137.38

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Particulars	₹ in crores		₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Cipla Malaysia Sdn. Bhd.	0.71	2.90	Cipla Colombia SAS	14.90
Jay Precision			Cipla Europe NV	116.25
Pharmaceuticals Private Limited	15.79	13.07	Stempeutics Research Private Limited	-
Meditab Specialities Limited	4.69	14.50	InvaGen Pharmaceuticals Inc.	0.00
Cipla Kenya Limited	23.16	13.17	Cipla (Jiangsu) Pharmaceutical Co., Ltd.	13.42
Cipla (China) Pharmaceutical Co., Ltd.	7.48	12.27	Cipla Select (Pty) Limited	0.03
Cipla Pharma and Life Sciences Limited	2.43	8.86		2.39
Cipla Colombia SAS	-	0.75		
Cipla Holding B.V.	1.55	5.07		
InvaGen Pharmaceuticals Inc.	-	0.31		
Saba Investment Limited	0.39	0.33		
Exelan Pharmaceuticals Inc.	7.77	-		
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	11.71	9.69		
Cipla Foundation	0.33	-		
Stempeutics Research Private Limited	0.52	-		
GoApptiv Private Limited	0.11	-		
	<b>136.38</b>	<b>297.35</b>		
<b>F. Outstanding receivables</b>				
Cipla Gulf FZ LLC	44.98	19.45	Cipla Medpro South Africa (Pty) Limited	-
Breathe Free Lanka (Private) Limited	85.13	62.27	Cipla (EU) Limited (Guarantee Commission)	1.47
Cipla Quality Chemical Industries Limited	11.20	42.11	InvaGen Pharmaceuticals Inc. (Guarantee Commission)	0.69
Cipla Australia Pty. Limited	17.95	91.95	Cipla Australia Pty Limited (Guarantee Commission)	3.66
Cipla USA Inc.	886.15	759.23		5.37
Cipla Medpro South Africa (Pty) Limited	31.34	41.26		0.11
Medpro Pharmaceutica (Pty) Limited	231.32	333.36		0.11
Cipla Health Limited	35.51	19.23		1.80
Mirren (Pty) Limited	0.40	0.40		10.61
Cipla Middle East Pharmaceuticals FZ-LLC	80.26	86.57		
Cipla Maroc S.A.	2.40	3.90		
Exelan Pharmaceuticals Inc.	-	22.13		
Cipla Technologies LLC	2.03	3.51		
Cipla Medica Pharmaceutical and Chemical Industries Limited	1.02	0.97		
Cipla (EU) Limited	145.58	85.99		
<b>G. Capital advance</b>				
Meditab Specialities Limited	55.74	55.74		
	<b>55.74</b>	<b>55.74</b>		
<b>H. Electricity charges paid</b>				
AMPSolar Power Systems Private Limited	15.93	2.42		
	<b>15.93</b>	<b>2.42</b>		
<b>I. Interest received</b>				
Cipla Medpro South Africa (Pty) Limited	-			
Cipla (EU) Limited (Guarantee Commission)	0.69			
InvaGen Pharmaceuticals Inc. (Guarantee Commission)	1.00			
Cipla Australia Pty Limited (Guarantee Commission)	0.11			
	<b>1.80</b>	<b>10.61</b>		
<b>J. Remuneration to Key Management Personnel and Directors</b>				
Short-term employee benefits	17.83	19.63		
Post-employment benefit plans*	0.51	0.51		
Commission to directors	13.79	11.37		
Sitting fees	1.16	0.77		
Share based payment expense	4.47	5.23		
	<b>37.76</b>	<b>37.51</b>		
*Expenses towards gratuity, compensated absences and premium paid for group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.				
<b>K. Purchase of goods</b>				
Goldencross Pharma Limited	66.89	73.86		
Medispray Laboratories Private Limited	166.29	133.53		

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Particulars	₹ in crores		₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Meditab Specialities Limited	2.59	3.45	Cipla Health Limited	0.00
Jay Precision Pharmaceuticals Private Limited	124.01	91.36	Cipla Maroc S.A.	0.03
Cipla Quality Chemical Industries Limited	-	0.20	Medpro Pharmaceutica (Pty) Limited	0.05
Cipla Health Limited	6.12	20.70	Cipla Medpro South Africa (Pty) Limited	0.05
InvaGen Pharmaceuticals Inc.	0.17	0.01	Cipla Quality Chemical Industries Limited	0.04
Sitec Labs Limited	-	(0.06)	InvaGen Pharmaceuticals Inc.	0.00
Cipla Pharma and Life Sciences Limited	(0.01)	-		<b>0.18</b>
Cipla Gulf FZ-LLC	4.42	-	<b>Q. Sale of goods</b>	
Stempeutics Research Private Limited	0.46	-	Goldencross Pharma Limited	1.49
Medpro Pharmaceutica (Pty) Limited	0.00	-	Meditab Specialities Limited	0.55
Cipla (China) Pharmaceutical Co., Ltd.	0.05	-	Medispray Laboratories Private Limited	49.77
	<b>370.99</b>	<b>323.05</b>	Cipla Quality Chemical Industries Limited	9.83
<b>L. Commission paid</b>			Cipla Health Limited	0.14
Cipla Kenya Limited	7.21	5.15	Sitec Labs Limited	0.65
	<b>7.21</b>	<b>5.15</b>	Cipla Pharma and Life Sciences Limited	0.61
<b>M. Processing charges paid</b>			Cipla (EU) Limited	150.51
Goldencross Pharma Limited	65.99	56.48	Cipla Europe NV	164.86
Medispray Laboratories Private Limited	47.42	44.29	Cipla Medpro South Africa (Pty) Limited	7.03
Meditab Specialities Limited	21.04	30.71	Cipla Australia Pty Limited	30.66
Exelan Pharmaceuticals Inc.	-	(0.23)	Cipla USA Inc.	1,588.44
	<b>134.45</b>	<b>131.25</b>	Quality Chemicals Limited	-
<b>N. Testing and analysis charges paid</b>			InvaGen Pharmaceuticals Inc.	0.70
Sitec Labs Limited	91.35	82.82		19.69
Cipla Pharma and Life Sciences Limited	0.45	0.44	Cipla Kenya Limited	8.83
	<b>91.80</b>	<b>83.26</b>	Cipla Maroc S.A.	32.93
<b>O. Freight charges paid</b>			Cipla Middle East Pharmaceuticals FZ-LLC	150.33
Goldencross Pharma Limited	0.01	0.14	Breathe Free Lanka (Private) Limited	103.11
Meditab Specialities Limited	0.01	-	Cipla Colombia SAS	27.53
Stempeutics Research Private Limited	0.02	-	Cipla Colombia SAS*	-
	<b>0.04</b>	<b>0.14</b>	Cipla Gulf FZ-LLC	62.96
<b>P. Freight charges received</b>			Medpro Pharmaceutica (Pty) Limited	397.22
Cipla Pharma and Life Sciences Limited	0.01	-	Cipla Select (Pty) Limited	2.29
	<b>0.01</b>	<b>-</b>	Exelan Pharmaceuticals Inc.	28.57
			Cipla (Jiangsu) Pharmaceutical Co., Ltd.	0.75
			Mirren (Pty) Limited	0.64
				<b>2,839.39</b>
				<b>2,701.31</b>

\* relates to subvention

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Particulars	₹ in crores		₹ in crores
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	
<b>R. Sale of assets</b>			
Cipla Quality Chemical Industries Limited	-	0.55	
Medispray Laboratories Private Limited	0.40	0.50	
Mirren (Pty) Limited	-	0.42	
Cipla Medpro South Africa (Pty) Limited	-	0.28	
Medpro Pharmaceutica (Pty) Limited	-	2.28	
Cipla Pharma and Life Sciences Limited	0.05	-	
Goldencross Pharma Limited	0.03	-	
Sitec Labs Limited	0.03	-	
InvaGen Pharmaceuticals Inc.	0.02	0.32	
	<b>0.53</b>	<b>4.35</b>	
<b>S. Purchase of assets</b>			
Cipla Pharma and Life Sciences Limited	0.08	0.05	
Cipla (EU) Limited	0.18	25.19	
InvaGen Pharmaceuticals Inc.	-	0.55	
Meditab Specialities Limited	-	0.78	
Medispray Laboratories Private Limited	0.04	0.08	
Goldencross Pharma Limited	0.02	0.09	
Stempeutics Research Private Limited	-	2.00	
	<b>0.32</b>	<b>28.74</b>	
<b>T. Processing charges received</b>			
Medispray Laboratories Private Limited	3.67	0.89	
	<b>3.67</b>	<b>0.89</b>	
<b>U. Contribution to provident fund and other fund</b>			
Cipla Limited Employee Gratuity Fund	20.00	28.10	
Cipla Limited Employee Provident Fund	38.52	39.64	
	<b>58.52</b>	<b>67.74</b>	
<b>V. Service charges paid</b>			
Cipla Pharma and Life Sciences Limited	13.29	13.93	
Cipla (EU) Limited	7.48	5.16	
Cipla Australia Pty Limited	16.69	13.50	
Cipla Maroc S.A.	0.13	(0.05)	
Cipla USA Inc.			- 0.04
Cipla Malaysia Sdn. Bhd.			9.92 10.26
Cipla Europe NV			(0.15) 0.18
Quality Chemicals Limited			- 0.47
Cipla Health Limited			0.95 1.03
Cipla (China)			
Pharmaceutical Co., Ltd.			7.45 8.25
Cipla Gulf FZ-LLC			7.15 7.32
Sitec Labs Limited			0.02 -
Cipla Quality Chemical Industries Limited			- 0.00
GoApptiv Private Limited			3.15 0.48
Cipla Holding B.V.			4.96 5.19
Stempeutics Research Private Limited			1.05 1.16
			<b>72.09</b> <b>66.92</b>
<b>W. Service charges received</b>			
Cipla Pharma and Life Sciences Limited			0.01 0.01
Cipla Health Limited			43.74 32.78
Cipla (EU) Limited			1.72 0.80
Cipla Europe NV			0.22 0.17
Cipla Holding B.V.			0.05 0.06
Cipla Medpro South Africa (Pty) Limited			1.18 -
Cipla Technologies LLC			3.59 3.50
Cipla USA Inc.			1.34 1.36
InvaGen Pharmaceuticals Inc.			0.23 1.02
Goldencross Pharma Limited			0.04 0.04
Medispray Laboratories Private Limited			0.12 0.15
Cipla Quality Chemical Industries Limited			0.16 0.19
Cipla Australia Pty Limited			0.18 0.05
Breathe Free Lanka (Private) Limited			0.01 0.01
Cipla Kenya Limited			0.00 0.00
Cipla Maroc S.A.			0.18 0.09
Exelan Pharmaceuticals Inc.			0.05 0.06
Meditab Specialities Limited			0.04 0.05
Cipla Malaysia Sdn. Bhd.			0.00 0.00
Sitec Labs Limited			0.32 0.29
Medpro Pharmaceutica (Pty) Limited			1.14 0.44
Cipla Gulf FZ-LLC			0.87 0.55
			<b>55.19</b> <b>41.62</b>

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Particulars	₹ in crores		₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>X. Donations given</b>				
Cipla Foundation	53.25	30.75		
	<b>53.25</b>	<b>30.75</b>		
<b>Y. Rent received</b>				
Dr Y K Hamied (₹ 20,040/- in both the year)	0.00	0.00		
Cipla Pharma and Life Sciences Limited	1.33	1.33		
	<b>1.33</b>	<b>1.33</b>		
<b>Z. Reimbursement of operating/other expenses</b>				
Cipla Quality Chemical Industries Limited	0.11	0.24		
Exelan Pharmaceuticals Inc.	2.10	-		
Cipla (China) Pharmaceutical Co., Ltd.	1.17	-		
Sitec Labs Limited	0.11			
Meditab Specialities Limited	-	0.01		
InvaGen Pharmaceuticals Inc.	8.59	8.55		
Cipla Health Limited	22.65	17.71		
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	16.87	9.20		
Cipla Kenya Limited	0.65	0.41		
Cipla USA Inc.	52.89	24.12		
Cipla Colombia SAS	0.70	2.78		
Cipla Technologies LLC	-	0.01		
Cipla Medpro South Africa (Pty) Limited	0.00	-		
Medispray Laboratories Private Limited	0.09	0.17		
Medpro Pharmaceutica (Pty) Limited	0.45	0.26		
GoApptiv Private Limited	30.83	13.46		
Cipla Gulf FZ-LLC	0.02	0.50		
Goldencross Pharma Limited	0.16			
	<b>137.39</b>	<b>77.42</b>		
<b>AA. Reimbursement received of operating/other expenses</b>				
Goldencross Pharma Limited	0.52	0.36		
Meditab Specialities Limited	0.18	0.33		
Jay Precision Pharmaceuticals Private Limited	-	0.04		
Cipla Health Limited	(0.12)	0.43		
Cipla Gulf FZ-LLC	0.04	0.03		
	<b>13.63</b>	<b>11.67</b>		
<b>AB. Royalty received</b>				
Cipla Health Limited		10.09	7.20	
Cipla Quality Chemical Industries Limited		12.76	10.90	
Cipla Medpro South Africa (Pty) Limited		47.92	55.68	
Cipla USA Inc.		27.56	-	
Exelan Pharmaceuticals Inc.		8.14	-	
	<b>106.47</b>	<b>73.78</b>		
<b>AC. Technical Know-How fees Received</b>				
Cipla Health Limited		40.36	17.22	
	<b>40.36</b>	<b>17.22</b>		
<b>AD. Royalty paid</b>				
Cipla (EU) Limited		0.02	3.53	
	<b>0.02</b>	<b>3.53</b>		

# Notes to the standalone financial statements

## Note 39: Related Party Disclosures (Contd.)

Particulars	₹ in crores		Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021		For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>AE. Dividend received</b>			<b>AI. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)</b>		
Jay Precision Pharmaceuticals Private Limited	14.92	-			
Goldencross Pharma Limited	150.00	-			
Meditab Specialities Limited	238.40	-	<b>AJ. Contribution payable to gratuity/provident fund</b>		
	<b>403.32</b>	-	Cipla Limited Employee Provident Fund	10.95	11.02
<b>AF. Corporate guarantee given on behalf of subsidiary Companies*</b>			Cipla Limited Employee gratuity fund	-	4.26
Cipla (EU) Limited	-	446.92			
InvaGen Pharmaceuticals Inc.	-	647.92		<b>10.95</b>	<b>15.28</b>
	<b>-</b>	<b>1,094.84</b>			
* To the extent of loan outstanding			<b>AK. Receivable from gratuity fund</b>		
<b>AG. Performance guarantee given on behalf of subsidiary Companies</b>			Cipla Limited Employee gratuity fund	9.30	-
Cipla Australia Pty Limited	22.70	25.07		<b>9.30</b>	
	<b>22.70</b>	<b>25.07</b>			
<b>AH. Dividend paid to Key Management Personnel and Directors</b>					
	<b>108.49</b>	-			

## Note 40: Share based payments

### A. Employee stock option scheme ('ESOS')

The Company has implemented Employee Stock Option Scheme 2013-A ('ESOS 2013-A Scheme') as approved by the shareholders on 22<sup>nd</sup> August, 2013. The ESOS 2013-A Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The Nomination and Remuneration Committee of the Board of Cipla Limited administers the ESOS 2013-A Scheme and grants stock options to eligible employees. Details of the options granted during the year under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	14 <sup>th</sup> May, 2021	1,38,144	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	14 <sup>th</sup> May, 2021	25,095	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	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 standalone financial statements

## Note 40: Share based payments (Contd.)

Weighted average share price for options exercised during the year:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	926.41

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Granted during the year	1,82,743	2.00	2.00	-
Forfeited/cancelled during the year	50,330	2.00	2.00	-
Lapsed during the year	186	2.00	2.00	-
Exercised during the year	3,50,757	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Exercisable at the end of the year	2,56,349	2.00	2.00	2.91

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2021 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>9,25,007</b>	<b>2.00</b>	<b>2.00</b>	<b>4.57</b>
Granted during the year	2,66,459	2.00	2.00	-
Forfeited/cancelled during the year	94,099	2.00	2.00	-
Lapsed during the year	41,120	2.00	2.00	-
Exercised during the year	2,24,040	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Exercisable at the end of the year	3,08,586	2.00	2.00	3.38

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

ESOS 2013 - A	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Expected dividend yield (%)	0.35%	1.05%
Expected volatility	29.40%	26.67%
Risk-free interest rate	5.34%	5.46%
Weighted average share price (₹)	898.95	569.75
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.02	4.45
Weighted average fair value of options (₹)	884.67	542.15

### B. Employee Stock Appreciation Rights ("ESAR") Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021/the Scheme') as approved by the shareholders by postal ballot on 25<sup>th</sup> March, 2021. The Scheme covers the employees who are in permanent employment, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible employees"]. The

# Notes to the standalone financial statements

## Note 40: Share based payments (Contd.)

Nomination and Remuneration Committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	14 <sup>th</sup> May, 2021	2,71,329	2.00	3 years graded vesting	248.90	5 years from Vesting date
ESAR 2021	14 <sup>th</sup> May, 2021	90,398	2.00	1 Year	286.62	5 years from Vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	37,041	2.00	1 Year	236.90	5 years from Vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	31,970	2.00	3 years graded vesting	274.48	5 years from Vesting date

No ESARs have been exercised under the scheme during the year.

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	-	-	-	-
Granted during the year	4,30,738	916.61	913.38 - 933.54	-
Forfeited/cancelled during the year	32,362	913.38	913.38	-
<b>Outstanding at the end of the year</b>	<b>3,98,376</b>	<b>916.87</b>	<b>913.38 - 933.54</b>	<b>5.97</b>
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESAR 2021
Expected dividend yield (%)	0.37%
Expected volatility	28.71%
Risk-free interest rate	5.41%
Weighted average share price (₹)	899.12
Exercise price (₹)	916.61
Expected life of options granted in years	4.21
Weighted average fair value of options (₹)	273.53

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	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Profit from continuing and discontinuing operations after tax as reported (₹ in crores)	2,957.93	2,468.28
Share based payment expense (₹ in crores)	19.69	14.78
<b>Earnings per share</b>		
Basic (₹)	36.91	30.79
Diluted (₹)	36.88	30.76

## Note 41: Segment information

In accordance with paragraph 3 of Indian Accounting Standard (Ind AS) 108 - Operating Segments, segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

# Notes to the standalone financial statements

## Note 42: 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) - Nil
- (b) Disclosure as per Section 186(4) of the Companies Act, 2013 - Nil
- (c) Refer note 5 for investments.
- (d) Corporate guarantees given by the Company in respect of loans obtained by subsidiaries\*

Name of the Company	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Cipla (EU) Limited (refer note 39)	-	446.92
InvaGen Pharmaceuticals Inc. (refer note 39)	-	647.92
	<b>-</b>	<b>1,094.84</b>

\* To the extent of loan outstanding

- (e) Corporate guarantees given by the Company in respect of performance obligation of subsidiaries

Name of the Company	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Cipla Australia Pty Limited	22.70	25.07
	<b>22.70</b>	<b>25.07</b>

## Note 43: Additional disclosure with respect to amendments to Schedule III

- a. The Company do not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.
- b. The Company do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- c. The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- d. The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- i. Details of transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as of and for the year ended 31<sup>st</sup> March, 2022:

Sr. no.	Name of Struck off Company Transactions	Nature of transactions	₹ in crores		Relationship with the Struck off company
			Transactions during the year	Balance outstanding	
1	FEMTO I CARE PVT LTD	Professional fee	0.00*	-	Vendor- Non Related

\* Denote transaction amount less than ₹1 lac

## Notes to the standalone financial statements

### Note 43: Additional disclosure with respect to amendments to Schedule III (Contd.)

- j. The Company has invested in the following entities with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries). However it has not been from the borrowed fund.

₹ in crores

Sr. no.	Name of entity	Amount	Nature of transactions	Purpose
1	Cipla (EU) Limited	1,153.09	Investment in wholly owned subsidiary	For further investment in step down subsidiaries

- k. The Company has not advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (a) directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

### Analytical ratios

₹ in crores

No.	Particulars	Numerator	Denominator	As at 31st March, 2022		% Variance	Variance Remark
				Current Period	As at 31st March, 2021 Previous Period		
1	Current ratio (in times)	Current assets	Current liabilities	4.22	3.79	11.35%	Note a
2	Debt-equity ratio (in times)	Total debt <sup>(1)</sup>	Shareholder's equity	0.001	0.003	(69.23%)	Movement is mainly due to reduction in lease liability balance
3	Debt service coverage ratio (in times)*	Earning available for Debt Service <sup>(2)</sup>	Debt service <sup>(3)</sup>	137.14	39.27	249.22%	Movement is mainly due to reduction in lease liability balance and repayment of borrowing in previous year.
4	Return on equity ratio (in %)	Net Profits after taxes	Average Shareholder's Equity	12.67%	10.95%	15.71%	Note a
5	Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	1.62	1.34	20.53%	Note a
6	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	5.26	3.43	53.35%	Variance due to Assets classified as held for sale/ transfer in FY 2021-22 (refer note 36)
7	Trade payables turnover ratio (in times)	Cost of goods sold	Average trade payables	3.54	2.64	34.09%	Variance due to Assets classified as held for sale/ transfer in FY 2021-22 (refer note 36)
8	Net capital turnover ratio (in times)	Revenue from operations	Working capital	1.69	1.51	11.92%	Note a
9	Net profit ratio (in %)	Net profit	Revenue from operations	20.54%	18.09%	13.54%	Note a
10	Return on capital employed (in %)	Earnings before interest and taxes	Capital employed <sup>(4)</sup>	15.82%	14.10%	12.20%	Note a
11	Return on investment (in %)	Refer note <sup>(5)</sup>	Refer note <sup>(5)</sup>	24.95%	92.82%	(73.12%)	Higher return in FY 2020-21 was mainly driven by recovery from market-wide contraction in share prices at the onset of the pandemic in March 20, followed by further improvement in FY 2021-22.

#### Note :

a. In respect of aforesaid mentioned ratios, there is no significant change (25% or more) in FY 2021-22 in comparison to FY 2020-21.

b. Above all ratios has been given excluding Discontinuing/restructuring operations (refer note 36)

\* The Company does not have any borrowings as at 31st March, 2022 and 31st March, 2021. Debt Service coverage ratio has been computed basis lease liabilities repayment schedule as per Guidance note on Schedule III issued by the Institute of Chartered Accountants of India.

(1) Debt represents only lease liabilities

(2) Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments etc.

(3) Interest and lease payments + Principal repayments

(4) Tangible net worth + deferred tax liabilities + Lease Liabilities

(5) Return on Investment

$$\frac{(MV(T_1) - MV(T_0) - \text{Sum } [C(t)])}{(MV(T_0) + \text{Sum } [W(t) * C(t)])}$$

where,

T<sub>1</sub> = End of time period

T<sub>0</sub> = Beginning of time period

t = Specific date falling between T<sub>1</sub> and T<sub>0</sub>

MV(T<sub>1</sub>) = Market Value at T<sub>1</sub>

C(t) = Cash inflow, cash outflow on specific date

W(t) = Weight of the net cash flow (i.e. either net inflow or net outflow) on day 't', calculated as [T<sub>1</sub> - t]/T<sub>1</sub>

# Notes to the standalone financial statements

## Note 44: Financial instruments

### A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### **The following methods and assumptions were used to estimate the fair values:**

The carrying amount of trade receivable, trade payable, capital creditors, loans, margin deposit, security deposit, incentives/benefits receivable from government, cash and cash equivalents, other bank balances and other receivables as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short-term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

#### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

**The carrying value and fair value of financial instruments by categories as on 31<sup>st</sup> March, 2022, were as follows:**

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets:</b>				
<b>Financial assets at amortised cost</b>				
Investment properties (refer note 3)	63.35	-	-	120.07
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00
Capital contribution in LLP (refer note 5)	6.68	-	-	6.68
Investments in associate (refer note 5)	1.43	-	-	1.43
<b>Financial assets at fair value through profit or loss</b>				
Investments in mutual funds (refer note 10)	2,038.80	2,038.80	-	-
Investments - Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
Derivatives not designated as hedge (refer note 15)	17.73	-	17.73	-
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives designated as hedge (refer note 15)	0.75	-	0.75	-
Investments in Limited Liability Partnership and others (refer note 5)	40.30	-	-	40.30
<b>Financial liabilities:</b>				
<b>Financial liabilities at amortised cost</b>				
Lease liabilities (refer note 2.2)	18.92	-	-	18.92

# Notes to the standalone financial statements

## Note 44: Financial instruments (Contd.)

The carrying value and fair value of financial instruments by categories as on 31<sup>st</sup> March, 2021, were as follows:

Particulars	Carrying value	Fair Value			₹ in crores		
		Level 1	Level 2	Level 3			
<b>Financial assets:</b>							
<b>Financial assets at amortised cost</b>							
Investment properties (refer note 3)	123.79	-	-	182.56			
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00			
Investments in associate (refer note 5)	0.61	-	-	0.61			
<b>Financial assets at fair value through profit or loss</b>							
Investments in mutual funds (refer note 10)	2,004.84	2,004.84	-	-			
Investments - Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00			
Derivatives not designated as hedge (refer note 15)	1.90	-	1.90	-			
<b>Financial assets at fair value through other comprehensive income</b>							
Derivatives designated as hedge (refer note 15)	59.71	-	59.71	-			
Investments in Limited Liability Partnership (refer note 5)	40.00	-	-	40.00			
<b>Financial liabilities:</b>							
<b>Financial liabilities at amortised cost</b>							
Lease liabilities (refer note 2.2)	52.12	-	-	52.12			

### B. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets include trade receivables, security deposits, loans and advances, etc., arises from its operation.

The Company has constituted a Risk Management Committee consisting of a majority of directors and senior managerial personnel. The Company has instituted Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise the adverse impact on the business objectives and enhance Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trend, exposure and potential impact analysis at a Company level.

The Audit Committee of the Board reviews the risk management framework at periodic intervals.

#### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Company's size and operations

result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

##### (a) Currency risk:

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Company also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the Rupee (INR) appreciates/ depreciates against US Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR), Australian Dollar (AUD) and other currencies.

# Notes to the standalone financial statements

## Note 44: Financial instruments (Contd.)

### Foreign exchange risk

#### (i) Foreign exchange derivatives and exposures outstanding at the year end

Nature of Instrument	Currency	Cross currency	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Forward contracts - Sold	USD	INR	3,154.40	2,885.12
Forward contracts - Sold	ZAR	INR	444.06	660.27
Forward contracts - Sold	AUD	INR	104.86	94.68
Forward contracts - Sold	GBP	INR	133.57	90.68
Forward contracts - Sold	EUR	INR	138.12	-
Foreign exchange currency options contracts - Sold and bought	USD	INR	272.85	270.50
<b>Unhedged foreign exchange exposures:</b>				
Trade and other receivables			232.04	381.60
Cash and cash equivalents			132.76	0.67
Trade and other payables			(346.83)	(261.41)

**Note:** The Company uses foreign exchange forward and currency options contracts/derivatives for hedging purposes.

#### (ii) Foreign currency risk from financial instruments as of:

Particulars	31 <sup>st</sup> March, 2022					₹ in crores
	USD	EUR	GBP	ZAR	Other Currency	
Trade and other receivables	211.39	-	11.35	-	9.30	232.04
Cash and cash equivalents	113.92	12.74	5.97	-	0.13	132.76
Trade and other payables	(211.37)	(46.04)	(25.50)	(27.51)	(36.41)	(346.83)
<b>Net assets/(liabilities)</b>	<b>113.94</b>	<b>(33.30)</b>	<b>(8.18)</b>	<b>(27.51)</b>	<b>(26.98)</b>	<b>17.97</b>

Particulars	31 <sup>st</sup> March, 2021					₹ in crores
	USD	EUR	GBP	ZAR	Other Currency	
Trade and other receivables	241.05	78.36	-	32.60	29.59	381.60
Cash and cash equivalents	0.28	-	-	-	0.39	0.67
Trade and other payables	(152.89)	(51.68)	(19.81)	(3.89)	(33.14)	(261.41)
<b>Net assets/(liabilities)</b>	<b>88.44</b>	<b>26.68</b>	<b>(19.81)</b>	<b>28.71</b>	<b>(3.16)</b>	<b>120.86</b>

#### (iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31<sup>st</sup> March, 2021: 5%) would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

Particulars	For the year ended 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> March, 2021	
	5%	5%	5%	5%
<b>Movement in exchange rate</b>				
USD - INR			5%	5%
EUR - INR			5%	5%
GBP - INR			5%	5%
ZAR - INR			5%	5%
Other currency			5%	5%

# Notes to the standalone financial statements

## Note 44: Financial instruments (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Impact on profit/loss</b>		
USD - INR	5.70	4.42
EUR - INR	(1.67)	1.33
GBP - INR	(0.41)	(0.99)
ZAR - INR	(1.38)	1.44
Other currency	(1.35)	(0.16)

### (b) Price risk

The Company is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31<sup>st</sup> March, 2022, the investments in debt mutual funds amounts to ₹ 2,038.80 crores (31<sup>st</sup> March, 2021: ₹ 2,004.84 crores). These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds. A 1% increase in prices would have led to approximately an additional ₹ 20.38 crores gain in profit or loss (31<sup>st</sup> March, 2021: ₹ 20.04 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.

### (c) Interest rate risk

Company's interest rate risk arises from borrowings and investment in short-term deposits. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. Considering the short-term nature, there is no significant interest rate risk pertaining to short-term deposits. Further, the Company does not have any borrowings and therefore not exposed to interest rate risk.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31<sup>st</sup> March, 2022 from such receivables on account of business continuity.

### Trade and other financial assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and

country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

### Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Details of financial assets – not due, past due and impaired

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31<sup>st</sup> March, 2022.

### For ageing analysis of the receivable (gross of provision) - Refer note 11.

### Expected credit loss:

In accordance with Ind AS 109 - Financial Instruments, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - Revenue from Contracts with Customers. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

# Notes to the standalone financial statements

## Note 44: Financial instruments (Contd.)

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 for trade receivables are as follows:

Movement of allowances of credit loss	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>95.64</b>	<b>163.81</b>
Provided during the year	14.19	72.23
Reversals of provision	(5.82)	(133.31)
Effect of changes in the foreign exchange rates	0.75	(7.09)
	<b>104.76</b>	<b>95.64</b>

### Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities (including liabilities directly associated with assets classified as held for sale/transfer) as of 31<sup>st</sup> March, 2022:

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative:</b>				
Trade payables	1,589.80	-	-	<b>1,589.80</b>
Other financial liabilities	186.16	3.13	50.00	<b>239.29</b>
Lease liabilities	11.69	14.71	-	<b>26.40</b>
	<b>1,787.65</b>	<b>17.84</b>	<b>50.00</b>	<b>1,855.49</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2021:

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative:</b>				
Trade payables	1,495.49	-	-	<b>1,495.49</b>
Other financial liabilities	236.15	6.01	50.45	<b>292.61</b>
Lease liabilities	26.43	32.76	10.65	<b>69.84</b>
	<b>1,758.07</b>	<b>38.77</b>	<b>61.10</b>	<b>1,857.94</b>

# Notes to the standalone financial statements

## Note 44: Financial instruments (Contd.)

### (d) Impact of hedging activities

The Company uses foreign exchange forward and currency option contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR 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

Type of hedge and risks	Carrying amount					Weighted average strike price/rate	
	Nominal amount	Assets	Liabilities	Maturity date	Hedge ratio*		
<b>31<sup>st</sup> March, 2022</b>							
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
i) Foreign exchange forward contracts (refer note 15)	2,893.87	0.41	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.46 ZAR 1 = ₹ 5.05 AUD 1 = ₹ 58.43	
ii) Foreign exchange currency options contracts sold (refer note 15)	272.85	(1.47)	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.32	
iii) Foreign exchange currency options contracts bought (refer note 15)	272.85	1.81	-	April 2022 - March 2023	1:1	USD 1 = ₹ 77.61	
<b>Fair value hedge</b>							
<b>Foreign exchange risk</b>							
i) Foreign exchange forward contracts (refer note 15)	1,081.13	17.73	-	April 2022 - October 2022	1:1	USD 1 = ₹ 76.78 ZAR 1 = ₹ 4.85 AUD 1 = ₹ 56.64 GBP 1 = ₹ 102.36 EUR 1 = ₹ 86.94	

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate			
	Nominal amount	Assets	Liabilities						
<b>31<sup>st</sup> March, 2021</b>									
<b>Cash flow hedge</b>									
<b>Foreign exchange risk</b>									
i) Foreign exchange forward contracts (refer note 15)	3,172.31	58.40	-	April 2021 - March 2022	1:1	USD 1 = ₹ 77.59 ZAR 1 = ₹ 4.70			
ii) Foreign exchange currency options contracts sold (refer note 15)	270.50	(2.23)	-	April 2021 - March 2022	1:1	USD 1 = ₹ 79.68			
iii) Foreign exchange currency options contracts bought (refer note 15)	270.50	3.54	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.32			
<b>Fair value hedge</b>									
<b>Foreign exchange risk</b>									
i) Foreign exchange forward contracts (refer note 15)	558.43	1.90	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.16 ZAR 1 = ₹ 4.90 AUD 1 = ₹ 56.76 GBP 1 = ₹ 102.55			

\* The foreign currency forward and currency options 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 44: Financial instruments (Contd.)

### b) Disclosure of effects of hedge accounting in the Company's profit or loss and other comprehensive income

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	₹ in crores			
			Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss		
<b>31<sup>st</sup> March, 2022</b>						
<b>Foreign exchange risk</b>						
(i) Cash flow hedge	51.42	-	(60.80)	-		
(ii) Fair value hedge	-	-	-	15.83		
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	₹ in crores			
			Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss		
<b>31<sup>st</sup> March, 2021</b>						
<b>Foreign exchange risk</b>						
(i) Cash flow hedge	15.84	-	21.24	-		
(ii) Fair value hedge	-	-	-	19.78		

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

### c) Movement in cash flow hedge reserve and costs of hedge reserve

Cash flow hedge reserve	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>10.84</b>	<b>(16.91)</b>
Add: Changes in fair value	51.42	15.84
Less: Amount reclassified to profit or loss	(60.80)	21.24
Less: Deferred tax relating to above (net)	2.37	(9.33)
<b>Closing balance</b>	<b>3.83</b>	<b>10.84</b>

## Note 45: Corporate social responsibility (CSR) expenditure

The Company meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Company. The Company spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilised through the year on the activities which are specified in Schedule VII of the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development projects, Research and Development and any other activity permissible under Schedule VII of the Act.

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A) Amount required to be spent by the company during the year	52.92	42.80
B) Amount of expenditure incurred on construction/acquisition of assets	-	-
C) Amount of expenditure incurred on purposes other than (B) above	53.25	42.84

## Notes to the standalone financial statements

### Note 45: Corporate social responsibility (CSR) expenditure (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions *	53.25	30.75
G) Provision movement during the year:		
Opening balance	-	-
Addition during the year	53.25	42.84
Utilised during the year	(52.92)	(42.80)
<b>Closing balance</b>	<b>0.33</b>	<b>0.04</b>

\*This includes contribution to Cipla Foundation which is a trust, with the main objective of working across focus areas of Health, Education, Skilling, Environmental Sustainability & Disaster Response and COVID-19 relief projects. The Company does not have any ongoing projects as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

The Company did not set-off any excess CSR amount spent during the year 2020-21 against current year's CSR obligation. The Company will be setting off the excess spend of ₹ 0.33 crores during the year 2021-22 against the next year's CSR obligation.

### Note 46: 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 (including lease liabilities) less [Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments]**

Total 'equity' is as shown in the balance sheet.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Total debt	18.92	52.12
Less: Cash and cash equivalent (including current investment and bank deposit with original maturity between 3 to 12 months)	3,454.92	2,868.52
<b>Net debt (A)</b>	<b>(3,436.00)</b>	<b>(2,816.40)</b>
Total equity (B)	22,513.55	19,927.56
<b>Net debt to equity ratio (A/B)</b>	<b>(0.15)</b>	<b>(0.14)</b>

### Note 46: Capital management (Contd.)

#### B. Dividend on equity share

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>(a) Dividend on equity shares paid during the year</b>		
Final dividend for the year [FY 2020-21: ₹ 5.00 per equity share of ₹ 2.00 each] [FY 2019-20: ₹ Nil per equity share of ₹ 2.00 each]	403.35	-
<b>Total</b>	<b>403.35</b>	<b>-</b>
<b>(b) Proposed dividend on equity share not recognised as liability</b>		
	<b>403.41</b>	<b>403.23</b>

The Board of Directors of the Company at its meeting held on 10<sup>th</sup> May, 2022 has recommended a final dividend of ₹ 5.00 per equity share (face value of ₹ 2.00 each) of which is subject to approval at the ensuing Annual General Meeting of the Company and hence was not recognised as a liability.

### Note 47: Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

**Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:**

Particulars	For the year ended 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> March, 2021	
	₹ in crores	₹ in crores	₹ in crores	₹ in crores
Profit for the year from continuing operations (\$ in crores)			2,689.39	2,044.65
Profit for the year from discontinuing/restructuring operations (\$ in crores)			268.54	423.63
<b>Profit for the year</b> (\$ in crores)			<b>2,957.93</b>	<b>2,468.28</b>

# Notes to the standalone financial statements

## Note 47: Earnings Per Share (EPS) (Contd.)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Basic weighted average number of equity shares outstanding	80,66,68,279	80,63,58,447
<b>Basic earnings per share of par value ₹ 2/- per share</b>		
from continuing operations	₹ 33.34	₹ 25.36
from discontinuing/restructuring operations	₹ 3.33	₹ 5.25
<b>Total basic earnings per share</b>	<b>₹ 36.67</b>	<b>₹ 30.61</b>
Add: Dilutive impact of employee stock options/ESAR	7,72,668	9,38,507
Diluted weighted average number of equity shares outstanding	80,74,40,947	80,72,96,954
<b>Diluted earnings per share of par value ₹ 2/- per share</b>		
from continuing operations	₹ 33.30	₹ 25.32
from discontinuing/restructuring operations	₹ 3.33	₹ 5.25
<b>Total diluted earnings per share</b>	<b>₹ 36.63</b>	<b>₹ 30.57</b>

## Note 48: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

As per our report of even date attached

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Reg. No.: 001076N/N500013

For and on behalf of the **Board of Directors**

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No.: 504662  
Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**  
Interim Global Chief Financial Officer  
Mumbai, 10<sup>th</sup> May, 2022

**Rajendra Chopra**  
Company Secretary

## Note 49: Subsequent events

There are no other subsequent events that occurred after the reporting date.

## Note 50: Unforeseeable losses

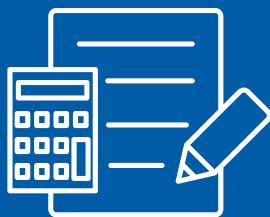
The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

## Note 51: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## Note 52: Authorisation of financial statements

The financial statements for the year ended 31<sup>st</sup> March, 2022 were approved by the Board of Directors on 10<sup>th</sup> May, 2022.



# Consolidated Financial Statements

# Independent Auditor's Report

To the Members of Cipla Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates, as at 31<sup>st</sup> March, 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

5. We have determined the matters described below to be the key audit matters to be communicated in our report

#### Key audit matter

##### **Drugs (Prices Control) Orders (DPCO) matters:**

The Holding Company and many of its Indian subsidiaries are regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant, Drugs (Prices Control) Orders (DPCO) as disclosed in Note 45(B)(ii) to the consolidated financial statements, relating to overcharging of certain drugs under DPCO.

According to NPPA's public disclosure, the total demand against the Group aggregates to ₹ 3,703.40 crores as at 31<sup>st</sup> March, 2022, of which:

- a) ₹ 3,456.39 crores relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crores being 50% of the total demand of ₹ 350.15 crores as at 1<sup>st</sup> August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and

### Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates 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 consolidated 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 together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### How our audit addressed the key audit matter

Our audit of DPCO matters included, but was not limited to, the following procedures:

- a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved;
- b) Evaluated the design and tested the operating effectiveness of key controls around above process;
- c) Inspected correspondence with the Holding Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;

## Independent Auditor's Report

### Key audit matter

- b) ₹ 247.01 crores relates to other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹ 7.34 crores (including interest) during the year ended 31<sup>st</sup> March, 2022 and carries a total provision of ₹ 118.49 crores (including interest) as at 31<sup>st</sup> March, 2022.

The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability or not, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management.

Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.

### **Impairment of goodwill, intangible assets and intangible assets under development:**

As at 31<sup>st</sup> March, 2022, the Group has goodwill balance of ₹ 3,137.93 crores relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹ 1,319.58 crores and ₹ 383.28 crores, respectively. These balances are subject to a test of impairment by the management in accordance with Ind AS 36 "Impairment of Assets". The Group has recorded an impairment charge on intangible assets of ₹ 40.76 crores during the year ended 31<sup>st</sup> March, 2022. Refer note 4 and 5 to the Consolidated Financial Statements.

The carrying values of goodwill, intangible assets and intangible assets under development will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations.

In addition to significance of the amounts, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amounts involved in forecasting cash flows for each of the CGUs, intangible assets and those under development, principally relating to budgeted revenue, operating margins, short-term and long-term growth rates and the discount rates used.

### How our audit addressed the key audit matter

- d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale;
- e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and
- f) Evaluated the disclosures for adequate disclosure regarding the significant litigations of the Group.

Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the consolidated financial statements taken as a whole.

Our audit included, but was not limited to, the following procedures:

- a) Obtained an understanding of the management's process for identification of impairment indicators for goodwill, intangibles and intangibles under development and process for identification of CGUs and impairment testing of such assets;
- b) Tested the design and operating effectiveness of internal controls over such identification and impairment measurement of identified assets;
- c) Evaluated management's identification of CGUs;
- d) Obtained the impairment assessment workings prepared by the management and its experts;
- e) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management to determine the recoverable values;
- f) Reconciled the cash flows to the business plans approved by the Board of Directors of the companies which constitute identified CGUs;
- g) Evaluated and challenged management's assumptions such as implied growth rates during explicit periods, terminal growth rates and discount rates for their appropriateness based on our understanding of the business of the respective CGUs, past results and external factors such as industry trends and forecasts, including the possible impact of COVID-19 pandemic on such assumptions;
- h) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit periods, terminal growth rates and discount rates;

# Independent Auditor's Report

## Key audit matter

Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying values of goodwill, intangibles and intangible assets under development is considered to be complex and determined to be a key audit matter in our current period audit.

## How our audit addressed the key audit matter

- i) Tested the mathematical accuracy of the management computations;
- j) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the estimated recoverable amounts for respective CGUs to evaluate sufficiency of headroom between recoverable values and carrying amounts; and
- k) Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to goodwill, intangibles and intangible assets under development, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards

Based on the audit procedures performed, we determined that the management's assessment that the carrying values of goodwill, intangible assets and intangible assets under development is appropriate in the context of the consolidated financial statements taken as a whole.

## Revenue from operations: (refer note 1.13 and 30 to the consolidated financial statements)

The Group recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers.

Further, the Group has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue such as the Group's sales to customers in the United States of America ('US') which fall under certain commercial and governmental reimbursement schemes and mandated contracts of which the most significant ones are chargebacks, rebates, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid').

The Group also has development and commercialisation arrangements relating to research and development of new products. This includes in-licensing and out-licensing arrangements and other types of complex agreements.

We identified the recognition of revenue from operations as a key audit matter because:

Our audit included, but was not limited to, the following procedures:

- a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements;
- b) Evaluated the design and tested the operating effectiveness of the Group's internal controls, including general IT controls, key IT application controls implemented by the management, over recognition of revenue and measurement of various discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid;
- c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations;
- d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents;
- e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/ understatement of revenue recorded for the year;

## Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>a) Accrual towards rebates, discounts, returns, chargebacks and allowances is complex and requires significant judgments and estimates in relation to contractual agreements/commercial terms across various geographies. Any change in these estimates can have a significant financial impact. These estimates are particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid;</p> <p>b) The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition;</p> <p>c) The Group considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period.</p>	<p>f) Obtained management workings for amounts recognised towards discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;</p> <p>g) Evaluated historical accuracy of the Group's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias;</p> <p>h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and</p> <p>i) Evaluated the adequacy of disclosures in the Consolidated financial statements.</p> <p>Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the consolidated financial statements taken as a whole.</p>
<p><b>Provision for Obsolescence of Inventory (refer note 1.3.2(v) and 12 to the consolidated financial statements)</b></p> <p>The Group held inventories aggregating ₹ 5,350.24 crores as at 31<sup>st</sup> March, 2022 comprising of raw materials, work-in-progress, stock-in-trade, finished goods, packaging materials and stores, spares and consumables, on which the Group has recorded an obsolescence provision amounting to ₹ 576.42 crores during the current year.</p> <p>At each reporting period end, the management assesses whether there is any objective evidence indicating that the net realisable value of any item of inventory is below its carrying value. If so, such inventories are written down to their net realisable value in accordance with the requirements of Ind AS 2, Inventories ('Ind AS 2').</p> <p>The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated remaining shelf life, product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.</p>	<p>Our audit of provision for obsolescence of inventory included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of management's process to identify slow-moving, obsolete and other non-saleable inventory, and process of consequent measurement of required provision for obsolescence.</p> <p>b) Evaluated the appropriateness of related accounting policies adopted by the Company in accordance with the requirements of Ind AS 2 ('Ind AS 2');</p> <p>c) Evaluated the design, implementation and tested the operating effectiveness of key controls that the Group has in relation to aforesaid process;</p> <p>d) Evaluated the nature, source and reliability of all the information used by the management for arriving at the estimates for determination of provision for obsolescence of inventory;</p> <p>e) For the provisions made in respect of expired or near-expiry inventory balances, tested such identification from the batch-wise expiry information and reperformed computations to validate the accuracy and completeness of such provision estimates;</p>

# Independent Auditor's Report

## Key audit matter

Considering the inherent nature of the industry, particularly limited useful life of inventories, the aforesaid determination is complex on account of estimation of consumption patterns, prescription patterns, alternate product availability, alternate uses, changing regulations, which involves significant management judgement and high estimation uncertainty. This complexity was particularly further increased during the current year due to introduction of certain products in Company's portfolio leading to an increased charge to the Statement of Profit and Loss in the current year as compared to earlier years in this respect.

Considering the above, provision for obsolescence of inventory has been considered as key audit matter for the current period audit.

## How our audit addressed the key audit matter

- f) For the provisions made in respect of other non-saleable inventory, discussed with the senior management the triggers taken into account for such identification and evaluated the same in view of our understanding of the business and industry conditions. Assessed the projected sale estimates made by the management in respect of balance inventory of aforesaid specific products that is expected to be sold in the near future, for its appropriateness basis past trends and market conditions. Further, reperformed computations to validate the accuracy and completeness of such provision estimates; and
- g) Evaluated appropriateness of disclosures made in the financial statements.

Based on the audit procedures performed, the management's assessment provision for obsolescence of inventory balances was determined to be appropriate in the context of the consolidated financial statements taken as a whole.

## Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Companies included in the Group and of its associates to continue as a going concern, disclosing,

financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are 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 of the companies included in the Group, and its associate 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 of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

## Independent Auditor's Report

as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the 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.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment 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 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 Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
- 12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

# Independent Auditor's Report

## Other Matter

15. We did not audit the financial statements of 37 subsidiaries, whose financial statements (prior to consolidation adjustments) reflects total assets of ₹ 10,730.48 crores and net assets of ₹ 7,947.54 crores as at 31<sup>st</sup> March, 2022, total revenue of ₹ 4,522.83 crores and net cash inflows amounting to ₹ 19.94 crores 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 ₹ (2.36) crores for the year ended 31<sup>st</sup> March, 2022, as considered in the consolidated financial statements, in respect of an associate, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, 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 an associate, are based solely on the reports of the other auditors.

Further, of these subsidiaries and an associate, 33 subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries and an associate located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ (10.36) crores for the year ended 31<sup>st</sup> March, 2022, as considered in the consolidated financial statements, in respect of 4 associates, whose financial

information has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

## Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associates, we report that the Holding Company and 2 subsidiary companies incorporated in India whose financial statements have been audited under the Act have 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 6 subsidiary companies covered under the Act have not paid or provided for any managerial remuneration during the year. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 4 associate companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
19. 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 incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

## Independent Auditor's Report

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company and its subsidiary companies, and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies are disqualified as on 31<sup>st</sup> March, 2022 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 with reference to financial statements of the Holding Company, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act:
  - 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. As detailed in Note 54 to the consolidated financial statements, the Holding Company, its subsidiary companies and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2022;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March, 2022. Further, there were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary companies and associate companies covered under the Act, during the year ended 31<sup>st</sup> March, 2022;
  - iv. a. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in note 55 (j) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies and its associate companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies and its associate companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
    - b. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 55 (f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies

## Independent Auditor's Report

and its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries and associates, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. a. The interim dividend declared and paid by the subsidiary companies during the year ended 31<sup>st</sup> March, 2022 and until the date of this audit report is in compliance with section 123 of the Act;
- b. The final dividend paid by the Holding Company during the year ended 31<sup>st</sup> March, 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend; and

- c. As stated in note 43 (C)(b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31<sup>st</sup> March, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

**Membership No.:** 504662

**UDIN:** 22504662AISJAE2699

**Place:** Mumbai

**Date:** 10<sup>th</sup> May, 2022

## Annexure I

### List of entities included in the Statement

#### I) Subsidiaries:

1. Meditab Specialities Limited, India
2. Goldencross Pharma Limited, India
3. Cipla Pharma and Life Sciences Limited, India (formerly known as Cipla BioTec Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India
8. Cipla Digital Health Limited, India (incorporated on 25<sup>th</sup> February, 2022)
9. Cipla Medpro South Africa (Pty) Limited, South Africa
10. Cipla Holding B.V., Netherlands
11. Cipla (EU) Limited, United Kingdom
12. Saba Investment Limited, United Arab Emirates
13. Cipla (UK) Limited, United Kingdom (liquidated w.e.f. 5<sup>th</sup> March, 2021)
14. Cipla Australia Pty Limited, Australia
15. Cipla USA Inc., United States of America
16. Meditab Holdings Limited, Mauritius
17. Cipla Kenya Limited, Kenya
18. Cipla Malaysia Sdn. Bhd., Malaysia
19. Cipla Europe NV, Belgium
20. Cipla Quality Chemical Industries Limited, Uganda
21. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
22. Inyanga Trading 386 (Pty) Limited, South Africa (Dissolved w.e.f. 10<sup>th</sup> December, 2021)
23. Cipla Medpro Holdings (Pty) Limited, South Africa (under liquidation)
24. Cape to Cairo Exports (Pty) Limited, South Africa (Deregistered w.e.f. 27<sup>th</sup> August, 2020)
25. Cipla Dibcare (Pty) Limited, South Africa (under liquidation)
26. Cipla Medpro Manufacturing (Pty) Limited, South Africa (formerly known as Cipla Life Sciences (Pty) Limited)
27. Cipla-Medpro (Pty) Limited, South Africa
28. Cipla-Medpro Distribution Centre (Pty) Limited, South Africa
29. Cipla Medpro Botswana (Pty) Limited, South Africa
30. Cipla Algérie, Algeria
31. Cipla Biotec South Africa (Pty) Limited, South Africa (Deregistered w.e.f 3<sup>rd</sup> February, 2022)
32. Cipla Select (Pty) Limited, South Africa (formerly known as Cipla OLTP (Pty) Limited)
33. Medpro Pharmaceutica (Pty) Limited, South Africa
34. Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen
35. Cipla (Mauritius) Limited, Mauritius (liquidated w.e.f. 17<sup>th</sup> May, 2020)
36. Breathe Free Lanka (Private) Limited, Sri Lanka
37. Cipla Maroc SA, Morocco
38. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
39. Quality Chemicals Limited, Uganda (ceased to be a subsidiary from 19<sup>th</sup> August, 2020)
40. Cipla Philippines Inc., Philippines
41. InvaGen Pharmaceuticals Inc., United States of America
42. Exelan Pharmaceuticals Inc., United States of America
43. Anmaraté (Pty) Limited, South Africa (ceased to be a subsidiary from 19<sup>th</sup> August, 2020)
44. Cipla Technologies LLC, United States of America
45. Cipla Gulf FZ-LLC, United Arab Emirates
46. Mirren (Pty) Limited, South Africa
47. Madison Pharmaceuticals Inc., United States of America

## Annexure I

48. Cipla Colombia SAS, Colombia
49. Cipla (China) Pharmaceutical Co., Ltd., China
50. Cipla Health Employees Stock Option Trust, India
51. Cipla Employee Stock Option Trust, India (Deregistered)
52. Cipla (Jiangsu) Pharmaceutical Co., Ltd., China
53. Cipla Pharmaceuticals Limited, India
54. Cipla Therapeutics Inc, United States of America

### II) Associates:

1. Stempeutics Research Private Limited, India
2. Avenue Therapeutics Inc., United States of America (As at 31<sup>st</sup> March, 2022, the fully diluted stake is 25.93%)

3. Brandmed (Pty) Limited, South Africa
4. AMPSolar Power Systems Private Limited, India (Share of loss/profit not required to be considered)
5. AMP Energy Green Eleven Private Limited, India (acquired 32.49% on fully diluted basis from 8<sup>th</sup> February, 2022) - (Share of loss/profit not required to be considered)
6. Clean Max Auriga Power LLP, India (acquired 33% stake effective from 14<sup>th</sup> December, 2021) - (Share of loss/profit not required to be considered)
7. GoApptiv Private Limited, India
8. Iconphygital Private Limited, India (Wholly owned subsidiary of GoApptiv Private Limited)

## Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited on the consolidated financial statements for the year ended 31<sup>st</sup> March, 2022

### Independent Auditor's Report on the internal financial controls with reference to Consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended 31<sup>st</sup> March, 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are covered under the Act, as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards

and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

### Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Annexure II** to the Independent Auditor's Report of even date to the members of Cipla Limited on the consolidated financial statements for the year ended 31<sup>st</sup> March, 2022

### **Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March, 2022, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

### **Other Matter**

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 1 subsidiary company, which is company covered under the Act, whose financial statement (prior to consolidation adjustments) reflect total assets of ₹ 161.43 crores and net assets of ₹ 149.59 crores as at 31<sup>st</sup> March, 2022, total revenues of ₹ 128.60 crores and net cash flows amounting to ₹ 5.27 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited

by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 4 associate companies, which are companies covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 1.10 crores for the year ended 31<sup>st</sup> March, 2022 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of these associate companies, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act in so far as it relates to the aforesaid associate companies, which are covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements reports certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements reports certified by the management.

For **Walker Chandiok & Co LLP**  
 Chartered Accountants  
 Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
 Partner  
**Membership No.:** 504662  
**UDIN:** 22504662AISJAE2699

**Place:** Mumbai  
**Date:** 10<sup>th</sup> May, 2022

# Consolidated Balance sheet

as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Notes	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2.1	4,838.79	4,618.14
(b) Right-of-use assets	2.2	325.61	338.13
(c) Capital work-in-progress	2.1	382.90	570.84
(d) Investment properties	3	61.42	121.75
(e) Goodwill	4	3,137.93	3,007.29
(f) Intangible assets	5	1,319.58	1,430.21
(g) Intangible assets under development	5	383.28	398.05
(h) Investment in associates	6	45.81	228.38
(i) Financial assets			
(i) Investments	7	309.82	195.30
(ii) Loans	8	0.04	0.04
(iii) Other financial assets	9	417.04	95.83
(j) Income tax assets (net)	10	483.62	468.16
(k) Deferred tax assets (net)	10	448.83	314.69
(l) Other non-current assets	11	218.91	155.57
<b>Total non-current assets</b>		<b>12,373.58</b>	<b>11,942.58</b>
<b>(2) Current assets</b>			
(a) Inventories	12	5,350.24	4,669.18
(b) Financial assets			
(i) Investments	13	2,194.97	2,286.37
(ii) Trade receivables	14	3,424.44	3,445.68
(iii) Cash and cash equivalents	15	677.74	793.29
(iv) Bank balances other than cash and cash equivalents	16	1,250.74	607.94
(v) Loans	17	3.57	1.00
(vi) Other financial assets	18	898.39	483.24
(c) Other current assets	19	910.74	894.33
<b>Total current assets</b>		<b>14,710.83</b>	<b>13,181.03</b>
<b>(3) Assets classified as held for sale</b>	2.3	<b>16.71</b>	<b>28.48</b>
<b>Total assets</b>		<b>27,101.12</b>	<b>25,151.89</b>
<b>Equity and liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	20	161.36	161.29
(b) Other equity	21	20,680.33	18,165.24
<b>Equity attributable to owner</b>		<b>20,841.69</b>	<b>18,326.53</b>
(c) Non-controlling interest	22	275.69	259.06
<b>Total equity</b>		<b>21,117.38</b>	<b>18,585.59</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	416.24	1,202.75
(ii) Lease liabilities	2.2	158.28	197.89
(iii) Other financial liabilities	24	100.37	97.72
(b) Provisions	25	100.22	116.17
(c) Deferred tax liabilities (net)	10	243.96	296.61
(d) Other non-current liabilities	26	51.46	63.61
<b>Total non-current liabilities</b>		<b>1,070.53</b>	<b>1,974.75</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	407.90	552.81
(ii) Lease liabilities	2.2	73.36	60.96
(iii) Trade payables	27		
- Total outstanding dues of micro enterprises and small enterprises		175.12	69.33
- Total outstanding dues of creditors other than micro enterprises and small enterprises			
(iv) Other financial liabilities	28	2,332.98	1,997.49
(b) Other current liabilities	29	370.83	454.95
(c) Provisions	25	311.06	359.22
(d) Income tax liabilities (net)	10	1,221.00	1,078.32
<b>Total current liabilities</b>		<b>4,912.87</b>	<b>4,591.14</b>
<b>(3) Liabilities directly associated with assets classified as held for sale</b>	2.3	<b>0.34</b>	<b>0.41</b>
<b>Total liabilities</b>		<b>5,983.74</b>	<b>6,566.30</b>
<b>Total equity and liabilities</b>		<b>27,101.12</b>	<b>25,151.89</b>

The accompanying notes form an integral part of these consolidated financial statements.

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As per our report of even date attached

For and on behalf of the **Board of Directors**For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**Managing Director and  
Global Chief Executive Officer  
DIN: 02296740**Samina Hamied**Executive  
Vice-Chairperson  
DIN: 00027923**Ashish Gupta**

Partner

Membership No.: 504662

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022Mumbai, 10<sup>th</sup> May, 2022

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>(1) Income</b>			
(a) Revenue from operations			
(i) Revenue from sale of products	30	21,623.36	18,988.52
(ii) Other operating revenue	31	139.98	171.07
<b>Total revenue from operations</b>		<b>21,763.34</b>	<b>19,159.59</b>
(b) Other income	32	280.91	265.99
<b>(2) Total income (a+b)</b>		<b>22,044.25</b>	<b>19,425.58</b>
<b>(3) Expenses</b>			
(a) Cost of materials consumed	33	5,533.13	4,886.43
(b) Purchases of stock-in-trade	34	3,687.16	2,658.17
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(724.69)	(192.71)
(d) Employee benefits expense	36	3,529.91	3,251.83
(e) Finance costs	37	106.35	160.70
(f) Depreciation, impairment and amortisation expense	38	1,051.95	1,067.66
(g) Other expenses	39	5,185.05	4,303.44
<b>Total expenses</b>		<b>18,368.86</b>	<b>16,135.52</b>
<b>(4) Profit before exceptional items and tax (2-3)</b>		<b>3,675.39</b>	<b>3,290.06</b>
<b>(5) Exceptional item</b>	44	(182.12)	-
<b>(6) Profit before tax (4-5)</b>		<b>3,493.27</b>	<b>3,290.06</b>
<b>(7) Tax expense (net)</b>	10		
(a) Current tax		1,136.90	1,052.72
(b) Deferred tax		(203.10)	(163.96)
<b>Total tax expense</b>		<b>933.80</b>	<b>888.76</b>
<b>(8) Profit after tax before share of profit/(loss) from associates (6-7)</b>		<b>2,559.47</b>	<b>2,401.30</b>
(9) Share of profit/(loss) from associates	44	(12.82)	(12.79)
<b>(10) Profit for the year (8+9)</b>		<b>2,546.65</b>	<b>2,388.51</b>
<b>(11) Other comprehensive income/(loss)</b>	40		
(a) (i) Items that will not be reclassified to profit or loss		127.02	(38.41)
(ii) Income tax relating to these items		(15.48)	0.95
(b) (i) Items that will be reclassified to profit or loss		272.75	203.18
(ii) Income tax relating to these items		(0.62)	(4.23)
<b>Other comprehensive income/(loss) for the year</b>		<b>383.67</b>	<b>161.49</b>
<b>(12) Total comprehensive income for the year (10+11)</b>		<b>2,930.32</b>	<b>2,550.00</b>
<b>(13) Profit for the year attributable to</b>			
(a) Owners		<b>2,516.75</b>	<b>2,404.87</b>
(b) Non-controlling interest		29.90	(16.36)
<b>(14) Total comprehensive income attributable to</b>			
(a) Owners		2,893.55	2,579.96
(b) Non-controlling interest		36.77	(29.96)
<b>(15) Earnings per equity share of face value of ₹ 2 each</b>	41		
Basic (in ₹)		31.20	29.82
Diluted (in ₹)		31.17	29.79

The accompanying notes form an integral part of these consolidated financial statements.

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As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**

Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**

Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2022

## (a) Equity share capital (refer note 20)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance at the beginning of the year</b>	161.29	161.25
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.07	0.04
<b>Balance at the end of the year</b>	<b>161.36</b>	<b>161.29</b>

## (b) Other equity (refer note 21)

Particulars	₹ in crores										
	Attributable to the owners of the Company										
	Reserves and surplus					Other reserve			Other equity	Non-controlling interest	Total
	Capital reserve	Securities Premium reserve	General reserve	Employee stock options/ESAR	Retained earnings	Foreign currency translation reserve	Financial instruments fair value through other comprehensive income	Hedge reserve			
<b>Balance as at 31<sup>st</sup> March, 2020</b>	(147.14)	1,602.03	3,142.62	53.05	11,117.88	(191.68)	53.06	(28.07)	15,601.75	294.28	15,896.03
Profit for the year	-	-	-	-	2,404.87	-	-	-	2,404.87	(16.36)	2,388.51
Other comprehensive income/(loss) (net of tax)	-	-	-	-	14.23	194.38	(51.66)	18.14	175.09	(13.60)	161.49
Payment of dividend (including tax on dividend)	-	-	-	-	-	-	-	-	-	(5.26)	(5.26)
Transfer to general reserve	-	-	2.02	(2.02)	-	-	-	-	-	-	-
Consideration relating to ESOP of subsidiary	(18.81)	-	-	(17.20)	-	-	-	-	(36.01)	-	(36.01)
Exercise of employee stock options	-	11.28	-	(11.28)	-	-	-	-	-	-	-
Share based payments expense (refer note 47)	-	-	-	19.54	-	-	-	-	19.54	-	19.54
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>(165.95)</b>	<b>1,613.31</b>	<b>3,144.64</b>	<b>42.09</b>	<b>13,536.98</b>	<b>2.70</b>	<b>1.40</b>	<b>(9.93)</b>	<b>18,165.24</b>	<b>259.06</b>	<b>18,424.30</b>
Profit for the year	-	-	-	-	2,516.75	-	-	-	2,516.75	2,990	2,546.65
Other comprehensive income/(loss) (net of tax)	-	-	-	-	13.14	258.39	98.37	6.90	376.80	6.87	383.67
Payment of dividend (refer note 43C)	-	-	-	-	(403.35)	-	-	-	(403.35)	(20.14)	(423.49)
Transfer to general reserve	-	-	0.16	(0.16)	-	-	-	-	-	-	-
Refund of excess Dividend Distribution Tax (DDT) paid in earlier years	-	-	-	-	5.55	-	-	-	5.55	-	5.55
Consideration relating to ESOP of subsidiary	(1.09)	-	-	(2.03)	-	-	-	-	(3.12)	-	(3.12)
Exercise of employee stock options	-	18.38	-	(18.38)	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	(1.66)	-	-	-	-	(1.66)	-	(1.66)
Share based payments expense (refer note 47)	-	-	-	24.12	-	-	-	-	24.12	-	24.12
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>(167.04)</b>	<b>1,631.69</b>	<b>3,144.80</b>	<b>43.98</b>	<b>15,669.07</b>	<b>261.09</b>	<b>99.77</b>	<b>(3.03)</b>	<b>20,680.33</b>	<b>275.69</b>	<b>20,956.02</b>

The accompanying notes form an integral part of these consolidated financial statements. (Note 1-58)

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**

Managing Director and

Global Chief Executive Officer

DIN: 02296740

**Samina Hamied**

Executive

Vice-Chairperson

DIN: 00027923

**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flow from operating activities</b>		
Profit before exceptional items and tax	3,675.39	3,290.06
<b>Adjustments for:</b>		
Depreciation, impairment and amortisation expense	1,051.95	1,067.66
Interest expense	106.35	160.70
Unrealised foreign exchange (gain)/loss (net)	11.15	(8.64)
Share based payment expense	24.12	19.54
Allowances for credit loss (net)	(40.82)	39.48
Interest income on income tax refund	(17.75)	(7.04)
Interest income on bank deposit and others	(61.87)	(40.22)
Dividend income	(0.01)	(21.64)
Sundry balances written back (net)	(6.37)	(0.06)
Net gain on sale of current investment carried at fair value through profit or loss	(77.22)	(52.79)
Loss on liquidation of subsidiaries (net)	-	3.78
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(2.02)	(12.08)
Net gain on sale/disposal of property, plant and equipment	(8.68)	(3.01)
Rent income	(11.36)	(14.77)
<b>Operating profit before working capital changes</b>	<b>4,642.86</b>	<b>4,420.97</b>
<b>Adjustments for working capital:</b>		
Increase in inventories	(621.11)	(254.32)
Decrease in trade and other receivables	81.36	422.93
Increase in trade payables and other liabilities	362.29	203.05
<b>Cash generated from operations</b>	<b>4,465.40</b>	<b>4,792.63</b>
Income tax paid (net of refunds)	(1,139.50)	(1,037.43)
<b>Net cash flows from operating activities (a)</b>	<b>3,325.90</b>	<b>3,755.20</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment {refer note (ii) below}	(544.11)	(629.66)
Purchase of intangible assets (including intangible asset under development)	(157.04)	(189.26)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	16.40	22.05
Receipts from sale of assets held for sale	14.98	-
Proceeds from sale of intangible assets	3.78	5.48
Proceeds from sale/liquidation of investments in subsidiaries	-	2.60
Investment in associates	(18.02)	(13.65)
Purchase of non-current investments	(0.05)	(40.00)
Sale/(purchase) of current investments (net)	170.64	(1,204.98)
Change in other bank balance and cash not available for immediate use	(1,416.82)	(416.72)
Interest received	46.99	40.55
Dividend received	0.01	21.64
Rent received	11.36	14.77
<b>Net cash used in investing activities (b)</b>	<b>(1,871.88)</b>	<b>(2,387.18)</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2022

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOs)	0.07	0.05
Transaction with non-controlling interest (net)	(19.75)	(5.36)
Consideration paid on buyback of ESOP rights relating to subsidiary	(2.77)	(36.00)
Proceeds/(repayment) from current borrowings (net)	34.98	(41.87)
Payment of lease liabilities	(92.10)	(84.33)
Proceeds from non-current borrowings	-	70.49
Repayment of non-current borrowings	(1,041.21)	(1,021.75)
Interest paid	(75.66)	(120.74)
Dividend paid	(403.35)	-
<b>Net cash used in financing activities (c)</b>	<b>(1,599.79)</b>	<b>(1,239.51)</b>
<b>Net (decrease)/increase in cash and cash equivalents (a+b+c)</b>	<b>(145.77)</b>	<b>128.51</b>
Cash and cash equivalents at the beginning of the year	790.43	649.13
Exchange difference on translation of foreign currency cash and cash equivalents	13.45	12.79
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>658.11</b>	<b>790.43</b>

**Note:**

- (i) The above statement of cash flow has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.
- (ii) Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment property adjusted for movement of capital work in progress, capital advances and capital creditors for property, plant and equipment and investment property during the year.
- (iii) For reconciliation of borrowings, refer note 23

The accompanying notes form an integral part of these consolidated financial statements (note 1-58).

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

**Umang Vohra**

Managing Director and

Global Chief Executive Officer

DIN: 02296740

**Samina Hamied**

Executive

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**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# Notes to the Consolidated Financial Statements

## Group Information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Group has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

The consolidated financial statements comprise financial statements of Cipla Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), and its associates (refer "Annexure A" to Note 1 for the list of subsidiaries and associates).

## Note 1: Significant accounting policies and key accounting estimates and judgements

### 1.1 Basis of preparation

#### (i) Compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group as at and for the year ended 31<sup>st</sup> March, 2022 have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], and presentation requirements of Division II of Schedule III to the companies Act, 2013, as amended from time to time, guidelines issued by the Securities and Exchange Board of India (SEBI) and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31<sup>st</sup> March, 2022.

#### (ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;

- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right-of-use assets – measured at fair value;
- Share based payments – measured at fair value ; and
- Investment in associates are accounted for using equity method.

#### (iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

#### (iv) Functional currency and rounding of amounts

The consolidated financial statements are presented in Indian Rupee (₹) which is also the functional currency of the parent company. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crores or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') unless use of different currency is appropriate.

### 1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - Presentation of Financial Statements.

#### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

#### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

## Notes to the Consolidated Financial Statements

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

### Principles of consolidation

The consolidated financial statements relate to Cipla Limited, its subsidiaries and associates.

Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

- The profit and other comprehensive income attributable to non-controlling interest of subsidiaries are shown separately in the consolidated profit or loss and consolidated statement of changes in equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method unless otherwise stated.
- Under the equity method, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, unless the share purchase agreement specify otherwise. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.
- The financial statements of the subsidiaries and associates used for the purpose of consolidation are drawn up to the same reporting date as that of the Group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
- Upon loss of control, the Company de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

### 1.3 Use of estimates and judgements

The preparation of consolidated financial statements requires management of the Group to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Estimates

# Notes to the Consolidated Financial Statements

and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

## 1.3.1 Judgements

### (i) Leases

Ind AS 116 - *Leases* requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### (ii) Income taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also files tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the

near term if estimates of future taxable income during the carry forward period are reduced.

### (iii) Research and development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

### (iv) Provisions and contingent liabilities

The Group exercises judgement in determining if a particular matter is possible, probable or remote. The Group also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

### (v) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date, determining whether control is transferred from one party to another and whether acquisition constitute a business or asset acquisition. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

## 1.3.2 Estimates

### (i) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment and intangibles assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation

# Notes to the Consolidated Financial Statements

is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

## (ii) Sales returns

The Group accounts for sales returns by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates. With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Group's business and markets.

## (iii) Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

## (iv) Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the 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.

## (v) Inventories obsolescence

The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group business and markets. The Group considers all these factors and adjusts the inventory obsolescence to reflect its actual experience on a periodic basis.

## (vi) Expected credit loss

The Group 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 - *Financial Instruments*, the Group applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

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.

# Notes to the Consolidated Financial Statements

## (vii) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

## (viii) Impairment of non-financial assets

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.

## (ix) 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.

## (x) Impact of COVID-19

The Group continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how it has impacted and will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on

significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of goodwill, investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Group's financial statements for the year ended 31<sup>st</sup> March, 2022.

## 1.4 Property, plant and equipment

### (i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (refer note 1.8 for more details). The Group had applied for the one-time transition exemption of considering the carrying cost on the transition date, i.e., 1<sup>st</sup> April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in the nature of repairs and maintenance are recognised in the consolidated profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision is met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

# Notes to the Consolidated Financial Statements

## (ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II of the Act. Depreciation on property, plant and equipment, which are added/disposed off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the consolidated profit or loss.

For certain class of assets, based on the technical evaluation and assessment, the Group believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Group are different from those prescribed in the Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*.

The estimated useful lives are as follows:

<b>Property, plant and equipment</b>	<b>Useful Life</b>
Buildings – Factory and Administrative Buildings	25 to 99 years
Buildings – Ancillary structures	3 to 10 years
Plant and equipments	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	4 to 8 years

## (iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss.

## 1.5 Intangible assets

### (i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software, product related intangibles, distribution network, non-compete rights, government contracts acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of up-front and milestones payments and are capitalised following a cost accumulation approach to variable payments (milestones) 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 (refer note 1.8 for more details). Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

### (ii) Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

### (iii) In-Process Research and Development assets ("IPR&D") or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset.

### (iv) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the consolidated profit or loss.

### (v) Amortisation

The Group amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

<b>Intangible assets</b>	<b>Useful Lives</b>
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

# Notes to the Consolidated Financial Statements

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

## (vi) De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

## 1.6 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Balance Sheet.

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations and;
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

## 1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits

associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

## 1.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognised in the profit or loss, and reversed if there has been a favourable 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

# Notes to the Consolidated Financial Statements

borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the consolidated profit or loss.

## 1.10 Foreign currency translation

### Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date, exchange rates are recognised in the consolidated profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### Group Companies

The financial statements of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date;
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate;
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to consolidated profit or loss and are recognised as part of the gain or loss on disposal.

## 1.11 Inventories

Inventories consists of raw materials and packing material, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the

lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventories is determined on a weighted moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

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.

Raw materials and consumables are considered at replacement cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of consumables, engineering spares (such as machinery spare parts), 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.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from government authority are recognised in the consolidated profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Group with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## 1.13 Revenue recognition

A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Group can

# Notes to the Consolidated Financial Statements

identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Group can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Group expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the fair value of the consideration received or receivable, net of estimated incentives, returns, chargeback, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

## (i) Sale of products

The majority of customer contracts that the Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the 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 Group considers its historical record of performance on similar contracts.

## (ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the 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 is transferred to the customer.

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Group estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which method the Group expects to better predict the amount of consideration to which it will be entitled.

## (iv) Service fee

Revenue from services rendered, is recognised in the consolidated profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

## (v) Profit sharing revenues

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

# Notes to the Consolidated Financial Statements

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

## (vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## (vii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

## (viii) Other Income

Other Income consists of litigation settlement income, rent income, insurance claim, miscellaneous income and is recognised when it is probable that the economic benefits will flow to the Group and amount of income can be measured reliably.

## 1.14 Employee benefits

### (i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension Scheme, Labour Welfare Fund, Employee State Insurance

Corporation (ESIC) are charged to the consolidated profit or loss for the year when the contributions to the respective funds accrue. The Group does not have any obligation other than the contribution made.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under provident fund plan are deposited in a government - administered provident fund. Indian subsidiaries have no further obligation to plan beyond its monthly contributions.

In respect of USA subsidiaries, there is a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board. Obligations for contributions to 401(k) plan are recognised as an employee benefits expense in profit or loss as incurred.

For other foreign subsidiaries, contributions to defined contribution plans are charged to the consolidated profit or loss as and when the services are received from the employees.

### (iii) Defined benefit plans

#### a) Employee's provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the 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 the government-administered provident fund. A part of the Company's contribution is transferred to the government-administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the consolidated profit or loss under "Employee benefits expense".

#### b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company and its Indian subsidiaries is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-

# Notes to the Consolidated Financial Statements

measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the consolidated profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit or loss as past service cost.

## (iv) Other benefit plans

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated profit or loss and are not deferred.

## (v) Termination benefits

Termination benefits are recognised in the consolidated profit or loss when:

- the Group has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## (vi) Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that

employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

### 1.15 Share based payments

#### a) Equity settled share based payment transactions

The Group operates equity settled share based remuneration plans for its employees.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options/Employee stock appreciation rights reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share based remuneration is ultimately recognised as an expense in the consolidated profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

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## b) Cash settled share based payment transactions

The fair value of the amount payable to employees in respect of share based payment transactions which are settled in cash is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share based payment transaction. Any changes in the liability are recognised in the consolidated profit or loss.

## 1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the consolidated profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

### (i) Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (ii) Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed

at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign subsidiary is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment and receipt.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

### (iii) Uncertain tax positions

Accruals for uncertain tax positions require management to make judgements of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

## 1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at

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the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

## (i) Group as a lessee

The Group's lease asset classes primarily consist of leases for land, buildings, vehicle and computers. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangement in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate

implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## (ii) Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

## (iii) Arrangements in the nature of lease

The Group enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Group applies the requirements of Ind AS 116 - Leases to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 - Leases, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

## 1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

## 1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is

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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.

## Provision for onerous contracts

A provision for onerous contracts is recognised in the profit or loss when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

## 1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1.21 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

#### (b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### (c) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments measured at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

#### (d) Equity investments

All equity investments in scope of Ind AS 109 - *Financial Instruments* 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

# Notes to the Consolidated Financial Statements

OCI. There is no recycling of the amounts from OCI to consolidated profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated profit or loss. Transaction cost of financial assets at FVTPL are expensed in the consolidated profit or loss.

## (e) De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## (f) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. In accordance with Ind AS 109 - *Financial Instruments*, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. For this purpose, the Group follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the

trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

## (ii) Financial liabilities

### (a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

### (b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

### (c) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 - *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 - *Financial Instruments* are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in consolidated profit or loss. The Group has not designated any financial liability as fair value through profit and loss.

# Notes to the Consolidated Financial Statements

## (d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated profit or loss.

This category generally applies to interest-bearing loans and borrowings.

## (e) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated profit or loss.

## (iii) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward and currency option contracts, interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently re-measured at fair value.

The changes in fair value of such derivative contract, as well as the foreign exchange gains and losses relating to the monetary items are recognised in the Profit or Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

## (iv) Cash flow hedge

The Group classifies its foreign exchange forward and currency option contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures

them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'Other income/expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated profit or loss in the periods when the hedged item affects consolidated profit or loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to consolidated profit or loss.

## (v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## (vi) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model as per Ind AS 109 - *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115 - *Revenue from Contracts with Customers*.

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

# Notes to the Consolidated Financial Statements

be required without the guaranteee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

## (vii) Put option

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

In the absence of specific guidance under Ind AS 32 - *Financial Instruments* on accounting of such put option (NCI Put Option), initially, the Group recognises the amount that may become payable under the option on exercise at fair value as financial liability. Subsequently, the Group recognises the change in fair value of the option, with a corresponding charge directly to equity. The Group recognises the cost of writing put options, determined as the excess of the fair value of the options over any consideration received, as a finance cost.

Put option liabilities have been valued based on either:

- Discounted cash flow valuation models; or
- Observable market transactions (e.g., funding rounds and non-controlling interest buy-outs).

In the event that the option expires unexercised, the liability is de-recognised with a corresponding adjustment to equity.

## 1.22 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling

interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the consolidated profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

## 1.23 Recent accounting pronouncement

### New and amended standards adopted by the Group:

#### Reclassification and disclosures consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24<sup>th</sup> March, 2021 to increase the transparency and provide additional disclosures to users of the financial statements. These amendments were applied

## Notes to the Consolidated Financial Statements

w.e.f. 1<sup>st</sup> April, 2021. Consequent to above, the Company has disclosed the required relevant disclosure and changed the classification/presentation of the following:

- a) Security deposits - now included in other financial assets instead of loans

- b) Current maturities of long-term borrowings - now included in short-term borrowings instead of other current financial liabilities
- c) Lease liabilities - now disclosed as separate line item on the face of balance sheet instead of other financial liabilities

The Group have reclassified the comparative amounts to conform with current year presentation as per the requirements of Ind AS 1 - *Presentation of Financial Statements*. The impact of such classifications is summarised as under:

Particulars	As per Balance sheet as at 31 <sup>st</sup> March, 2021	As per Balance sheet as at 31 <sup>st</sup> March, 2022	Change
<b>Non-current assets</b>			
Loans	52.99	0.04	(52.95)
Other financial assets	42.88	95.83	52.95
<b>Current assets</b>			
Loans	2.58	1.00	(1.58)
Other financial assets	481.66	483.24	1.58
<b>Non-current liabilities</b>			
Lease liabilities	-	197.89	197.89
Other financial liabilities	295.61	97.72	(197.89)
<b>Current liabilities</b>			
Short-term borrowings	334.73	552.81	218.08
Lease liabilities	-	60.96	60.96
Other financial liabilities	733.99	454.95	(279.04)

### New amendments issued but not effective

Ministry of Corporate Affairs ("MCA") has vide notification dated 23<sup>rd</sup> March, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022, which amends certain accounting standards, and are effective from 1<sup>st</sup> April, 2022. These amendments are not expected to have a material impact on the Company or future reporting periods and on foreseeable future transactions.

# Notes to the Consolidated Financial Statements

## Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
<b>a. Subsidiaries (held directly)</b>					
1	Goldencross Pharma Limited	India	100%	100%	14/05/2010
2	Meditab Specialities Limited	India	100%	100%	01/10/2010
3	Cipla (Mauritius) Limited <sup>1</sup>	Mauritius	-	-	27/01/2011
4	Cipla Medpro South Africa (Pty) Limited	South Africa	100%	100%	15/07/2013
5	Cipla Holding B.V.	Netherlands	100%	100%	28/08/2013
6	Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited)	India	100%	100%	24/07/2014
7	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
8	Saba Investment Limited	UAE	51%	51%	02/10/2014
9	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
10	Cipla Health Limited	India	100%	100%	27/08/2015
11	Cipla Pharmaceuticals Limited	India	100%	100%	19/11/2019
12	Cipla Digital Health Limited <sup>15</sup>	India	100%	-	25/02/2022
<b>b. Subsidiaries (held indirectly)</b>					
13	Cipla (UK) Limited <sup>2</sup>	United Kingdom	-	-	27/01/2011
14	Cipla Australia Pty Limited	Australia	100%	100%	04/03/2011
15	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
16	Sitec Labs Limited	India	100%	100%	01/10/2010
17	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
18	Cipla USA Inc.	USA	100%	100%	12/09/2012
19	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
20	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
21	Cipla Europe NV	Belgium	100%	100%	30/09/2013
22	Cipla Quality Chemical Industries Limited	Uganda	51.18%	51.18%	20/11/2013
23	Inyanga Trading 386 (Pty) Limited <sup>3</sup>	South Africa	-	100%	15/07/2013
24	Cipla Medpro Holdings (Pty) Limited <sup>4</sup>	South Africa	100%	100%	15/07/2013
25	Cape to Cairo Exports (Pty) Limited <sup>5</sup>	South Africa	-	-	15/07/2013
26	Cipla Dibcare (Pty) Limited <sup>4</sup>	South Africa	100%	100%	15/07/2013
27	Cipla Medpro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	South Africa	100%	100%	15/07/2013
28	Cipla-Medpro (Pty) Limited	South Africa	100%	100%	15/07/2013
29	Cipla-Medpro Distribution Centre (Pty) Limited	South Africa	100%	100%	15/07/2013
30	Cipla Medpro Botswana (Pty) Limited	Botswana	100%	100%	15/07/2013
31	Cipla Select (Pty) Limited (formerly known as Cipla OLTP (Pty) 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

Sr.	Name of the company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	
32	Medpro Pharmaceutica (Pty) Limited	South Africa	100%	100%	15/07/2013
33	Breathe Free Lanka (Private) Limited	Sri Lanka	100%	100%	16/06/2014
34	Cipla Medica Pharmaceutical and Chemical Industries Limited	Yemen	50.49%	50.49%	02/10/2014
35	Cipla Pharma Lanka (Private) Limited <sup>16</sup>	Sri Lanka	-	-	17/11/2014
36	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
37	Cipla Maroc SA	Morocco	60%	60%	08/05/2015
38	Cipla Middle East Pharmaceuticals FZ-LLC	UAE	51%	51%	31/05/2015
39	Quality Chemicals Limited <sup>6</sup>	Uganda	-	-	06/08/2015
40	Cipla Philippines Inc.	Philippines	100%	100%	06/01/2016
41	InvaGen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
42	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
43	Cipla Algérie	Algeria	40%	40%	06/06/2016
44	Cipla Biotec South Africa (Pty) Ltd <sup>7</sup>	South Africa	-	100%	10/06/2016
45	Anmarate` (Pty) Limited <sup>6</sup>	South Africa	-	-	12/04/2017
46	Cipla Technologies LLC	USA	100%	100%	13/11/2017
47	Cipla Gulf FZ-LLC	UAE	100%	100%	10/10/2018
48	Mirren (Pty) Limited	South Africa	100%	100%	22/10/2018
49	Madison Pharmaceuticals Inc.	USA	100%	100%	26/10/2018
50	Cipla Colombia SAS	Colombia	100%	100%	25/04/2019
51	Cipla (China) Pharmaceutical Co., Ltd.	China	100%	100%	20/05/2019
52	Cipla (Jiangsu) Pharmaceutical Co., Ltd.	China	80%	80%	08/08/2019
53	Cipla Therapeutics Inc. <sup>8</sup>	USA	100%	100%	15/05/2020
<b>c. Associates (held directly)</b>					
54	AMPSolar Power Systems Private Limited	India	26%	26%	12/06/2019
55	GoApptiv Private Limited <sup>9</sup>	India	20.61%	21.85%	27/07/2020
56	AMP Energy Green Eleven Private Limited <sup>12</sup>	India	32.49%	-	08/02/2022
57	Clean Max Auriga Power LLP <sup>14</sup>	India	33%	-	14/12/2021
<b>d. Associates (held indirectly)</b>					
58	Stempeutics Research Private Limited <sup>10</sup>	India	37.44%	39.18%	01/10/2010
59	Avenue Therapeutics, Inc.	USA	25.93%	32.50%	08/02/2019
60	Brandmed (Pty) Limited	South Africa	30%	30%	24/04/2019
61	Iconphygital Private Limited <sup>13</sup>	India	20.61%	-	03/05/2021
<b>e. Other consolidating entities</b>					
62	Cipla Employee Stock Option Trust <sup>11</sup>	India	100%	100%	09/10/2015
63	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016

1. Liquidated w.e.f. 17<sup>th</sup> May, 2020
2. Liquidated w.e.f. 5<sup>th</sup> March, 2021
3. Dissolved w.e.f. 10<sup>th</sup> December, 2021
4. In process of liquidation
5. De-registered w.e.f. 27<sup>th</sup> August, 2020
6. Ceased to be a subsidiary w.e.f. 19<sup>th</sup> August, 2020
7. De-registered w.e.f. 3<sup>rd</sup> February, 2022
8. Incorporated on 15<sup>th</sup> May, 2020
9. Acquisition of 21.85% stake and associate from 27<sup>th</sup> July, 2020
10. Stake changed w.e.f. 2<sup>nd</sup> July, 2020 from 40.78% to 39.18% and further changed to 37.44% w.e.f. 12<sup>th</sup> October, 2021
11. De-registered
12. Acquisition of 32.49% stake and associate from 8<sup>th</sup> February, 2022
13. Wholly owned subsidiary of GoApptiv Private Limited
14. Acquisition of 33% stake and associate from 14<sup>th</sup> December, 2021
15. Incorporated on 25<sup>th</sup> February, 2022
16. Amalgamated with Breathe Free Lanka (Private) Limited with effect from 1<sup>st</sup> May, 2020 vide order of amalgamation dated 21<sup>st</sup> July, 2020 and therefore, ceased to exist.

# Notes to the Consolidated Financial Statements

## Note 2.1: (a) Property, plant and equipment

₹ in crores

Particulars	Freehold land	Leasehold building improvements	Buildings and flats	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Gross block</b>								
<b>Balance as at 1<sup>st</sup> April, 2020</b>	<b>76.83</b>	<b>248.76</b>	<b>2,317.68</b>	<b>4,915.90</b>	<b>155.73</b>	<b>103.04</b>	<b>11.27</b>	<b>7,829.21</b>
Additions for the year	-	2.05	34.23	413.19	5.74	6.16	1.62	462.99
Assets classified as held for sale (refer below note iii)	-	-	(4.84)	(23.41)	(0.47)	-	-	(28.72)
Deletions and adjustments during the year	(2.08)	(1.87)	(7.36)	(32.95)	(16.59)	(18.59)	(1.63)	(81.07)
Foreign currency translations adjustments	-	9.40	(2.62)	18.74	2.49	1.47	0.19	29.67
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>74.75</b>	<b>258.34</b>	<b>2,337.09</b>	<b>5,291.47</b>	<b>146.90</b>	<b>92.08</b>	<b>11.45</b>	<b>8,212.08</b>
Additions for the year	8.12	-	179.53	554.48	8.42	7.41	2.65	760.61
Transfer to/from Investment Property (refer note 3)	-	-	64.69	0.77	0.92	1.06	-	67.44
Deletions and adjustments during the year	-	-	(0.19)	(71.84)	(1.25)	(0.79)	(1.13)	(75.20)
Foreign currency translations adjustments	0.36	11.77	12.14	36.26	0.75	(0.61)	0.26	60.93
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>83.23</b>	<b>270.11</b>	<b>2,593.26</b>	<b>5,811.14</b>	<b>155.74</b>	<b>99.15</b>	<b>13.23</b>	<b>9,025.86</b>
<b>Depreciation and impairment</b>								
<b>Accumulated balance as at 1<sup>st</sup> April, 2020</b>	<b>-</b>	<b>116.57</b>	<b>360.07</b>	<b>2,390.14</b>	<b>80.86</b>	<b>70.59</b>	<b>5.66</b>	<b>3,023.89</b>
Depreciation charge for the year	-	16.83	76.41	477.90	12.94	11.22	1.86	597.16
Impairment charge for the year	-	-	-	16.00	-	-	-	16.00
Transfer to assets classified as held for sale (refer note 2.3 (a))	-	-	(0.58)	(4.64)	(0.06)	-	-	(5.28)
Deletions and adjustments during the year	-	(1.87)	(0.10)	(24.45)	(11.26)	(12.86)	(1.07)	(51.61)
Foreign currency translations adjustments	-	6.53	(1.18)	5.75	1.81	0.79	0.08	13.78
<b>Accumulated balance as at 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>138.06</b>	<b>434.62</b>	<b>2,860.70</b>	<b>84.29</b>	<b>69.74</b>	<b>6.53</b>	<b>3,593.94</b>
Depreciation charge for the year	-	16.34	81.17	482.90	12.35	7.75	1.28	601.79
Impairment charge for the year	-	-	1.34	11.51	0.08	0.01	-	12.94
Transfer to/from Investment Property (refer note 3)	-	-	7.20	0.53	0.63	1.00	-	9.36
Deletions and adjustments during the year	-	-	(0.01)	(58.95)	(1.14)	(0.74)	(0.95)	(61.79)
Foreign currency translations adjustments	-	6.96	1.96	22.16	0.19	(0.64)	0.20	30.83
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>161.36</b>	<b>526.28</b>	<b>3,318.85</b>	<b>96.40</b>	<b>77.12</b>	<b>7.06</b>	<b>4,187.07</b>
<b>Net block</b>								
<b>As at 31<sup>st</sup> March, 2022</b>	<b>83.23</b>	<b>108.75</b>	<b>2,066.98</b>	<b>2,492.29</b>	<b>59.34</b>	<b>22.03</b>	<b>6.17</b>	<b>4,838.79</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>74.75</b>	<b>120.28</b>	<b>1,902.47</b>	<b>2,430.77</b>	<b>62.61</b>	<b>22.34</b>	<b>4.92</b>	<b>4,618.14</b>

- i. The gross value of buildings and flats includes the cost of shares in co-operative housing societies.
- ii. The above additions to property, plant and equipments during the year includes ₹ 17.25 crores (31<sup>st</sup> March, 2021: ₹ 24.14 crores) used for research and development.
- iii. The impairment charge for the year ₹ 12.94 crores (31<sup>st</sup> March, 2021: ₹ 16.00 crores), includes impairment charge on certain assets that has been assessed as non-useable by the management and has been recorded at scrap value less cost to sell.
- iv. The title deeds of the immovable properties are held in the name of entities included in group, covered under the Act.
- v. The Group has not revalued its property, plant and equipment.
- vi. The Group has not created any charge on its property, plant and equipment.

# Notes to the Consolidated Financial Statements

## Note 2.1: (b) Details of capital work-in-progress

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>570.84</b>	<b>421.00</b>
Additions during the year	501.06	583.37
Deletions during the year	(0.38)	(3.29)
Capitalised during the year	(699.22)	(432.33)
Impairment during the year <sup>i</sup>	(8.17)	(2.22)
Transfer to assets classified as held for sale {refer note 2.3 (a)}	-	(0.35)
Foreign currency translation adjustments	18.77	4.66
<b>Closing balance</b>	<b>382.90</b>	<b>570.84</b>

i. The impairment loss relates to certain capital work-in-progress that has been assessed as non-useable by the management and has been recorded at the scrap value less cost to sell.

### ii. Capital work-in-progress Ageing schedule:

The table below provides details regarding the capital work-in-progress ageing schedule as of 31<sup>st</sup> March, 2022:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	265.07	66.21	20.22	31.40	382.90
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>265.07</b>	<b>66.21</b>	<b>20.22</b>	<b>31.40</b>	<b>382.90</b>

The table below provides details regarding the capital work-in-progress ageing schedule as of 31<sup>st</sup> March, 2021:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	353.29	145.52	14.90	57.13	570.84
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>353.29</b>	<b>145.52</b>	<b>14.90</b>	<b>57.13</b>	<b>570.84</b>

### iii. CWIP completion schedule

There are no capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021

iv. For projects which are under legal proceedings as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 - Refer note 45

## Note 2.2: Lease accounting

### Where Group is lessee:

Following are the changes in the carrying value of right-of-use assets:

₹ in crores

Particulars	Category of ROU asset				Total
	Land	Buildings and Flats	Computers	Vehicles	
<b>Balance recognised as at 1<sup>st</sup> April, 2020</b>	<b>102.82</b>	<b>199.63</b>	<b>18.97</b>	<b>1.31</b>	<b>322.73</b>
Additions during the year	20.14	79.26	-	-	99.40
Deletions, modifications and adjustments during the year	(1.03)	(1.79)	-	(0.42)	(3.24)
Depreciation charge for the year	(3.01)	(75.17)	(10.48)	(0.16)	(88.82)
Translation difference	0.36	7.69	-	0.01	8.06
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>119.28</b>	<b>209.62</b>	<b>8.49</b>	<b>0.74</b>	<b>338.13</b>

# Notes to the Consolidated Financial Statements

## Note 2.2: Lease accounting (Contd.)

₹ in crores

Particulars	Category of ROU asset				Total
	Land	Buildings and Flats	Computers	Vehicles	
Additions during the year	18.84	70.07	-	-	88.91
Deletions, modifications and adjustments during the year	-	(29.14)	-	-	(29.14)
Depreciation charge for the year	(4.03)	(68.24)	(7.02)	(0.23)	(79.52)
Translation difference	1.74	5.45	-	0.04	7.23
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>135.83</b>	<b>187.76</b>	<b>1.47</b>	<b>0.55</b>	<b>325.61</b>

- i. The lease agreements for immovable properties where the entities included in group is the lessee, are duly executed in favour of entities included in group, covered under the Act.
- ii. The Group has not revalued its Right-of-use assets.
- iii. The weighted average incremental borrowing rate applied to lease liabilities is in the range of 4% to 12%.

The following is the break-up of current and non-current lease liabilities:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Current lease liabilities	73.36	60.96
Non-current lease liabilities	158.28	197.89
<b>Total</b>	<b>231.64</b>	<b>258.85</b>

The following is the movement in lease liabilities:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>258.85</b>	<b>272.77</b>
Additions during the year	88.91	60.05
Deletions, modifications and adjustments during the year	(23.41)	1.03
Finance cost accrued during the year	18.26	20.18
Payment of lease liabilities (outflow)	(110.36)	(104.51)
Translation difference	(0.61)	9.42
Lease concession	-	(0.09)
<b>Closing balance</b>	<b>231.64</b>	<b>258.85</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Less than one year	85.08	73.29
One to five years	148.13	192.83
More than five years	57.74	75.72
<b>Sub-total</b>	<b>290.95</b>	<b>341.84</b>
Less: Financial component	(59.31)	(82.99)
<b>Total</b>	<b>231.64</b>	<b>258.85</b>

## Note 2.2: Lease accounting (Contd.)

Right-of-use assets	Range of remaining term
Land	2 to 97 years
Buildings and Flats	0 to 8 years
Computers	1 to 2 years
Vehicle	1 to 2 years

Rental expense recorded for short-term leases was ₹ 78.18 crores for the year ended 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: ₹ 75.86 crores).

The aggregate depreciation on Right-of-use assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

The following is the movement in the net investment in sublease of Right-of-use assets during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	-	119
Addition	-	-
Deletion	-	(0.63)
Lease receipts	-	(0.26)
Lease receipts write off	-	(0.26)
Translation difference	-	(0.04)
<b>Closing balance</b>	-	-

### 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.

# Notes to the Consolidated Financial Statements

## Note 2.3: (a) Assets classified as held for sale

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Plant and equipments*	12.93	20.20
Buildings and flats*	2.57	4.26
Furniture and fixtures*	0.16	0.41
Right-of-use assets*	0.06	0.11
Capital work-in-progress	0.05	0.35
Software*	0.00	0.02
Other assets	0.94	3.13
<b>Total [refer note (i) and (ii)]</b>	<b>16.71</b>	<b>28.48</b>

\*net of accumulated depreciation and amortisation

## Note 2.3: (b) Liabilities directly associated with assets classified as held for sale

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Other liabilities [refer note (i)]	0.34	0.41
	<b>0.34</b>	<b>0.41</b>

- i. During the previous year, the Board of directors of the Meditab Specialities Limited (Formerly known as Meditab Specialities Private Limited) ('Meditab'), a wholly owned subsidiary of the Group, had approved the plan for selling Meditab's manufacturing units. The plan involves transferring all the tangible and intangible assets, contracts, permission, consents, rights, registrations, employees, other assets and liabilities on a slump sale basis to the prospective buyers. As at 31<sup>st</sup> March, 2022, the transfer of one of the business unit is yet to be completed. Hence, the Group continues to classify the assets and liabilities directly attributable for the such transaction as held for sale. These assets and liabilities have been carried at cost of ₹ 16.71 crores and ₹ 0.34 crores respectively, as these are lower than the fair value expected out of the slump sale.
- ii. During the current year, the group has sold one of the manufacturing unit and power plant for lump sum consideration of ₹ 15.29 crores as against the carrying value of ₹ 9.34 crores. The group has recognised ₹ 5.95 crores as gain on sale of assets classified as held for sale

## Note 3: Investment properties

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Gross Block</b>		
<b>Opening balance</b>	<b>139.50</b>	<b>139.50</b>

## Note 3: Investment properties (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Transfer to property, plant and equipment (refer note 2.1)	(67.44)	-
<b>Closing balance</b>	<b>72.06</b>	<b>139.50</b>
<b>Accumulated depreciation</b>		
<b>Opening balance</b>	<b>17.75</b>	<b>15.20</b>
Transfer to property, plant and equipment	(9.36)	-
Depreciation for the year (refer note 38)	2.25	2.55
<b>Closing balance</b>	<b>10.64</b>	<b>17.75</b>
<b>Net block</b>	<b>61.42</b>	<b>121.75</b>
<b>Fair value</b>	<b>89.88</b>	<b>162.70</b>

Rental income recognised in profit or loss for investment properties aggregates to ₹ 11.36 crores (31<sup>st</sup> March, 2021: ₹ 14.77 crores). Total direct operating expenses from property that generated rental income aggregates to ₹ 0.35 crores (31<sup>st</sup> March, 2021: ₹ 0.70 crores)

### Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement is categorised in level 3 fair value hierarchy.

## Note 4: Goodwill

Movement in Goodwill during the year ended:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>3,007.29</b>	<b>2,934.00</b>
Foreign currency translation adjustments	130.64	73.29
<b>Closing balance</b>	<b>3,137.93</b>	<b>3,007.29</b>

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the group at which goodwill is monitored for internal management purposes. The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

# Notes to the Consolidated Financial Statements

## Note 4: Goodwill (Contd.)

Goodwill acquired in business combination, was allocated to the following cash generating units (CGUs) that are expected to benefit from that business combination:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
United States of America	1,833.90	1,769.00
South Africa	1,038.04	980.42
Yemen	131.88	127.21
India	75.46	75.46
Uganda	55.83	52.67
Others	2.82	2.53
<b>Total</b>	<b>3,137.93</b>	<b>3,007.29</b>

The recoverable amount of each CGUs are determined based on value in use calculated using estimated discounted cash flows.

Key assumptions upon which the Group has based its determinations of value in use includes:

- a) The Group prepares its cash flow forecasts for 5 years based on the most recent financial budgets approved by Board of Directors.
- b) A terminal value is arrived at by extrapolating the last forecasted year cashflows to perpetuity, using a constant long-term growth rate ranging from 0% to 5%.
- c) Growth rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates

## Note 4: Goodwill (Contd.)

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 33% as at 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: 0% to 34%).

- d) Discount rates

Management estimates discount rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 11% to 22% as at 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: 11% to 31%).

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating units.

- e) Sensitivity

Reasonable sensitivities in key assumptions consequent to the change in estimated growth rate and discount rate is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

## Note 5: Intangible assets

Particulars	₹ in crores						
	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
<b>Gross block</b>							
Balance as at 1 <sup>st</sup> April, 2020	229.89	2,966.21	8.71	571.14	17.74	33.99	3,827.68
Additions for the year (refer note 5.2)	34.18	49.92	-	20.05	-	65.37	169.52
Deletions and adjustments for the year	(2.11)	-	-	(14.74)	-	-	(16.85)
Foreign currency translations adjustments	2.11	38.37	(0.14)	68.70	1.66	(1.11)	109.59
Transfer to asset held for sale {refer note 2.3 (a)}	(0.39)	-	-	-	-	-	(0.39)
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>263.68</b>	<b>3,054.50</b>	<b>8.57</b>	<b>645.15</b>	<b>19.40</b>	<b>98.25</b>	<b>4,089.55</b>
Additions for the year (refer note 5.2)	11.52	143.91	-	13.51	-	-	168.94
Deletions and adjustments for the year	(3.58)	(0.77)	-	-	-	-	(4.35)
Foreign currency translations adjustments	2.65	121.98	0.14	25.43	1.15	1.17	152.52
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>274.27</b>	<b>3,319.62</b>	<b>8.71</b>	<b>684.09</b>	<b>20.55</b>	<b>99.42</b>	<b>4,406.66</b>
<b>Amortisation and impairment</b>							
Balance as at 1 <sup>st</sup> April, 2020	170.43	1,909.24	8.36	215.67	15.02	12.42	2,331.14
Amortisation charge for the year	39.31	211.07	0.34	51.43	-	12.44	314.59
Impairment charge for the year (refer note 5.1)	-	17.32	-	3.14	-	-	20.46
Deletions and adjustments for the year	(2.08)	-	-	(15.25)	-	-	(17.33)
Foreign currency translations adjustments	0.99	(26.35)	(0.13)	35.08	2.06	(0.80)	10.85

# Notes to the Consolidated Financial Statements

## Note 5: Intangible assets (Contd.)

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
Transfer to asset held for sale (refer note 2.3 (a))	(0.37)	-	-	-	-	-	(0.37)
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>208.28</b>	<b>2,111.28</b>	<b>8.57</b>	<b>290.07</b>	<b>17.08</b>	<b>24.06</b>	<b>2,659.34</b>
Amortisation charge for the year	33.96	219.95	-	49.97	-	2.64	306.52
Impairment charge for the year (refer note 5.1)	-	22.66	-	-	-	-	22.66
Deletions and adjustments for the year	(3.54)	(0.06)	-	-	-	-	(3.60)
Foreign currency translation adjustments	1.47	83.71	0.14	15.17	1.55	0.12	102.16
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>240.17</b>	<b>2,437.54</b>	<b>8.71</b>	<b>355.21</b>	<b>18.63</b>	<b>26.82</b>	<b>3,087.08</b>
<b>Net block</b>							
<b>As at 31<sup>st</sup> March, 2022</b>	<b>34.10</b>	<b>882.08</b>	<b>-</b>	<b>328.88</b>	<b>1.92</b>	<b>72.60</b>	<b>1,319.58</b>
<b>As at 31<sup>st</sup> March, 2021</b>	<b>55.40</b>	<b>943.22</b>	<b>-</b>	<b>355.08</b>	<b>2.32</b>	<b>74.19</b>	<b>1,430.21</b>

- i. The Group has not revalued its intangible assets.

### Intangible assets under development

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	<b>398.05</b>	<b>403.53</b>
Additions during the year (refer note 5.2)	131.36	186.89
Capitalised during the year	(136.23)	(149.68)
Deletions during the year	(3.03)	(5.48)
Impairment charge during the year (refer note 5.1)	(18.10)	(25.86)
Foreign currency translations adjustments	11.23	(11.35)
<b>Closing balance</b>	<b>383.28</b>	<b>398.05</b>

## Note 5.1: Impairment charge during the year

Due to change in business plan, the carrying amount of certain intangible assets and intangible assets under development relating to US generics, Emerging market and Europe business, the Group has recorded an impairment charge of ₹ 40.76 crores (31<sup>st</sup> March, 2021: ₹ 46.32 crores) in consolidated profit or loss to give effects to change in cash flows.

## Note 5.2: Acquisition/capitalisation of intangibles

### a) Significant acquisitions/capitalisation during current year

Product	Group Entity	Date of agreement/completion	₹ in crores	Type of deal
Lanreotide	Cipla USA, Inc.	17 <sup>th</sup> December, 2021	84.48	Acquisition of Distribution rights

### b) Significant acquisitions/capitalisation during previous year

Product	Group Entity	Date of agreement/completion	₹ in crores	Type of deal
Brand Elores - Novel and patented anti-infective product	Cipla Limited	1 <sup>st</sup> July, 2020	65.37	Acquisition of Brand

The Group has recorded the acquired assets as Intangible assets under Ind AS 38 - Intangible Assets on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Company and future economic benefits are probable.

### Contingent consideration (on achievement of sale target as per agreement)

As at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

# Notes to the Consolidated Financial Statements

## Note 5.3: Intangible assets under development ageing

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2022:  
₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	47.97	49.26	203.06	82.99	383.28
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>47.97</b>	<b>49.26</b>	<b>203.06</b>	<b>82.99</b>	<b>383.28</b>

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2021:  
₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	43.54	70.23	220.13	64.15	398.05
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>43.54</b>	<b>70.23</b>	<b>220.13</b>	<b>64.15</b>	<b>398.05</b>

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

**Note:** On 10<sup>th</sup> May, 2021, Cipla Technologies LLC ('Ciptec'), a subsidiary of the Group had received an anticipatory material breach notice under Development and Commercialisation Agreement with Pulmatrix on co-development of Pulmazole. Ciptec has renegotiated the terms of the agreement mutually with Pulmatrix and have entered into an amended agreement with respect to co-development.

## Note 6: Investment in associates<sup>i</sup>

Particulars	As at 31 <sup>st</sup> March, 2022 No's	As at 31 <sup>st</sup> March, 2021 No's	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	₹ in crores			
<b>A. Investments in unquoted equity instruments</b>				
Equity shares of Brandmed (Pty) Limited of ZAR 1 each, fully paid	375	375	26.97	27.81
Equity shares of Stempeutics Research Private Limited of ₹ 10 each, fully paid <sup>g</sup>	2,05,02,525	2,05,02,525	-	-
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>g</sup>	6,927	6,927	3.54	2.43
<b>B. Investments in unquoted equity instruments - carried at amortised cost</b>				
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid <sup>g</sup>	1,01,800	90,000	0.01	0.01
Equity shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid <sup>g</sup>	7,50,000	-	0.06	-
<b>C. Investments in quoted equity instruments</b>				
Equity shares of Avenue Therapeutics, Inc. of USD 0.001 each, fully paid	58,33,333	58,33,333	-	190.33
<b>D. Investments in 0.001% compulsory convertible preference shares</b>				
Preference share of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>g</sup>	27,706	27,706	7.20	7.20
<b>E. Investments in debentures - carried at amortised cost</b>				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid <sup>g</sup>	1,00,742	89,100	0.79	0.60
Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid <sup>g</sup>	67,500	-	0.56	-

# Notes to the Consolidated Financial Statements

## Note 6: Investment in associates<sup>i</sup> (Contd.)

Particulars	₹ in crores			
	As at 31 <sup>st</sup> March, 2022 No's	As at 31 <sup>st</sup> March, 2021 No's	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>F. Investment in Limited Liability Partnership (LLP) - carried at amortised cost</b>				
33% (31 <sup>st</sup> March, 2021: Nil) holding in Clean Max Auriga Power LLP*			6.68	-
Aggregate amount of quoted investments and market value thereof			21.29	258.87
Aggregate amount of unquoted investments			45.81	38.05
Aggregate amount of impairment in value of investments			182.12	-

i. For investment in associates (refer note 44)

### Notes for changes in current year:

\* Pursuant to Limited Liability Partnership Agreement ("LLP Agreement") dated 14<sup>th</sup> December, 2021 and amendments thereof, the Cipla Limited, Holding Company has acquired 33% stake in Clean Max Auriga Power LLP ('Clean Max') for a total consideration of ₹ 6.75 crores. Further, the Holding Company has also entered in a Power Purchase Agreement ('PPA') with Clean Max to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in the PPA. Further, in the event of termination of the contracts or completion of the PPA term, the Holding Company will receive fair market value of its investment on the date of termination/completion which is expected to be Nil at the end of the PPA term. Accordingly, the investment amount will be amortised over a period of 25 years. As the Holding Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures. However, the equity pick up will not be considered in consolidated financial statements.

# Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 4<sup>th</sup> February, 2022, the Cipla Limited, Holding Company has acquired 32.49% stake on fully diluted basis in AMP Energy Green Eleven Private Limited, representing 750,000 equity shares of ₹ 10 each and 67,500, 0.01% Compulsory Convertible debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each for a total consideration of ₹ 7.50 crores. Further, the Holding Company also entered in a Power Purchase Agreement ('PPA') with AMP Energy Green Eleven Private Limited to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in agreement. As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Holding Company will receive nominal value of its investment without any share of profit/loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment. As the Holding Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures. However, the equity pick up will not be considered in consolidated financial statements.

@ Pursuant to Amended Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 23<sup>rd</sup> May, 2019 & amendments thereof, the Cipla Limited, Holding Company has further invested ₹ 1.17 crores in AMPSolar Power Systems Private Limited, representing 11,800 equity shares of ₹ 10 each and 11,642, 0.01% Compulsory Convertible Debenture of ₹ 1,000 each. Further, there has been no change in the stake and has been accounted in the same manner as it was accounted at the time of initial investment.

% The Group's share of losses of the Company (an associate) exceeds its interest in the Company and hence the Group has discontinued recognising its share of further losses.

### Notes for changes in previous year:

\$ On 9<sup>th</sup> June, 2020, the Cipla Limited, Holding Company has signed Amended and Restated Shareholders' Agreement with GoApptiv Private Limited to acquire 21.85% stake on fully diluted basis for a total consideration of ₹ 9.00 crores. Pursuant to this, the Holding Company acquired 6,927 equity shares of ₹ 10 each from the sellers via Share Purchase Agreement for a total consideration of ₹ 1.80 crores and via Share Subscription Agreement with GoApptiv Private Limited to acquire 27,706, 0.001% compulsorily convertible preference Shares of ₹ 10 each for a total consideration of ₹ 7.20 crores. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.

## Note 7: Non-current financial assets - other investments

Particulars	Face value	₹ in crores				As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021			
		As at 31 <sup>st</sup> March, 2022 Percentage	As at 31 <sup>st</sup> March, 2021 Percentage	As at 31 <sup>st</sup> March, 2022 No's	As at 31 <sup>st</sup> March, 2021 No's					
<b>Investments in equity instruments (unquoted)*</b>										
<b>A. Investments at fair value through OCI</b>										
Equity interest in Shanghai Desano Pharmaceuticals Co., Ltd.	₹ 1	16.50%	16.50%	9,55,00,000	9,55,00,000	251.99	138.13			
Equity interest in Wellthy Therapeutics Private Limited				Equity shares-10 SSE CCPS	Equity shares-10 SSE CCPS					
	₹ 10	9.93%	9.97%	5,32,121	5,32,121	17.53	17.17			
Share in profit/loss of ABCD Technologies LLP <sup>s</sup>		6.45%	12.50%			40.25	40.00			
Equity interest in Swasth Digital Health Foundation <sup>t</sup>	₹ 100	4.00%	-	5,000	-	0.05	-			

# Notes to the Consolidated Financial Statements

## Note 7: Non-current financial assets - other investments

Particulars	Face value	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
		Percentage	Percentage	No's	No's	₹ in crores	
<b>B. Investment carried at fair value through profit or loss</b>							
Equity shares of Saraswat Co-operative Bank Limited, fully paid ₹ 10,000 (31 <sup>st</sup> March, 2021: ₹ 10,000)	₹ 10			1,000	1,000	0.00	0.00
<b>C. Investment in government securities carried at amortised cost</b>							
National saving certificates							
₹ 41,000 (31 <sup>st</sup> March, 2021: ₹ 41,000)						0.00	0.00
Aggregate amount of unquoted investments						<b>309.82</b>	<b>195.30</b>
						309.82	195.30

# During the year, pursuant to the Board resolutions passed on 5<sup>th</sup> August, 2021, the Cipla Limited, Holding Company invested ₹ 0.05 crores and acquired 5,000 equity shares of Swasth Digital Health Foundation of ₹ 100 each. Swasth Digital Health Foundation is a Not-for-Profit initiative (registered under Section 8 of the Companies Act, 2013) that aims to leveraging digital technologies to improve healthcare outcomes and increase healthcare inclusion in India. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

\$ On 30<sup>th</sup> March, 2021, the Cipla Limited, Holding Company has signed Restated and 2<sup>nd</sup> Amended Limited Liability Partnership Agreement ("LLP Agreement") to make strategic a investment of ₹ 40 crores in ABCD Technologies LLP (to be renamed as IndoHealth Services LLP). The investment was accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

\* Refer Note 42 for information on fair value of investments.

## Note 8: Non-current financial assets - loans

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Other loans and advances	0.04	0.04
	<b>0.04</b>	<b>0.04</b>

## Note 9: Non-current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	5.97	5.37
Fixed deposit (maturity more than 12 months)	323.15	-
Capital subsidy receivable	30.26	30.26
Security deposit	50.62	52.95
Amount recoverable from supplier	7.04	7.25
	<b>417.04</b>	<b>95.83</b>

\*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 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 are:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(A) Profit or loss section</b>		
Current income tax charge	1,136.90	1,052.72
MAT credit utilisation/entitlement	(0.64)	2.37
Adjustment in respect of deferred tax charge of previous year	12.75	15.19
Deferred tax credit/reversal on account of temporary differences	(215.20)	(181.52)
	<b>933.81</b>	<b>888.76</b>
<b>(B) Other comprehensive income section</b>		
Income tax relating to re-measurements on defined benefit plans	(4.43)	(4.79)
Income tax relating to changes in fair value of equity instruments	(11.05)	5.74
Income tax relating to cash flow hedge	(0.62)	(4.23)
	<b>(16.10)</b>	<b>(3.28)</b>

# 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 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021:**

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	₹ in crores	
<b>Profit before tax</b>	3,493.27	3,290.06
At Income tax rates applicable to respective tax jurisdiction	915.11	846.34
<b>Effect for:</b>		
Prior year adjustments to deferred tax	12.75	15.19
Non-deductible expenses for tax purposes	76.15	53.89
Deferred tax not recognised (net)	40.25	8.08
Utilisation of previously unrecognised DTA and MAT credit	(84.10)	(7.88)
Others	(26.35)	(26.86)
<b>Income tax expense reported in the profit or loss</b>	<b>933.81</b>	<b>888.76</b>
<b>Effective income tax rate</b>	<b>26.73%</b>	<b>27.01%</b>

There are unused tax losses (including capital losses and MAT Credit) for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	₹ in crores	
Unabsorbed depreciation and business loss	307.21	617.44
Capital loss	390.25	129.50
MAT credit not recognised (refer below note 3)	13.95	18.32
<b>Total</b>	<b>711.41</b>	<b>765.26</b>

In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlements which do not qualify for recognition as per the applicable accounting standards. These unexpired business losses will expire based on the year of origination as follows:

### Deferred tax:

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2022:

Particulars	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	Business combination/ Disposal	Foreign currency translation	As at 31 <sup>st</sup> March, 2022
	₹ in crores					
Property, plant and equipment and intangible assets	(657.55)	39.06	-	-	5.21	(613.28)
Employee benefits expense	83.47	(0.99)	(4.43)	-	1.79	79.84
Others*	253.67	45.95	(11.67)	-	(15.18)	272.77

## Note 10: Income taxes (Contd.)

₹ in crores

Particulars	Tax losses
2023	33.98
2024	46.35
2025	46.33
2026	112.76
2027	42.31
Thereafter	429.68
<b>Total</b>	<b>711.41</b>

### Uncertain tax position:

The Group is subject to income taxes in India and numerous foreign jurisdictions including US and South Africa as other major jurisdictions. The Group has ongoing disputes which includes demands, notices and inquiries from income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Group has disclosed amount of ₹ 22.18 crores (31<sup>st</sup> March, 2021: ₹ 51.63 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Group has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Deferred tax on undistributed earnings:

Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹ 2,082.58 crores (31<sup>st</sup> March, 2021: ₹ 1,725.06 crores) There is no undistributed earnings in respect of investment in associates..

# Notes to the Consolidated Financial Statements

## Note 10: Income taxes (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	Business combination/ Disposal	Foreign currency translation	₹ in crores	As at 31 <sup>st</sup> March, 2022
Allowance for credit loss	60.59	(14.65)	-	-	2.36	48.30	
Deferred revenue	13.97	(2.30)	-	-	-	11.67	
Provision for right of return, discounts and others	163.90	32.29	-	-	4.00	200.19	
Losses available for offsetting against future taxable income (refer note below)	96.69	103.11	-	-	1.58	201.38	
MAT credit entitlement/utilised	3.34	0.64	-	-	0.02	4.00	
<b>Deferred tax assets/(liabilities) (net)</b>	<b>18.08</b>	<b>203.11</b>	<b>(16.10)</b>	<b>-</b>	<b>(0.22)</b>	<b>204.87</b>	
Deferred tax assets	314.69					448.83	
Deferred tax liabilities	(296.61)					(243.96)	
<b>Total</b>	<b>18.08</b>					<b>204.87</b>	

\*Others include unrealised margins, provision for claims - DPCO, Hedge reserve, etc.

## Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2021:

Particulars	As at 31 <sup>st</sup> March, 2020	Profit or loss	Other comprehensive income	Business combination/ Disposal*	Foreign currency translation	₹ in crores	As at 31 <sup>st</sup> March, 2021
Property, plant and equipment and intangible assets	(702.00)	74.01	-	0.25	(29.81)	(657.55)	
Employee benefits expense	82.05	4.71	(4.79)	(0.07)	1.57	83.47	
Others*	183.09	58.25	1.51	1.91	8.91	253.67	
Allowance for credit loss	75.07	(13.39)	-	(1.22)	0.13	60.59	
Deferred revenue	15.23	(1.26)	-	-	-	13.97	
Provision for right of return, discounts and others	140.42	24.51	-	-	(1.03)	163.90	
Losses available for offsetting against future taxable income (refer note below)	74.98	19.51	-	-	2.20	96.69	
MAT credit entitlement/utilised	5.72	(2.38)	-	-	-	3.34	
<b>Deferred tax assets/(liabilities) (net)</b>	<b>(125.44)</b>	<b>163.96</b>	<b>(3.28)</b>	<b>0.87</b>	<b>(18.03)</b>	<b>18.08</b>	
Deferred tax assets	239.77					314.69	
Deferred tax liabilities	(365.21)					(296.61)	
<b>Total</b>	<b>(125.44)</b>					<b>18.08</b>	

\*Others include unrealised margins, provision for claims - DPCO, Hedge reserve, etc.

#Pertain to Quality Chemicals Limited (ceased to be a subsidiary from 19<sup>th</sup> August, 2020).

### Note:

- Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiaries of the Group has estimated that future taxable income will be sufficient to absorb carried forward unabsorbed depreciation and business losses, which management believes is probable, and accordingly CHL has recognised deferred tax assets on aforesaid losses aggregating to ₹ 93.50 crores as at 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: ₹ 83.78 crores)
- During the current year, the Group has recognised deferred tax assets of ₹ 76.00 crores on operating tax losses and timing differences, pertaining to Cipla Pharma and Life Sciences Limited (CPLS) (formerly known as 'Cipla Biotec Limited') pursuant to planned restructuring activity between the group companies.
- Based on the reasonable evidence available for a year, Goldencross Limited, a wholly owned subsidiary has recognised ₹ 4.37 crores of unrecognised MAT credit during the year.

# Notes to the Consolidated Financial Statements

## Note 10: Income taxes (Contd.)

### Tax assets and liabilities:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Income tax assets (net)	483.62	468.16
Income tax liabilities (net)	20.62	18.06

## Note 11: Other non-current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Unsecured, considered good, except otherwise stated)</b>		
Capital advances		
Secured, considered good*	0.89	0.59
Unsecured, considered good	153.28	116.58
Prepaid expenses	23.84	13.67
VAT receivable	40.90	24.73
	<b>218.91</b>	<b>155.57</b>

\*Secured against bank guarantees

## Note 12: Inventories

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Lower of cost or net realisable value)</b>		
Raw materials and packing materials	1,855.37	1,914.55
Work-in-progress	851.71	846.55
Finished goods	1,497.65	1,172.92
Stock-in-trade	1,062.30	667.50
Stores, spares and consumables	83.21	67.66
	<b>5,350.24</b>	<b>4,669.18</b>

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Goods- in-transit included above</b>		
Raw materials and packing materials	154.18	119.11
Work-in-progress	29.86	15.33
Finished goods	144.85	171.18
Stock-in-trade	105.74	12.73
Stores, spares and consumables	0.11	-
	<b>434.74</b>	<b>318.35</b>

## Note 12: Inventories (Contd.)

The Group recorded inventory write down (net) of ₹ 576.42 crores (31<sup>st</sup> March, 2021: ₹ 419.70 crores). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

As indicated in note 23, a notarial bond over Group inventory of ₹ 414.21 crores (31<sup>st</sup> March, 2021: ₹ 426.26 crores) (net of stock reserve) has been held as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

## Note 13: Current investments

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Investment in mutual funds (quoted)	2,194.97	2,286.37
(Carried at fair value through profit or loss)		
<b>Aggregate amount of quoted investments</b>	<b>2,194.97</b>	<b>2,286.37</b>
<b>Aggregate market value of quoted investments</b>	<b>2,194.97</b>	<b>2,286.37</b>

## Note 14: Trade receivables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unsecured, considered good	3,473.53	3,507.15
Unsecured, considered doubtful	131.62	170.07
Less: Allowance for expected credit loss (refer note 42)	(180.71)	(231.54)
	<b>3,424.44</b>	<b>3,445.68</b>

- Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.

- There are no trade receivables (except which are already being provided) having significant increase in credit risk and which are credit impaired.

# Notes to the Consolidated Financial Statements

## Note 14: Trade receivables (Contd.)

- The Group entered into an arrangement with a bank for sale of trade receivables. Under the arrangement, the Group sold to the Bank certain of its trade receivables on a non-recourse basis. The receivables sold were mutually agreed with the Bank after considering the credit worthiness of the customers and also other contractual terms with the customer including any gross to net adjustments due to rebates, discounts, etc. from the contracted amounts, such that the receivables sold are generally lower than the net amount receivables from trade receivables. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the Bank and accordingly, the same are de-recognised in the statement of financial position. As on 31<sup>st</sup> March, 2022, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹ 460.27 crores (31<sup>st</sup> March, 2021: ₹ 466.59 crores).
- As indicated in notes 23, trade receivables of ₹ 654.20 crores (31<sup>st</sup> March, 2021: ₹ 587.10 crores) have been ceded to the bank as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

### Trade Receivable Ageing Schedule

Ageing for trade receivables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payments					Total	
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years		
<b>a. Undisputed trade receivables</b>									
- considered good	4.87	2,454.87	825.86	59.04	100.86	8.71	16.94	3,471.15	
- considered doubtful	-	-	0.56	1.31	7.61	54.03	16.00	79.51	
<b>b. Disputed trade receivables</b>									
- considered good	-	0.00	0.05	0.01	2.28	0.01	0.03	2.38	
- considered doubtful	-	-	0.25	2.23	3.02	33.97	12.64	52.11	
	<b>4.87</b>	<b>2,454.87</b>	<b>826.72</b>	<b>62.59</b>	<b>113.77</b>	<b>96.72</b>	<b>45.61</b>	<b>3,605.15</b>	

Ageing for trade receivables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2021 as follows:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments					Total	
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years		
<b>a. Undisputed Trade Receivables</b>									
- considered good	3.56	2,510.34	780.16	152.31	20.66	8.69	29.85	3,505.57	
- considered doubtful	-	-	-	0.82	49.86	48.59	14.39	113.66	
<b>b. Disputed Trade Receivables</b>									
- considered good	-	-	-	1.58	-	-	-	1.58	
- considered doubtful	-	-	0.01	10.44	35.73	5.45	4.78	56.41	
	<b>3.56</b>	<b>2,510.34</b>	<b>780.17</b>	<b>165.15</b>	<b>106.25</b>	<b>62.73</b>	<b>49.02</b>	<b>3,677.22</b>	

## Note 15: Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Balances with banks	Cash and cash equivalents in the balance sheet	Balances with banks	Cash and cash equivalents in the balance sheet
-In Current accounts			469.96	631.17
-In EEEFC accounts			132.37	-
-In fixed deposits (original maturity less than 3 months)			65.39	149.75
Remittance in transit*			9.02	11.50
Cash on hand			1.00	0.87
<b>Cash and cash equivalents in the balance sheet</b>		<b>677.74</b>		<b>793.29</b>
Less: Bank overdraft used for cash management purpose			(19.63)	(2.86)
<b>Cash and cash equivalents in the statement of cash flow</b>		<b>658.11</b>		<b>790.43</b>

\*Remittance in transit from Group entities.

# Notes to the Consolidated Financial Statements

## Note 16: Bank balance other than cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Fixed deposits with banks (original maturity between 3 months and 12 months)	1,234.82	593.11
Amount held as margin money to Government authority	4.01	3.71
Balances earmarked for unclaimed dividend*	11.91	11.12
	<b>1,250.74</b>	<b>607.94</b>

\*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 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

## Note 17: Current financial assets - loans

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Unsecured, considered good except otherwise stated)</b>		
<b>(Carried at amortised cost, except otherwise stated)</b>		
Loans to employees and others	3.57	1.00
	<b>3.57</b>	<b>1.00</b>

### Notes -

1. In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10<sup>th</sup> March, 2015, loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
2. There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:
  - (a) repayable on demand; or
  - (b) without specifying any terms or period of repayment

## Note 18: Current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Unsecured, considered good except otherwise stated)</b>		
<b>(Carried at amortised cost, except otherwise stated)</b>		
Incentives/benefits receivable from Government	109.93	144.47
Security deposits (unsecured, considered good)	0.74	1.58
Deposits *	178.05	175.08
Derivatives not designated as hedges - carried at fair value*		
Forward contracts	17.73	1.90
Derivative designated as hedges - carried at fair value*		
Forward contracts	0.41	58.40
Options	0.34	1.31
Advance gratuity	9.30	-
Fixed deposit interest receivable	23.61	7.00
Fixed deposits with banks (having remaining maturity less than 12 months)	524.14	73.54
Amount held as margin money to Government authority	0.01	0.35
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	34.13	19.61
Considered doubtful	2.45	1.01
Less: Allowance for bad and doubtful advances	(2.45)	(1.01)
	<b>898.39</b>	<b>483.24</b>

\*Refer note 42 for information about Fair value measurement and effects of hedge accounting.

#Includes ₹ 175.08 crores as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 in respect of DPCO matter explained in note 45B.

# Notes to the Consolidated Financial Statements

## Note 19: Other current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance to suppliers	192.72	170.34
Prepaid expenses	110.61	105.54
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	598.61	609.14
Others (deferred lease assets and other advances)	8.80	9.31
	<b>910.74</b>	<b>894.33</b>

## Note 20: Equity share capital

Particulars	Numbers		₹ in crores	
		As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021
<b>Authorised</b>				
Equity shares of ₹ 2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		<b>175.00</b>		<b>175.00</b>
<b>Issued</b>				
Equity shares of ₹ 2/- each	80,68,14,036	161.36	80,64,63,279	161.29
		<b>161.36</b>		<b>161.29</b>
<b>Subscribed and paid-up</b>				
Equity shares of ₹ 2/- each, fully paid up	80,68,14,036	161.36	80,64,63,279	161.29
		<b>161.36</b>		<b>161.29</b>

### Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of shares	% of Holding	Number of shares	% of Holding
Number of shares outstanding at the beginning of the period			80,64,63,279	80,62,35,329
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 47)			3,50,757	2,27,950
<b>Number of shares outstanding at the end of the period</b>	<b>80,68,14,036</b>		<b>80,64,63,279</b>	

### Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of shares	% of Holding	Number of shares	% of Holding
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

### Details of shares held by promoters in the Company

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021		% Change
	Number of shares	% to total shares	Number of shares	% to total shares	
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%	(1.67%)
M K Hamied	2,78,44,320	3.45%	3,45,67,572	4.29%	(0.84%)
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%

# Notes to the Consolidated Financial Statements

## Note 20: Equity share capital (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021		% Change
	Number of shares	% to total shares	Number of shares	% to total shares	
Rumana Hamied	98,86,500	1.23%	98,86,500	1.23%	0.00%
MN Rajkumar Garments LLP	-	0.00%	53,76,852	0.67%	(0.67%)
Alps Remedies Private Limited	-	0.00%	4,92,985	0.06%	(0.06%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>29,56,74,971</b>	<b>36.67%</b>	<b>(3.24%)</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

### Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

### Equity shares reserved for issue under employee stock options and share appreciation rights.

For number of stock options against which equity shares are to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR as per the relevant schemes (refer note 47).

## Note 21: Other equity\*

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Capital reserve	(167.04)	(165.95)
Securities premium reserve	1,631.69	1,613.31
General reserve	3,144.80	3,144.64
Employee stock options/ESAR	43.98	42.09
Retained earnings	15,669.07	13,536.98
Foreign currency translation reserve	261.09	2.70

## Note 21: Other equity (Contd.)

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Financial instruments fair value through other comprehensive income	99.77	1.40
Hedge reserve	(3.03)	(9.93)
<b>Total</b>	<b>20,680.33</b>	<b>18,165.24</b>

\* For movement in other equity, refer Statement of Changes in Equity

### Nature and purpose of reserves:

#### Capital reserve

Capital reserve represents gain arising from business combination and loss/(gain) on account of acquisition/divestment of non-controlling interest and profit or loss on sale, issue, purchase or cancellation of the Company's own equity instrument or purchase of ESOPs rights relating to subsidiary.

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### General reserve

The general reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

#### Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS (refer note 47).

#### Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

# Notes to the Consolidated Financial Statements

## Note 21: Other equity (Contd.)

### Foreign currency translation reserve

Foreign currency translation reserve represents the unrealised gains and losses on account of translation of reporting currency for foreign subsidiaries into the Company's presentation currency.

### Financial instruments fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are de-recognised/disposed off.

### Hedge reserve

The hedging reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments (i.e., forward contracts and interest rate swap). Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow.

## Note 22: Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

### A. Proportion of equity interest held by non-controlling interest:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Cipla Quality Chemical Industries Limited	48.82%	48.82%
Saba Investment Limited (Group)	49.00%	49.00%
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Maroc SA	40.00%	40.00%
Cipla (Jiangsu) Pharmaceutical Co., Ltd [refer note 24 (a)]	20.00%	20.00%

### B. Information regarding non-controlling interest:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Accumulated balances of material non-controlling interest:</b>		
Cipla Quality Chemical Industries Limited	163.17	133.30
Saba Investment Limited (Group)	28.67	35.69
Jay Precision Pharmaceuticals Private Limited	59.36	57.27
Cipla Maroc SA	24.49	32.80
<b>Total</b>	<b>275.69</b>	<b>259.06</b>

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Profit/(loss) allocated to material non-controlling interest:</b>		
Cipla Quality Chemical Industries Limited	22.36	(11.19)
Saba Investment Limited (Group)	(7.55)	(10.03)
Jay Precision Pharmaceuticals Private Limited	12.00	9.63
Cipla Maroc SA	3.09	0.49
Quality Chemicals Limited	-	(5.26)
<b>Total</b>	<b>29.90</b>	<b>(16.36)</b>

### Summarised profit or loss for the year ended 31<sup>st</sup> March, 2022

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited
Revenue from operations	561.43	186.19	128.94	147.09	-
Profit for the year/period	48.28	(8.74)	30.25	8.57	-
Other comprehensive income	-	-	0.08	-	-
<b>Total comprehensive income</b>	<b>48.28</b>	<b>(8.74)</b>	<b>30.33</b>	<b>8.57</b>	<b>-</b>
Dividends paid to non-controlling interests	-	-	(9.95)	(9.80)	-

# Notes to the Consolidated Financial Statements

## Note 22: Non-controlling interest (Contd.)

Summarised profit or loss for the year ended 31<sup>st</sup> March, 2021

₹ in crores

Particulars	Name of the subsidiary					Quality Chemicals Limited
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA		
Revenue from operations	569.58	228.97	94.77	116.68	9.44	
Profit for the year/period	(18.73)	(13.03)	24.32	2.23	(2.15)	
Other comprehensive income	-	-	(0.09)	-	-	
<b>Total comprehensive income</b>	<b>(18.73)</b>	<b>(13.03)</b>	<b>24.23</b>	<b>2.23</b>	<b>(2.15)</b>	
Dividends paid to non-controlling interests	-	-	-	(5.26)	-	

Summarised balance sheet as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Name of the subsidiary			
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Non-current assets	163.31	48.76	97.87	41.82
Non-current liabilities	45.16	-	4.86	-
<b>Net non-current assets</b>	<b>118.15</b>	<b>48.76</b>	<b>93.01</b>	<b>41.82</b>
Current assets	367.61	192.24	68.44	84.54
Current liabilities	151.95	205.96	11.86	56.06
<b>Net current assets</b>	<b>215.66</b>	<b>(13.72)</b>	<b>56.58</b>	<b>28.48</b>
<b>Total equity</b>	<b>333.81</b>	<b>35.04</b>	<b>149.59</b>	<b>70.30</b>

Summarised balance sheet as at 31<sup>st</sup> March, 2021

₹ in crores

Particulars	Name of the subsidiary			
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Non-current assets	165.91	51.82	98.78	60.09
Non-current liabilities	54.91	-	4.85	-
<b>Net non-current assets</b>	<b>111.00</b>	<b>51.82</b>	<b>93.93</b>	<b>60.09</b>
Current assets	290.75	144.55	55.57	64.65
Current liabilities	132.34	150.43	5.38	35.56
<b>Net current assets</b>	<b>158.41</b>	<b>(5.88)</b>	<b>50.19</b>	<b>29.09</b>
<b>Total equity</b>	<b>269.41</b>	<b>45.94</b>	<b>144.12</b>	<b>89.18</b>

Summarised cash flow information as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Name of the subsidiary			
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Operating activities	33.31	(14.45)	35.88	(8.00)
Investing activities	(16.81)	(4.23)	(5.75)	0.19
Financing activities	(14.72)	(3.36)	(24.86)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1.78</b>	<b>(22.04)</b>	<b>5.27</b>	<b>(7.81)</b>

# Notes to the Consolidated Financial Statements

## Note 22: Non-controlling interest (Contd.)

Summarised cash flow information as at 31<sup>st</sup> March, 2021

₹ in crores

Particulars	Name of the subsidiary			
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Operating activities	55.07	(97.54)	31.79	1.44
Investing activities	(20.36)	211.28	(5.62)	(0.16)
Financing activities	66.55	(108.47)	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>101.26</b>	<b>5.27</b>	<b>26.17</b>	<b>1.28</b>

## Note 23: Financial liabilities: borrowings

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	₹ in crores
<b>(a) Non-current (refer note 42)</b>			
<b>(Carried at amortised cost, except otherwise stated)</b>			
<b>Secured loans:</b>			
Term loan from banks*	376.20	355.32	
<b>Unsecured loans:</b>			
Term loan from banks**	54.60	1,065.51	
<b>Total non-current borrowings</b>	<b>430.80</b>	<b>1,420.83</b>	
<b>Less: Current maturities of non-current borrowings (classified as short-term borrowing)</b>	<b>14.56</b>	<b>218.08</b>	
<b>Net non-current borrowings</b>	<b>416.24</b>	<b>1,202.75</b>	
<b>(b) Current (refer note 42)</b>			
<b>(Carried at amortised cost, except otherwise stated)</b>			
<b>Secured loans:</b>			
<b>Loans repayable on demand</b>			
Loan from bank*	-	37.04	
<b>Unsecured loans:</b>			
<b>Loans repayable on demand</b>			
Bank overdraft\$	19.63	2.86	
Working capital line of credit##	371.38	292.44	
Other loans###	2.33	2.39	
<b>Current maturities of non-current borrowings</b>			
Term loan from banks	14.56	218.08	
<b>Total current borrowings</b>	<b>407.90</b>	<b>552.81</b>	

Note: Borrowings obtained during the year have been used for the purpose for which they have been obtained.

### \*Term loan from banks (Secured)

Term loan of ₹ 376.20 crores (31<sup>st</sup> March, 2021: ₹ 355.32 crores) is obtained by Cipla Medpro South Africa (Pty) Limited. This loan

## Note 23: Financial liabilities: borrowings (Contd.)

bears interest at rates linked to the Johannesburg Interbank Average Rate ("JIBAR rate"). The loan is repayable in full in 2 instalments of ZAR 300 million and ZAR 420 million on 07<sup>th</sup> May, 2023 and 30<sup>th</sup> June, 2023 respectively (31<sup>st</sup> March 2021: ZAR 300 million and ZAR 420 million on 07<sup>th</sup> February, 2023 and 31<sup>st</sup> March, 2023 respectively). This loan is secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited. There is no requirement for submission of quarterly returns or statement of current assets to banks for the secured loan.

### \*\*Term loan from banks (Unsecured)

Previous year includes loans of ₹ 999.09 crores 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 carried interest at LIBOR/alternate reference rate + 0.96% p.a. and guarantee given by Cipla Limited to the bankers for repayment of principal and interest thereon. These loans have been fully repaid in the current year, within schedule due dates.

Includes loan of ₹ 54.60 crores (31<sup>st</sup> March, 2021: ₹ 66.42 crores) taken by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited. The term loan is repayable in equal quarterly instalments of USD 475,000 per quarter. This loan carries an interest at 3.5% above 3 months LIBOR/alternate reference rate p.a.

### #Loan repayable on demand (Secured)

Previous year includes loan repayable on Demand of ₹ 37.04 crores obtained by Cipla Medpro South Africa (Pty) Limited. This loan bears interest at rates linked to the JIBAR rate. The loan was repayable on demand. This loan was secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited. This loan has been fully repaid in the current year.

# Notes to the Consolidated Financial Statements

## Note 23: Financial liabilities: borrowings (Contd.)

### \$Bank overdraft

Bank	Entity	Interest Rate	₹ in crores	
			As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Standard Chartered Bank Uganda Limited	Cipla Quality Chemical Industries Limited	31 <sup>st</sup> March, 2021: 3% above 6 months LIBOR/alternate reference rate	-	2.86
HSBC Bank	Cipla Europe NV	31 <sup>st</sup> March, 2022, Main Refinancing Operations rate published by the European Central Bank ("ECB") + 1.25%	15.94	-
HSBC Bank	Cipla (EU) Limited	31 <sup>st</sup> March, 2022, Relevant Base Rate + 1.3% per annum	3.69	-
<b>Total</b>			<b>19.63</b>	<b>2.86</b>

### ## Working capital line of credit

Bank	Entity	Interest Rate	₹ in crores	
			As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
HDFC Bank	Cipla USA. Inc.	31 <sup>st</sup> March, 2022: 1.30% to 1.45% (31 <sup>st</sup> March, 2021: 1.35% to 1.46% p.a.)	144.00	292.44
HSBC Bank	Cipla USA. Inc.	31 <sup>st</sup> March, 2022: 1.43% to 1.82% (31 <sup>st</sup> March, 2021: Nil)	227.38	-
<b>Total</b>			<b>371.38</b>	<b>292.44</b>

### ### Other loans

Other borrowings consist of loans obtained by Cipla Maroc SA of ₹ 2.33 crores (31<sup>st</sup> March, 2021: ₹ 2.39 crores) which is repayable on demand carries interest rate of 5.01% p.a. (31<sup>st</sup> March, 2021: 5.01% p.a.)

### Reconciliation of borrowings

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>		
Non-current borrowings	1,202.75	2,369.28
Current borrowings	549.95	353.90
	<b>1,752.70</b>	<b>2,723.18</b>
<b>Movement of borrowings</b>		
Proceeds from non-current borrowings	-	70.49
Repayment of non-current borrowings	(1,041.21)	(1,021.75)
(Repayments)/proceed of current borrowings (net)	34.98	(41.87)
Foreign exchange movement	52.89	12.31
Other non-cash items	5.15	10.34
	<b>(948.19)</b>	<b>(970.48)</b>
<b>Closing balance</b>		
Non-current borrowings	416.24	1,202.75
Current borrowings	388.27	549.95
	<b>804.51</b>	<b>1,752.70</b>
Add: Bank overdraft	19.63	2.86
<b>Total</b>	<b>824.14</b>	<b>1,755.56</b>

### Note 24: Other financial liabilities - non-current

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Security deposits	53.12	56.01
Deferred consideration	12.50	13.45
Put option liability - Fair value through profit or loss {refer note (a) below}	34.75	28.26
	<b>100.37</b>	<b>97.72</b>

#### (a) Cipla (Jiangsu) Pharmaceutical Co., Ltd

Cipla (Jiangsu) Pharmaceutical Co., Ltd ('Cipla Jiangsu') is a less than wholly-owned subsidiary of the Company. The investment agreement between Cipla (EU) Limited, Cipla Jiangsu and Non-Controlling Interest ('NCI') shareholders of Cipla Jiangsu sets out that the NCI shareholders of Cipla Jiangsu shall be entitled to an exit option after expiry of lock-in-period at a price as defined in investment agreement. A liability is recognised for such put option issued by the Group over the equity of Cipla Jiangsu at the gross amount payable aggregating ₹ 34.75

# Notes to the Consolidated Financial Statements

## Note 24: Other financial liabilities - non-current (Contd.)

crores (including ₹ 9.96 crores for interest accrued) [31<sup>st</sup> March, 2021: ₹ 28.26 crores (including ₹ 4.95 crores for interest accrued)]. Such amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology enunciated in the investment agreement.

## Note 25: Provisions

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-current</b>		
Provision for employee benefits (refer note 46)	100.22	116.17
	<b>100.22</b>	<b>116.17</b>
<b>Current</b>		
Provision for employee benefits (refer note 46)	265.43	282.43
Provision for claims - DPCO (refer note below and note 45B)	118.49	111.15
Provision for anticipated claims on pricing	29.40	24.98
Provision for right of return/discounts and others (refer note below)	803.47	656.23
Provision for amount payable to partner	4.21	3.53
	<b>1,221.00</b>	<b>1,078.32</b>

Provision is made for right of return/discount and others in respect of products sold as per the contractual terms and conditions. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior year.

### Movement of provisions for Claims - DPCO, Provision for anticipated claims on pricing and provision for right of return/discounts and others:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Provision for Claims - DPCO (refer note 45B)</b>		
<b>Balance at the beginning of the year</b>	<b>111.15</b>	<b>104.26</b>
Provided during the year	7.34	6.89
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>118.49</b>	<b>111.15</b>
<b>Provision for anticipated claims on pricing</b>		
<b>Balance at the beginning of the year</b>	<b>24.98</b>	<b>22.15</b>

## Note 25: Provisions (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Provided during the year	4.42	2.83
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>29.40</b>	<b>24.98</b>
Provision for right of return/discounts and others		
<b>Balance at the beginning of the year</b>	<b>656.23</b>	<b>599.66</b>
Provided during the year	937.59	1,083.84
Utilised/reversed/payout during the year	(798.55)	(1,023.31)
Foreign currency translation	8.20	(3.96)
<b>Balance at the end of the year</b>	<b>803.47</b>	<b>656.23</b>

## Note 26: Other non-current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Deferred government grant	6.83	7.58
Deferred revenue	44.38	55.01
Deferred lease income	0.25	1.02
	<b>51.46</b>	<b>63.61</b>

## Note 27: Trade payables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Total outstanding dues of micro enterprises and small enterprises	175.12	69.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,332.98	1,997.49
	<b>2,508.10</b>	<b>2,066.82</b>

- The above 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.

# Notes to the Consolidated Financial Statements

## Note 27: Trade payables (Contd.)

Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	₹ in crores	₹ in crores	₹ in crores	₹ in crores
A. (i) Principal amount remaining unpaid	175.12		69.33	
A. (ii) Interest amount remaining unpaid	-		-	
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-		-	
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-		-	
D. Interest accrued and remaining unpaid	-		-	
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-		-	

Note: Identification of micro and small enterprises is basis intimation received from vendors

### Trade Payables Ageing Schedule

Ageing for trade payables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 year	2-3 years	More than 3 years	
<b>a. Undisputed trade payables</b>							
-MSME	-	175.12	-	-	-	-	175.12
-Others	-	864.72	1,247.80	99.29	44.49	58.57	2,314.87
<b>b. Disputed trade payables</b>							
-MSME	-	-	-	-	-	-	-
-Others	-	-	11.18	5.53	1.40	-	18.11
	<b>-</b>	<b>1,039.84</b>	<b>1,258.98</b>	<b>104.82</b>	<b>45.89</b>	<b>58.57</b>	<b>2,508.10</b>

Ageing for trade payables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2021 as follows:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 year	2-3 years	More than 3 years	
<b>a. Undisputed trade payables</b>							
-MSME	-	69.33	-	-	-	-	69.33
-Others	-	509.90	1,250.66	68.40	83.14	72.08	1,984.18
<b>b. Disputed trade payables</b>							
-MSME	-	-	-	-	-	-	-
-Others	-	4.95	6.98	1.38	-	-	13.31
	<b>-</b>	<b>584.18</b>	<b>1,257.64</b>	<b>69.78</b>	<b>83.14</b>	<b>72.08</b>	<b>2,066.82</b>

# Notes to the Consolidated Financial Statements

## Note 28: Other financial liabilities - current

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unclaimed dividend *	11.91	11.12
Security deposits	2.76	3.33
Capital creditors	82.92	55.60
Employee dues	118.02	145.04
Derivative designated as hedge - carried at fair value (refer note 42)		
Forward contracts	13.81	16.98
Interest rate swap	-	9.70
Import advance licences	17.10	22.13
Deferred consideration	29.05	39.77
Accrued expenses	95.26	151.28
	<b>370.83</b>	<b>454.95</b>

\*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

## Note 29: Other current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Advance from customers</b>		
Advance from customers	61.44	19.01
Amount refundable/adjustable to customers	12.48	20.64
Income received in advance	3.01	5.01
Other payables:		
Statutory dues	217.02	188.93
Deferred government grant	0.36	0.75
Deferred revenue	16.52	124.64
Others	0.23	0.24
	<b>311.06</b>	<b>359.22</b>

## Note 30: Revenue from sale of products

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Sale of products (refer note below)</b>		
Sale of products (refer note below)	21,623.36	18,988.52
	<b>21,623.36</b>	<b>18,988.52</b>

## Note 30: Revenue from sale of products (Contd.)

### Ind AS 115- Disclosures

#### (i) Disaggregation of revenue

The Group's revenue disaggregated by business unit is as follows:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Sale of products</b>		
(1) India - Trade and Branded Generics	9,827.21	7,735.55
(2) North America (USA)	4,413.30	4,080.59
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,677.20	3,449.57
(4) Emerging Markets (EM)	1,983.77	1,851.31
(5) Europe	880.68	981.72
(6) Active Pharmaceutical Ingredient (API)	760.43	797.57
(7) Others	80.77	92.21
	<b>21,623.36</b>	<b>18,988.52</b>

#### (ii) Reconciliation of revenue from sale of products with the contracted price

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Contracted price</b>		
Contracted price	29,579.21	28,056.25
Less: trade discounts, chargeback, sales and expiry return, Medicaid, etc.	(7,955.85)	(9,067.73)
	<b>21,623.36</b>	<b>18,988.52</b>

#### (iii) Contract assets

The Group recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Group updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31<sup>st</sup> March, 2022, the Group has ₹ 23.25 crores (31<sup>st</sup> March, 2021: ₹ 19.64 crores) as contract asset.

# Notes to the Consolidated Financial Statements

## Note 30: Revenue from sale of products (Contd.)

### (iv) Contract liabilities from contracts with customers

The Group records a contract liability when cash payments are received or due in advance of its performance.

#### Contract liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Advance from customers	61.44	19.01
Amount refundable/ adjustable to customers	12.48	20.64
Deferred revenue	60.90	179.65
<b>Deferred revenue</b>	<b>60.90</b>	<b>179.65</b>
Particulars	₹ in crores	
Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance at the beginning of the year</b>	<b>179.65</b>	<b>66.07</b>
Revenue recognised during the year	(122.68)	(40.80)
Milestone payment received during the year	3.93	7.24
Variable consideration	-	147.14
<b>Balance at the end of the year</b>	<b>60.90</b>	<b>179.65</b>

### (v) Information about major customer

No single external customer represents 10% or more of the Group's total revenue for the years ended 31<sup>st</sup> March, 2022 and 2021, respectively.

## Note 31: Other operating revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Rendering of services	9.40	8.31
Export incentives*	37.55	97.34
Technical know-how and licensing fees	16.47	6.57
Scrap sales	33.65	20.54
Sale of marketing and product license	13.80	11.24
Goods and service tax area based incentive	21.85	18.52
Miscellaneous income*	7.26	8.55
	<b>139.98</b>	<b>171.07</b>

\*Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

#Pursuant to withdrawal of Export incentive under MEIS the Indian entities of the Group have recognised the benefit upto 31<sup>st</sup> August, 2020 only.

## Note 32: Other income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Interest income -		
Bank deposit	54.78	32.02
Income tax refund	17.75	7.04
Others	7.09	8.20
Dividend income*	0.01	21.64
Other non-operating income -		
Government grants <sup>§</sup>	1.36	1.37
Net gain on foreign currency transaction and translation	21.62	29.22
Net gain on sale of investment -		
Current investments carried at FVTPL	77.22	52.79
Non-current investments	-	(3.78)
Net gain on disposal of property, plant and equipments	8.68	3.01
Fair value gain on financial instruments at FVTPL	2.02	12.08
Sundry balances written back	6.37	0.06
Insurance claim ~	27.48	1.52
Rent income	11.36	14.77
Litigation settlement income [refer note (i) below]	2.67	67.01
Income from vendor settlement	12.39	-
Miscellaneous income <sup>¶</sup>	30.11	19.04
	<b>280.91</b>	<b>265.99</b>

<sup>\*</sup>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.

<sup>§</sup>Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

<sup>¶</sup>Previous year includes dividend received from Shanghai Desano Pharmaceuticals Co. Ltd- FVOCI investment.

- On 13<sup>th</sup> July 2021, Cipla Medpro South Africa (Pty) Limited (CMSA), a Subsidiary Company having its manufacturing facility in Durban, South Africa, faced civil unrest. CMSA implemented adequate contingency measures to ensure continuity of medicine supply and managed to restore the manufacturing facility within 4 weeks. CMSA recovered ₹ 62.23 crores as the insurance claim out of which claim amounting to ₹ 42.80 crores have been offset against respective expenses heads and ₹ 19.43 crores has been accounted as other income in the statement of profit or loss.

### Note :

- (i) Previous year includes litigation settlement income received from innovator pursuant to a settlement agreement entered into on 18<sup>th</sup> December, 2020. The agreement effectively settles all outstanding claims in the litigation. Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell certain volume-limited amounts of certain product in the US beginning on a confidential date that is some time after March 2022. For each consecutive twelve-months period (or part thereof) following the volume-limited entry date until 31<sup>st</sup> January, 2026, the volume of certain product sold by Cipla cannot exceed certain agreed-upon percentages. In addition, Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell an unlimited quantity of certain product in the US beginning no earlier than 31<sup>st</sup> January, 2026.

# Notes to the Consolidated Financial Statements

## Note 33: Cost of materials consumed

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Cost of materials consumed	5,533.13 <b>5,533.13</b>	4,886.43 <b>4,886.43</b>

## Note 34: Purchases of stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Purchases of stock-in-trade	3,687.16 <b>3,687.16</b>	2,658.17 <b>2,658.17</b>

## Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Opening Stock		
Work-in-progress	846.55	822.87
Finished goods	1,172.92	1,066.11
Stock-in-trade	667.50	605.28
	<b>2,686.97</b>	<b>2,494.26</b>
Less: Closing Stock (refer note 12)		
Work-in-progress	851.71	846.55
Finished goods	1,497.65	1,172.92
Stock-in-trade	1,062.30	667.50
	<b>3,411.66</b>	<b>2,686.97</b>
(Increase)/decrease	<b>(724.69)</b>	<b>(192.71)</b>

## Note 36: Employee benefits expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Salaries and wages	3,163.06	2,929.18
Contribution to provident and other funds (refer note 46)	164.14	148.16
Share based payments expense (refer note 47)	24.12	19.54
Staff welfare expenses	178.59	154.95
	<b>3,529.91</b>	<b>3,251.83</b>

## Note 37: Finance costs

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Interest expense on long-term and short-term borrowings	71.40	117.82
Interest on lease liabilities (refer note 2.2)	18.26	20.18
Interest on discounting of trade receivables	7.85	8.09
Interest on provision for claims - DPCO	7.34	6.89
Other finance cost (including interest on taxes)	1.50	7.72
	<b>106.35</b>	<b>160.70</b>

## Note 38: Depreciation, impairment and amortisation expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Depreciation on property, plant and equipment [refer note 2.1 (a)]	601.79	597.16
Impairment of property, plant and equipment [refer note 2.1 (a)]	12.94	16.00
Impairment of capital work-in-progress [refer note 2.1 (b)]	8.17	2.22
Depreciation on right-of-use assets (refer note 2.2)	79.52	88.82
Depreciation on investment properties (refer note 3)	2.25	2.55
Amortisation of intangible assets (refer note 5)	306.52	314.59
Impairment of intangibles (refer note 5)	22.66	20.46
Impairment of intangible assets under development (refer note 5)	18.10	25.86
	<b>1,051.95</b>	<b>1,067.66</b>

# Notes to the Consolidated Financial Statements

## Note 39: Other expenses

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Manufacturing expenses	601.16	547.36
Stores and spares	132.96	121.13
Repairs and maintenance:		
Buildings	39.20	31.72
Plant and equipment	155.41	122.76
Insurance	73.65	62.60
Rent (refer note 2.2)	78.18	75.86
Rates and taxes	100.27	68.06
Power and fuel	331.03	308.26
Travelling and conveyance	203.32	126.88
Sales promotion expenses	1,058.83	800.43
Commission on sales	260.33	200.51
Freight and forwarding	350.84	297.68
Allowance for credit loss (net) (refer note 42)	(40.82)	39.48
Contractual services	258.81	250.63
Non-executive directors remuneration (refer note 48)	12.33	10.02
Courier and telephone expenses	34.03	29.71
Legal and professional fees	698.81	609.29
Payment to auditors (refer note ii below)	5.48	3.59
Corporate social responsibility (CSR) expenditure (refer note 49)	55.76	45.27
Donations	34.52	5.37
Research - clinical trials, samples and grants	265.68	132.73
Miscellaneous expenses #	475.27	414.10
	<b>5,185.05</b>	<b>4,303.44</b>

i Expense below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

ii Payment to auditors include:

Audit fees	4.01	2.19
Tax audit fees	0.35	0.35
For other services (includes consolidation fees, certifications, etc.)	1.04	0.99
Reimbursement of expenses	0.08	0.06
	<b>5.48</b>	<b>3.59</b>

Revenue expenditure aggregating to ₹ 1,080.18 crores (31<sup>st</sup> March, 2021: ₹ 866.74 crores) on research and development activities to the in-house research of new products has been charged through natural heads of accounts.

## Note 40: Other comprehensive income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A. (i) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (attributable to owners of the company) [refer note 46 (e)]	17.57	19.02
(ii) Re-measurements of post-employment benefit obligation (Non-controlling interest) [refer note 46 (e)]	0.03	(0.03)
(iii) Changes in fair value of FVTOCI financial instruments	109.42	(57.40)
	<b>127.02</b>	<b>(38.41)</b>
(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	(4.43)	(4.79)
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(11.05)	5.74
	<b>(15.48)</b>	<b>0.95</b>
	<b>111.54</b>	<b>(37.46)</b>
B. (i) Items that will be reclassified to profit or loss		
(i) Exchange difference on translation of foreign operations (attributable to owners of the company)	258.39	194.38
(ii) Exchange difference on translation of foreign operations (Non-controlling interest)	6.84	(13.57)
(iii) Cash flow hedge and interest rate swap (refer note 42)	7.52	22.37
	<b>272.75</b>	<b>203.18</b>
(2) Income tax relating to items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge and interest rate swap	(0.62)	(4.23)
	<b>(0.62)</b>	<b>(4.23)</b>
	<b>272.13</b>	<b>198.95</b>
	<b>383.67</b>	<b>161.49</b>

# Notes to the Consolidated Financial Statements

## Note 41: Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

### Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Profit after tax attributable to equity shareholders as per profit or loss (₹ in crores)	2,516.75	2,404.87
Basic weighted average number of equity shares outstanding	80,66,68,279	80,63,58,447
Basic earnings per share of par value ₹ 2/- per share	31.20	29.82
Add: Dilutive impact of employee stock options/ESAR	7,72,668	9,38,507
Diluted weighted average number of equity shares outstanding	80,74,40,947	80,72,96,954
Diluted earnings per share of par value ₹ 2/- per share	31.17	29.79

## Note 42: Financial Instrument

### A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, margin deposit, security deposit, incentives/benefits receivable from government, cash and cash equivalents, other bank balances and other receivables as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short-term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

#### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

**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.

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

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 31<sup>st</sup> March, 2022 were as follows:

Particulars	Carrying value	Fair Value			₹ in crores		
		Level 1	Level 2	Level 3			
<b>Financial assets:</b>							
<b>Financial assets at amortised cost</b>							
Investment properties (refer note 3)	61.42	-	-	-	89.88		
Investment in associates (refer note 6)	8.10	-	-	-	8.10		
Investment in National saving certificates (refer note 7)	0.00	-	-	-	0.00		
<b>Financial assets at fair value through profit or loss</b>							
Investments in mutual funds (refer note 13)	2,194.97	2,194.97	-	-	-		
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	-	0.00		
Derivatives not designated as hedge (refer note 18)	17.73	-	17.73	-	-		
<b>Financial assets at fair value through other comprehensive income</b>							
Investments in equity instrument (refer note 7)	269.57	-	-	-	269.57		
Investment in limited liability partnership firm (refer note 7)	40.25	-	-	-	40.25		
Derivative designated as hedge (refer note 18)	0.75	-	0.75	-	-		
<b>Financial liabilities:</b>							
<b>Financial liabilities at amortised cost</b>							
Lease liabilities (refer note 2.2)	231.64	-	-	-	231.64		
Borrowings (refer note 23)	824.14	-	-	-	824.14		
<b>Financial liabilities at fair value through profit and loss</b>							
Put option liability (refer note 24)	34.75	-	-	-	34.75		
<b>Financial liabilities at fair value through other comprehensive income</b>							
Derivative designated as hedge (refer note 28)	13.81	-	13.81	-	-		

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2021 were as follows:

Particulars	Carrying value	Fair Value			₹ in crores		
		Level 1	Level 2	Level 3			
<b>Financial assets:</b>							
<b>Financial assets at amortised cost</b>							
Investment properties (refer note 3)	121.75	-	-	-	162.70		
Investment in associates (refer note 6)	0.61	-	-	-	0.61		
Investment in National saving certificates (refer note 7)	0.00	-	-	-	0.00		
<b>Financial assets at fair value through profit or loss</b>							
Investments in mutual funds (refer note 13)	2,286.37	2,286.37	-	-	-		
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	-	0.00		
Derivative not designated as hedge (refer note 18)	1.90	-	1.90	-	-		
<b>Financial assets at fair value through other comprehensive income</b>							
Investments in equity instrument (refer note 7)	155.30	-	-	-	155.30		

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

Particulars	Carrying value	Fair Value			₹ in crores
		Level 1	Level 2	Level 3	
Investment in limited liability partnership firm (refer note 7)	40.00	-	-	-	40.00
Derivative designated as hedge (refer note 18)	59.71	-	59.71	-	-
<b>Financial liabilities:</b>					
<b>Financial liabilities at amortised cost</b>					
Lease liabilities (refer note 2.2)	258.85	-	-	-	258.85
Borrowings (refer note 23)	1,755.56	-	-	-	1,755.56
<b>Financial liabilities at fair value through profit and loss</b>					
Put option liability (refer note 24)	28.26	-	-	-	28.26
<b>Financial liabilities at fair value through other comprehensive income</b>					
Interest rate swap used for hedging (refer note 28)	9.70	-	9.70	-	-
Derivative designated as hedge (refer note 28)	16.98	-	16.98	-	-

### B. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposit, loan and advances etc., arises from its operation.

The Group has constituted a Risk Management Committee consisting of a majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Group's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Group level.

The Audit Committee of the Board reviews the risk management framework at periodic intervals.

#### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

##### (a) Currency risk:

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Group also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected as the Rupee (INR) appreciates/ depreciates against US Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR), Australian Dollar (AUD) and other currencies.

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

### Foreign exchange risk

#### (i) Foreign exchange derivatives and exposures outstanding at the year end

Nature of Instrument	Currency	Cross Currency	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	₹ in crores
Forward contracts - Sold	USD	INR	3,154.40	2,885.12	
Foreign exchange currency option contracts - sold and bought	USD	INR	272.85	270.50	
Forward contracts - Sold	ZAR	INR	444.06	660.27	
Forward contracts - Sold	AUD	INR	104.86	94.68	
Forward contracts - Sold	GBP	INR	133.57	90.68	
Forward contracts - Sold	EUR	INR	138.12	-	
Forward contracts - Bought	USD	ZAR	260.41	258.47	
Forward contracts - Bought	EUR	ZAR	34.35	23.06	
<b>Unhedged foreign exchange exposures:</b>					
- Trade and other receivables			502.40	577.66	
- Cash and cash equivalents			179.68	71.14	
- Trade and other payables			(477.91)	(364.49)	
- Borrowings			(57.69)	(48.62)	

Note: The Group uses foreign exchange forward and currency option contracts for hedging purposes.

#### (ii) Foreign currency risk from financial instruments:

Particulars	As at 31 <sup>st</sup> March, 2022					₹ in crores
	US dollars	Euro	GBP	ZAR	Other	
Trade and other receivables	410.07	4.42	63.59	0.02	24.30	502.40
Cash and cash equivalents	160.53	13.04	5.98	-	0.13	179.68
Trade and other payables	(291.76)	(77.77)	(42.72)	(27.52)	(38.14)	(477.91)
Borrowings	(54.00)	-	(3.69)	-	-	(57.69)
<b>Net assets/(liabilities)</b>	<b>224.84</b>	<b>(60.31)</b>	<b>23.16</b>	<b>(27.50)</b>	<b>(13.71)</b>	<b>146.48</b>

Particulars	As at 31 <sup>st</sup> March, 2021					₹ in crores
	US dollars	Euro	GBP	ZAR	Other	
Trade and other receivables	380.61	80.38	36.54	33.27	46.86	577.66
Cash and cash equivalents	37.11	3.86	29.77	-	0.40	71.14
Trade and other payables	(242.46)	(57.67)	(23.67)	(3.89)	(36.80)	(364.49)
Borrowings	(48.62)	-	-	-	-	(48.62)
<b>Net assets/(liabilities)</b>	<b>126.64</b>	<b>26.57</b>	<b>42.64</b>	<b>29.38</b>	<b>10.46</b>	<b>235.69</b>

#### (iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31<sup>st</sup> March, 2021: 5%) would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

Particulars	For the year ended 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> March, 2021
	₹ in crores	For the year ended 31 <sup>st</sup> March, 2022	
<b>Movement in exchange rate</b>			
USD - INR		5%	5%
EUR - INR		5%	5%
GBP - INR		5%	5%
ZAR - INR		5%	5%
Other currency		5%	5%

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Impact on profit/loss</b>		
USD - INR	11.24	6.33
EUR - INR	(3.02)	1.33
GBP - INR	1.16	2.13
ZAR - INR	(1.38)	1.47
Other currency	(0.69)	0.52

### (b) Price risk

The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31<sup>st</sup> March, 2022, the investments in debt mutual funds amounts to ₹ 2,194.97 crores (31<sup>st</sup> March, 2021: ₹ 2,286.37 crores). These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds. A 1% increase in prices would have led to approximately an additional ₹ 21.95 crores gain in profit or loss (31<sup>st</sup> March, 2021: ₹ 22.86 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.

### (c) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Group's interest rate risk mainly arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the Group borrowings at variable rate were mainly denominated in USD and ZAR.

#### Exposure to interest rate risk

The Group's interest rate risk arises from borrowings. The Group adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate by hedging interest rate swaps. The borrowings profile of the Group's interest-bearing financial instruments as reported to the Management of the Group is as follows:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Variable rate instruments</b>		
Financial liabilities	824.14	1,755.56
₹ in crores		
Particulars	As at 31 <sup>st</sup> March, 2022	
	Weighted average interest cost	Balance
Particulars	As at 31 <sup>st</sup> March, 2022	
	Weighted average interest cost	Balance
Borrowings	4.32%	824.14
Interest rate swap (notional principal amount)	-	804.21
Net exposure to cash flow interest rate risk	824.14	951.35

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

### 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.

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Impact on profit/loss</b>		
Increase	(4.12)	(4.76)
Decrease	4.12	4.76

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31<sup>st</sup> March, 2022 from such receivables on account of business continuity.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

### Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Group limits its exposure to credit

risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Details of financial assets – not due, past due and impaired

None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31<sup>st</sup> March, 2022.

### For ageing analysis of the receivable (gross of provision) - Refer note 14

#### Expected credit loss:

In accordance with Ind AS 109 - Financial Instruments, the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - Revenue from Contracts with Customers. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 for trade receivables are as follows:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Opening Balance</b>	<b>231.54</b>	<b>288.56</b>
Provided during the year	27.28	96.66
Reversals of provision	(68.10)	(57.18)
Written off during the year	(16.06)	(85.90)
Effects of changes in foreign exchange rate	6.05	(7.41)
Other adjustment	-	(3.19)
<b>Closing Balance</b>	<b>180.71</b>	<b>231.54</b>

### Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

**The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2022:**

Particulars	₹ in crores			
	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative:</b>				
Borrowings				
Current borrowings	393.34	-	-	<b>393.34</b>
Current maturities of non-current borrowings	14.56	-	-	<b>14.56</b>
Non-current borrowings	-	416.24	-	<b>416.24</b>
Trade payables	2,508.10	-	-	<b>2,508.10</b>
Other financial liabilities	370.83	50.37	50.00	<b>471.20</b>
Lease liabilities	85.08	148.13	57.74	<b>290.95</b>
<b>Derivative:</b>				
Derivative designated as hedge	13.81	-	-	<b>13.81</b>
	<b>3,385.72</b>	<b>614.74</b>	<b>107.74</b>	<b>4,108.20</b>

**The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2021:**

Particulars	₹ in crores			
	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative:</b>				
Borrowings				
Current borrowings	334.73	-	-	<b>334.73</b>
Current maturities of non-current borrowings	218.08	-	-	<b>218.08</b>
Non-current borrowings	-	1,202.75	-	<b>1,202.75</b>
Trade payables	2,066.82	-	-	<b>2,066.82</b>
Other financial liabilities	454.95	47.27	50.45	<b>552.67</b>
Lease liabilities	73.29	192.83	75.72	<b>341.84</b>
<b>Derivative:</b>				
Derivative designated as hedge	26.68	-	-	<b>26.68</b>
	<b>3,174.55</b>	<b>1,442.85</b>	<b>126.17</b>	<b>4,743.57</b>

### Impact of hedging

The Group uses foreign exchange forward/options contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR and 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

Type of hedge and risks	Carrying amount				Maturity date	Hedge ratio*	Weighted average strike price/rate			
	Nominal amount	Assets	Liabilities							
<b>31<sup>st</sup> March, 2022</b>										
<b>Cash flow hedge</b>										
Foreign exchange risk										
Foreign exchange forward contracts (refer note 28)	294.75	-	13.81	April 2022 - March 2023		1:1	USD 1 = ZAR 15.66 EUR 1 = ZAR 17.36			

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
Foreign exchange forward contracts (refer note 18)	2,893.87	0.41	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.46 ZAR 1 = ₹ 5.05 AUD 1 = ₹ 58.43
Foreign exchange currency options contracts - Sold (refer note 18)	272.85	(1.46)	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.32
Foreign exchange currency options contracts - Bought (refer note 18)	272.85	1.80	-	April 2022 - March 2023	1:1	USD 1 = ₹ 77.61
<b>Fair value hedge</b>						
<b>Foreign exchange risk</b>						
Foreign exchange forward contracts (refer note 18)	1,081.13	17.73	-	April 2022 - March 2023	1:1	USD 1 = ₹ 76.78 ZAR 1 = ₹ 4.85 AUD 1 = ₹ 56.64 GBP 1 = ₹ 102.36 EUR 1 = ₹ 86.94

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate			
	Nominal amount	Assets	Liabilities						
<b>31<sup>st</sup> March, 2021</b>									
<b>Cash flow hedge</b>									
<b>Foreign exchange risk</b>									
Foreign exchange forward contracts (refer note 28)	281.53	-	16.98	April 2021 - March 2022	1:1	USD 1 = ZAR 15.94 EUR 1 = ZAR 18.51			
Foreign exchange forward contracts (refer note 18)	3,172.31	58.40	-	April 2021 - March 2022	1:1	USD 1 = ₹ 77.59 ZAR 1 = ₹ 4.70			
Foreign exchange currency options contracts - Sold (refer note 18)	270.50	(2.23)	-	April 2021 - March 2022	1:1	USD 1 = ₹ 79.68			
Foreign exchange currency options contracts - Bought (refer note 18)	270.50	3.54	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.32			
<b>Interest rate risk</b>									
Interest rate swap (refer note 28)	804.21	-	9.70	April 2021 - March 2022	1:1	2.30%			
<b>Fair value hedge</b>									
<b>Foreign exchange risk</b>									
Foreign exchange forward contracts (refer note 18)	558.43	1.90	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.16 ZAR 1 = ₹ 4.90 AUD 1 = ₹ 56.76 GBP 1 = ₹ 102.55			

\*The foreign currency forward contracts and currency options contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

### b) Disclosure of effects of hedge accounting in Group's profit or loss and other comprehensive income

₹ in crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit and loss
<b>31<sup>st</sup> March, 2022</b>			
<b>Cash flow hedge</b>			
i) Foreign exchange risk contracts (refer note 40)	41.65	-	(52.99)
ii) Interest rate swap (refer note 40)	8.41	-	10.44

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd.)

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 hedge reserve to profit and loss	₹ in crores
<b>31<sup>st</sup> March, 2021</b>				
<b>Cash flow hedge</b>				
i) Foreign exchange risk contracts (refer note 40)	(22.19)	-	37.45	
ii) Interest rate swap (refer note 40)	7.11	-	-	

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationships exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

### c) Movement in cash flow hedge reserve and cost of hedge reserve

Derivative Instruments	As at 31 <sup>st</sup> March, 2022			As at 31 <sup>st</sup> March, 2021			₹ in crores
	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve	
Cash flow hedging reserve							
<b>Opening balance</b>	<b>5.39</b>	<b>(15.32)</b>	<b>(9.93)</b>	<b>(6.65)</b>	<b>(21.42)</b>	<b>(28.07)</b>	
Add: Changes in fair value	41.65	8.41	50.06	(22.19)	7.11	(15.08)	
Less: Amount reclassified to profit or loss	(52.99)	10.44	(42.55)	37.45	-	37.45	
Less: Deferred tax relating to above (net)	2.92	(3.53)	(0.61)	(3.22)	(1.01)	(4.23)	
<b>Closing balance</b>	<b>(3.03)</b>	<b>-</b>	<b>(3.03)</b>	<b>5.39</b>	<b>(15.32)</b>	<b>(9.93)</b>	

## Note 43: Capital Management

### (A) Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in Industry, the Group monitors capital on the basis of the following gearing ratio: (net debt divided by total 'equity').

Net debt = Total borrowings (including lease liabilities) less (Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments).

**Total 'equity' as shown in the balance sheet, including non-controlling interest.**

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	₹ in crores
Total debt	1,055.78	2,014.41	
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months.	4,111.54	3,676.48	
<b>Net debt (A)</b>	<b>(3,055.76)</b>	<b>(1,662.07)</b>	
Total equity (B)	21,117.38	18,585.59	
<b>Net debt to equity ratio (A/B)</b>	<b>(0.14)</b>	<b>(0.09)</b>	

# Notes to the Consolidated Financial Statements

## Note 43: Capital Management (Contd.)

### (B) Loan covenants

Under the year ended 31<sup>st</sup> March, 2022, the Group has repaid major borrowing facilities, the Group was required to comply with following financial covenants in the previous year and upto the date of repayment:

- (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 on equity share

Particulars	₹ in crores	
	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>(a) Dividend on equity shares paid during the year</b>		
Final dividend for the year	403.35	-
[FY 2020-21: ₹ 5.00 (FY 2019-20: ₹ Nil) per equity share of ₹ 2.00 each]	-	-
	<b>403.35</b>	<b>-</b>
<b>(b) Proposed dividend on equity share not recognised as liability</b>		
	<b>403.41</b>	<b>403.23</b>

The Board of Directors of the Company at the meeting held on 10<sup>th</sup> May, 2022 has recommended a final dividend of ₹ 5.00 per equity share which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

## Note 44: Investment in an Associate

Particulars	Place of Business	% of Ownership interest		Accounting Method	Quoted fair value		Carrying value	
		31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021		31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Material associates:</b>								
Avenue Therapeutics, Inc. <sup>1</sup>	USA	25.93%	32.50%	Equity	21.29	258.87	-	190.33
Brandmed (Pty) Limited <sup>2</sup>	South Africa	30.00%	30.00%	Equity	-*	-*	26.97	27.81
<b>Other immaterial associates (refer note below)</b>								
							18.84	10.24
							<b>45.81</b>	<b>228.38</b>

\*Unlisted entity- no quoted price available.

1. Avenue Therapeutics Inc. is a specialty pharmaceutical company whose mission is to develop IV tramadol, a potential alternative that could reduce the use of conventional opioids, for patients suffering from acute pain in the U.S. During the year, the ownership has been diluted from 32.50% to 25.93%

2. Brandmed (Pty) Limited is a connected healthcare firm which develops software to seamlessly integrate a combination of connected solutions across the health continuum for patients, healthcare professionals, practices and institutions, and aims to deliver personalised patient care. Brandmed (Pty) Limited's principal place of business is South Africa and has a financial year end consistent with the Group.

## Note 44: Investment in an Associate (Contd.)

### Movement of investment in associates

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening balance	10.24	0.56
Addition/unwinding during the year	7.50	9.05
Profit/(loss) for the year	1.10	0.63
<b>Aggregate carrying amount of individually immaterial associates</b>	<b>18.84</b>	<b>10.24</b>

# Notes to the Consolidated Financial Statements

## Note 44: Investment in an Associate (Contd.)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening balance	218.14	234.41
Profit/(loss) for the year	(13.92)	(13.42)
Translation adjustment arising out of translation of foreign currency balances	4.87	(2.85)
Impairment of investment in associate	(182.12)	-
<b>Aggregate carrying amount of individually material associates</b>	<b>26.97</b>	<b>218.14</b>

Financial information of associates that are material to Group as at 31<sup>st</sup> March, 2022 is provided below:

### A) Avenue Therapeutics, Inc.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Current assets	14.83	14.21
Intangible assets under development (refer note below)	-	596.27
Current liabilities	(5.51)	(3.38)
<b>Equity</b>	<b>9.32</b>	<b>607.10</b>
Group ownership	25.93%	32.50%
Equity proportion of the Group ownership	2.42	197.31
Translation adjustment arising out of translation of foreign currency balances	3.36	(6.98)
Carrying amount of the investment	-	190.33

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Revenue from sale of products	-	-
Profit/(loss) for the year	(44.63)	(36.09)
Total comprehensive income for the year	(44.63)	(36.09)
<b>Group's share of profit/(loss) for the year</b>	<b>(11.57)</b>	<b>(11.73)</b>

### Note 44: Investment in an Associate (Contd.)

Avenue Therapeutics, Inc. ('Avenue') an associate company of the Group on 12<sup>th</sup> October, 2020 had announced receipt of a Complete Response Letter ("CRL") from the US FDA for IV Tramadol NDA. On 12<sup>th</sup> February, 2021, Avenue resubmitted its NDA to the US FDA for IV Tramadol on receipt of official minutes from a Type A meeting with the US FDA. The Group did not exercise its rights under the stock purchase and merger agreement (SPMA) as the second closing did not happen on or before the contracted date of 30<sup>th</sup> April, 2021 owing to the aforementioned US FDA matter.

Further, on 14<sup>th</sup> June, 2021, Avenue announced that it had received a second Complete Response Letter (the "Second CRL") from the US FDA regarding Avenue's Tramadol IV NDA. Subsequently, on 15<sup>th</sup> February, 2022 Avenue announced that it had received an appeal denial letter from the USFDA's Office of New Drugs regarding Avenue's formal dispute resolution request for Tramadol IV NDA. Basis the above events and change in the market dynamics for Tramadol IV NDA, the management identified trigger for impairment assessment of the investment in Avenue and have recorded an impairment charge amounting to ₹ 182.12 crores as an exceptional item in consolidated financial statements for the year ended 31<sup>st</sup> March, 2022.

### B) Brandmed (Pty) Limited

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Current assets	7.20	6.63
Non-current assets	4.24	3.25
Current liabilities	(5.66)	(0.28)
Non-current liabilities	(4.22)	(0.33)
<b>Equity</b>	<b>1.56</b>	<b>9.27</b>
Group ownership	30.00%	30.00%

Equity proportion of the Group ownership	0.47	2.78
Goodwill	24.98	20.91
Translation adjustment arising out of translation of foreign currency balances	1.52	4.12
Carrying amount of the investment	26.97	27.81

Particulars	₹ in crores	
	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Revenue from sale of products	4.03	8.97
Profit/(loss) for the year	(7.83)	(5.63)
<b>Total comprehensive income for the year</b>	<b>(7.83)</b>	<b>(5.63)</b>
Group's share of profit/(loss) for the year	(2.35)	(1.69)

## 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

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Contingent liabilities</b>		
Claims against the Group not acknowledged as debt <sup>i</sup>	218.58	161.88
Financial guarantees	239.46	186.79
Letters of credit	76.81	81.40
Income tax on account of disallowances/additions	22.18	51.63
Excise duty/service tax on account of valuation/cenvat credit	131.78	132.27
Sales tax on account of credit/classification	54.03	8.12
	<b>742.84</b>	<b>622.09</b>
<b>Commitments</b>		
Estimated amount of contracts unexecuted on capital account	548.40	556.33

#### Note :

- (i) Claims against the Group not acknowledged as debt include claims related to pricing, commission, etc.
- (ii) It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various authorities.
- (iii) The Group does not expect any reimbursements in respect of the above contingent liabilities.
- (iv) The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all our pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in our financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on the financial statements.
- (v) There has been a judgement by the Honourable Supreme Court of India dated 28<sup>th</sup> February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, 1952 ("EPF"). In view of the interpretative aspects related to the judgement including the effective date of application, the Group has been advised to await further developments in this matter.

### Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

- (vi) During the year, the Cipla Health Limited (CHL), a Subsidiary Company has received ex-parte Show Cause Notice (SCN) Orders in FORM DRC-07 for a total tax demand along-with interest and penalty of ₹ 45.56 crores for the years 2017-18 to 2020-21. The Adjudicating Authority passed the Orders without providing the material facts viz. specific allegations against CHL and granting the subsidiary any opportunity of being heard. Based on the legal opinion obtained, management is of the view that the ex-parte orders are passed by the Adjudicating Authority in gross violation of principles of natural justice and the subsidiary will evaluate to file a Writ Petition before the Hon'ble High Court of Delhi inter-alia seeking quashing of the said orders.

#### 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 crores along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.
- (ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,703.40 crores.

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,

## Notes to the Consolidated Financial Statements

### Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

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 crores. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹ 175.08 crores which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court vide its Order and Judgment dated 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. The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 25<sup>th</sup> January, 2021 for further hearing but the case was not listed due to the COVID-19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court. Although, the decision of Honourable Supreme Court dated 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 crores. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 3,281.31 crores (after adjusting deposit of ₹ 175.08 crores), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 crores.

In addition, Company had made provision of ₹ 118.49 crores as of 31<sup>st</sup> March, 2022 (₹ 111.15 crores as of 31<sup>st</sup> March, 2021) for products not part of the referenced writ proceedings against total demand of ₹ 247.01 crores. Further, no new recovery notices were received by the Company during the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

- (iii) In March 2006, the Meditab Specialities Limited, ('the Subsidiary Company') acquired on lease, land admeasuring 1,232,000 sq. m. in Kerim Industrial Estate at But Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for the setting up and development of a Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, the Subsidiary Company entered into sub-lease of this land with a SEZ occupier with an undertaking to provide infrastructural facilities. Following public agitation, the State Government of Goa brought about changes in policy regarding SEZ in the State of Goa which had the effect of the Subsidiary Company not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. The Subsidiary Company's writ petition on the challenge to the show cause was disposed by the Honourable Bombay High Court stating that the State Government of Goa was competent to alter the SEZ policy. It was also held that the Subsidiary Company may apply for re-allotment of the same land to be utilised for purpose other than SEZ. The Subsidiary Company filed a Special Leave Petition before the Honourable Supreme Court and in which parties were directed to maintain status quo. Also by order dated 18<sup>th</sup> October, 2013 the Hon'ble Supreme Court has granted the Special Leave to Appeal to the Subsidiary Company and the interim orders continue till the appeal is finally heard. Vide a GO dated 30<sup>th</sup> July, 2018, issued by the Goa Government, it was resolved that the lands which were allotted to 7 SEZ land owners (including the Subsidiary Company) would be taken back and their monies refunded. In pursuance of the said GO, the Honourable Supreme Court vide its order dated 31<sup>st</sup> July, 2018 disposed the appeals of 6 SEZ owners and the Subsidiary Company is the sole continuing litigant. Further, vide order dated 22<sup>nd</sup> October, 2018, the Honourable Supreme Court has ordered that, the appeal filed by the Subsidiary Company shall be listed for hearing in due course.

# Notes to the Consolidated Financial Statements

## Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd.)

The Subsidiary Company has been legally advised that it has good case both on facts and on law succeeding in its appeal. The Subsidiary Company is therefore of the view that no provision is required to be made on the amount incurred towards cost of land and on the development of SEZ amounting to ₹ 10.48 crores as at 31<sup>st</sup> March, 2022 (31<sup>st</sup> March, 2021: ₹ 10.48 crores)

## Note 46: Employee Benefits

Employee benefit expense of the Group includes various short-term employee expenses, defined benefits expenses, expenses toward defined contribution on plans and other long-term employee benefits. Total employee benefits, including share based payments, incurred during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021 amounted to ₹ 3,529.91 crores and ₹ 3,251.83 crores respectively.

### Disclosure in respect of contributions to provident and other funds as follows:

Particulars	₹ in crores	
	For the Year ended 31 <sup>st</sup> March, 2022	For the Year ended 31 <sup>st</sup> March, 2021
<b>Defined contribution plans</b>		
Employees' pension scheme	50.28	36.51
Provident fund	18.03	19.65
Contribution for 401(k) fund*	16.42	13.31
Others - ESIS, Labour welfare fund, etc.	17.27	11.14
	<b>102.00</b>	<b>80.61</b>
<b>Defined benefit plans</b>		
Gratuity (refer table 1 below)	23.62	27.94
Provident fund (refer table 2 below)	38.52	39.61
	<b>62.14</b>	<b>67.55</b>
<b>Total contribution to provident fund and other fund</b>	<b>164.14</b>	<b>148.16</b>

\*The Group maintains a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contribution are equal to 100% of employee contribution.

## Note 46: Employee Benefits (Contd.)

### Disclosure in respect of defined benefit plan :

#### a. Description of the plan:

Retirement benefit plans of the Group include gratuity for the Holding Company, Indian subsidiaries and provident fund for the Holding Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and Indian subsidiaries make contributions to the Gratuity Fund. Provident Fund is managed by the Holding Company through trust Employees Provident Fund (the "Provident Fund").

#### b. Governance of the plan:

The Holding Company and India subsidiaries has set up an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy. Further, since these funds are income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act, 1961 and Rules.

#### c. Investment strategy:

The Holding Company and Indian subsidiaries' investment strategy in respect of their funded plans is implemented within the framework of the applicable statutory requirements. The plans expose these companies to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The companies have developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to these companies of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

#### d. Table 1: Disclosures for defined benefit plans based on actuarial reports

Particulars	₹ in crores	
	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	185.84	179.52
Liability transferred Out/Divestments	(1.14)	-

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd.)

Particulars	₹ in crores	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
Interest cost	12.33	11.91	
Current service cost	23.57	25.62	
Actuarial changes arising from changes in demographic assumptions	(0.01)	1.34	
Actuarial changes arising from changes in financial assumptions	(4.97)	0.82	
Actuarial changes arising from changes in experience assumptions	(7.14)	(15.16)	
Benefits paid	(30.52)	(18.21)	
<b>Liability at the end of the year</b>	<b>177.96</b>	<b>185.84</b>	
<b>ii. Change in fair value of assets</b>			
Opening fair value of plan assets	178.75	145.48	
Assets transferred Out/Divestments	(1.14)	-	
Expected return on plan assets	12.29	9.59	
Return on plan assets excluding interest income	5.48	5.98	
Contributions by employer	21.66	33.54	
Benefits paid	(32.70)	(15.84)	
<b>Closing fair value of plan assets</b>	<b>184.34</b>	<b>178.75</b>	
<b>iii. Amount recognised in balance sheet</b>			
Present value of obligations as at year end	(177.96)	(185.84)	
Fair value of plan assets as at year end	184.34	178.75	
<b>Net asset/(liability) recognised</b>	<b>6.38</b>	<b>(7.09)</b>	

## Note 46: Employee Benefits (Contd.)

Particulars	₹ in crores	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
<b>iv. Expenses recognised in profit or loss</b>			
Current service cost	23.57	25.62	
Interest on defined benefit obligation	12.34	11.91	
Expected return on plan assets (Interest income only)	(12.29)	(9.59)	
<b>Total expense recognised in profit or loss</b>	<b>23.62</b>	<b>27.94</b>	
<b>v. Expenses recognised in other comprehensive income</b>			
Actuarial changes arising from changes in demographic assumptions	(0.01)	1.34	
Actuarial changes arising from changes in financial assumptions	(4.97)	0.82	
Actuarial changes arising from changes in experience assumptions	(7.14)	(15.16)	
Actuarial (gain)/loss return on plan assets, excluding interest income	(5.48)	(5.98)	
<b>Net (income)/expense for the period recognised in OCI</b>	<b>(17.60)</b>	<b>(18.98)</b>	
<b>vi. Actual return on plan assets</b>			
Expected return on plan assets	12.29	9.59	
Actuarial gain/(loss) on plan assets	5.48	5.98	
<b>Actual return on plan assets</b>	<b>17.77</b>	<b>15.57</b>	

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd.)

Particulars	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
<b>vii. Asset information</b>		
Insurer managed funds	100%	100%
<b>viii. Expected employer's contribution for the next year</b>		
	<b>22.19</b>	<b>20.49</b>
The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences [refer note 46(f)] are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:		
<b>Principal actuarial assumptions used</b>	<b>For the year ended 31<sup>st</sup> March, 2022</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
<b>Financial assumptions:</b>		
Discounted rate (per annum)	6.82% to 7.21%	6.33% to 6.87%
Expected rate of return on plan assets	6.82% to 7.21%	6.33% to 6.87%
Expected rate of future salary increase		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> /3 <sup>rd</sup> year	5.00%	5.00%
<b>Demographic assumptions:</b>		
Mortality rate (Holding Company)	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Mortality rate (Indian Domestic Subsidiaries)	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	1% to 5 %

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

## Note 46: Employee Benefits (Contd.)

The sensitivity analysis below has 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.

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Discount rate (1% movement increase)	(14.50)	(15.37)
Discount rate (1% movement decrease)	16.70	18.09
Future salary growth (1% movement increase)	17.05	18.46
Future salary growth (1% movement decrease)	(14.76)	(15.65)
Attrition rate (1% movement increase)	2.60	2.49
Attrition rate (1% movement decrease)	(2.94)	(2.81)

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

Projected benefits payable in future years from the date of reporting	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
1 <sup>st</sup> following year	14.43	13.80
2 <sup>nd</sup> following year	12.98	15.52
3 <sup>rd</sup> following year	17.37	13.43
4 <sup>th</sup> following year	13.45	17.69
5 <sup>th</sup> following year	16.79	14.99
Sum of years 6 to 10	69.45	70.61
Sum of years 11 and above	245.78	231.86

Average estimated future working life is 8 to 12 years (31<sup>st</sup> March, 2021: 8 to 12 years)

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd.)

- e. Table 2: The details of the Group's defined benefit plans in respect of the owned provident fund trust for the Holding Company based on actuarial report

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2022 Provident Fund (Funded Plan)	31 <sup>st</sup> March, 2021 Provident Fund (Funded Plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,215.17	1,085.93
Interest cost	101.88	92.81
Current service cost	38.52	39.61
Employee contribution	90.33	85.76
Liability transferred in	25.60	15.06
Benefits paid	(187.68)	(128.49)
Other experience adjustment	(31.03)	24.49
<b>Liability at the end of the year</b>	<b>1,252.79</b>	<b>1,215.17</b>
<b>ii. Change in fair value of assets</b>		
Opening fair value of plan assets	1,232.23	1,094.00
Expected return on plan assets	101.88	92.81
Actuarial gain	(31.03)	24.49
Contributions by employer	128.85	125.37
Transfer of plan assets	25.60	15.06
Benefits paid	(187.68)	(128.49)
Other experience adjustment	9.50	8.99
<b>Closing fair value of plan assets</b>	<b>1,279.35</b>	<b>1,232.23</b>
<b>iii. Amount recognised in balance sheet</b>		
Present value of obligations as at year end	(1,252.79)	(1,215.17)
Fair value of plan assets as at year end	1,279.35	1,232.23
Funded status	(26.56)	(17.06)
<b>Net asset/(liability) recognised</b>	<b>-</b>	<b>-</b>

## Note 46: Employee Benefits (Contd.)

Particulars	31 <sup>st</sup> March, 2022 Provident Fund (Funded Plan)	31 <sup>st</sup> March, 2021 Provident Fund (Funded Plan)
<b>iv. Expenses recognised in profit or loss</b>		
Current service cost	38.52	39.61
Interest cost	101.88	92.81
Expected return on plan assets	(101.88)	(92.81)
<b>Total expense recognised in profit or loss</b>	<b>38.52</b>	<b>39.61</b>
<b>v. Actual return on plan assets</b>		
Expected return on plan assets	101.88	92.81
Actuarial gain on plan assets	(31.03)	24.49
<b>Actual return on plan assets</b>	<b>70.85</b>	<b>117.30</b>
<b>vi. Asset information</b>		
Investment in PSU bonds	515.31	513.62
Investment in government securities	581.17	565.90
Bank special deposit	15.58	15.58
Investment in other securities	46.01	41.12
Short-term debt instruments and related investments	0.01	
Equity/insurer managed funds/mutual funds	121.27	93.71
Cash and cash equivalents	-	2.30
<b>Total assets at the end of the year</b>	<b>1,279.35</b>	<b>1,232.23</b>
<b>vii. Principal actuarial assumptions used</b>		
Discounted rate (per annum)	7.21%	6.87%
Expected rate of return on plan assets (per annum)	8.10%	8.50%

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd.)

Particulars	31 <sup>st</sup> March, 2022 Provident Fund (Funded Plan)	₹ in crores 31 <sup>st</sup> March, 2021 Provident Fund (Funded Plan)
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%
<b>viii. Experience adjustments</b>		
Defined benefit obligation	1,252.79	1,215.17
Plan assets	(1,279.35)	(1,232.23)
<b>Deficit/(surplus)</b>	<b>(26.56)</b>	<b>(17.06)</b>
Experience adjustment on plan assets - (loss)/gain	(31.03)	24.49

### f. Compensated absences note:

The Group provides for accumulation of compensated absences by certain categories of its employees. These

## Note 47: Share based payments

### 1. Parent Company

#### Cipla Limited

##### A. Employee stock option scheme ('ESOS')

The Company has implemented Employee Stock Option Scheme 2013 - A ('ESOS 2013 - A') as approved by the shareholders on 22<sup>nd</sup> August, 2013. The ESOS 2013 - A Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers the ESOS 2013 - A Scheme and grants stock options to eligible employees. Details of the options granted during the year under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	14 <sup>th</sup> May, 2021	1,38,144	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	14 <sup>th</sup> May, 2021	25,095	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	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.

## Note 46: Share based payments (Contd.)

employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Group towards this obligation was ₹ 135.69 crores and ₹ 168.12 crores as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, respectively.

### g. Cash settled share based payment:

Certain employees of the Group are eligible for share based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's share price at the time of vesting. As of 31<sup>st</sup> March, 2022, there was ₹ 6.62 crores (31<sup>st</sup> March, 2021: ₹ 5.63 crores) of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1 years.

This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd.)

**Weighted average share price for options exercised during the year:**

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	926.41

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Granted during the year	1,82,743	2.00	2.00	-
Forfeited/cancelled during the year	50,330	2.00	2.00	-
Lapsed during the year	186	2.00	2.00	-
Exercised during the year	3,50,757	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Exercisable at the end of the year	2,56,349	2.00	2.00	2.91

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2021 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>9,25,007</b>	<b>2.00</b>	<b>2.00</b>	<b>4.57</b>
Granted during the year	2,66,459	2.00	2.00	-
Forfeited/cancelled during the year	94,099	2.00	2.00	-
Lapsed during the year	41,120	2.00	2.00	-
Exercised during the year	2,24,040	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Exercisable at the end of the year	3,08,586	2.00	2.00	3.38

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Expected dividend yield (%)	0.35%	1.05%
Expected volatility	29.40%	26.67%
Risk-free interest rate	5.34%	5.46%
Weighted average share price (₹)	898.95	569.75
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.02	4.45
Weighted average fair value of options (₹)	884.67	542.15

### B. Employee Stock Appreciation Rights ('ESAR') Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme') as approved by the shareholders by postal ballot on 25<sup>th</sup> March, 2021. The scheme covers the employees who are in permanent employment, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible

## Notes to the Consolidated Financial Statements

### Note 47: Share based payments (Contd.)

employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	14 <sup>th</sup> May, 2021	2,71,329	2.00	3 years graded vesting	248.90	5 years from Vesting date
ESAR 2021	14 <sup>th</sup> May, 2021	90,398	2.00	1 Year	286.62	5 years from Vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	37,041	2.00	1 Year	236.90	5 years from Vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	31,970	2.00	3 years graded vesting	274.48	5 years from Vesting date

No ESARs have been exercised under the scheme during the year.

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

#### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	-	-	-	-
Granted during the year	4,30,738	916.61	913.38 - 933.54	-
Forfeited/cancelled during the year	32,362	913.38	913.38	-
<b>Outstanding at the end of the year</b>	<b>3,98,376</b>	<b>916.87</b>	<b>913.38 - 933.54</b>	<b>5.97</b>
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESAR 2021
Expected dividend yield (%)	0.37%
Expected volatility	28.71%
Risk-free interest rate	5.41%
Weighted average share price (₹)	899.12
Exercise price (₹)	916.61
Expected life of options granted in years	4.21
Weighted average fair value of options (₹)	273.53

#### 2. Subsidiary Company

##### Cipla Health Limited

The expense recognised for employee services received during the year is shown in the following table:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	4.44	4.72

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd.)

### A. Employee stock option scheme ('ESOS')

The Subsidiary Company had implemented "ESOS 2016", as approved by the Shareholders on 22<sup>nd</sup> March, 2016. During the year, the subsidiary company has cancelled this scheme on 25<sup>th</sup> November, 2021. During the year, there are no options granted under this scheme.

The carrying amount of the liability relating to the ESOS at 31<sup>st</sup> March, 2022 was ₹ Nil (31<sup>st</sup> March, 2021: ₹ 6.40 crores)

The options were granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 10 each.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number	WAEP	Number	WAEP
	20,297	10.00	89,774	10.00
<b>Outstanding at the beginning of the year</b>	<b>20,297</b>	<b>10.00</b>	<b>89,774</b>	<b>10.00</b>
Granted during the year	-	10.00	825	10.00
Forfeited/Cancelled during the year	16,355	10.00	8,714	10.00
Extinguishment of rights during the year*	3,942	10.00	61,588	10.00
<b>Outstanding at the end of the year</b>	<b>-</b>	<b>10.00</b>	<b>20,297</b>	<b>10.00</b>
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 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
	₹ in crores	₹ in crores
Expected dividend yield (%)	0%	0%
Expected volatility (%)	25.13%	25.13%
Risk free investment rate (%)	7.08%	7.08%
Exercise price at date of grant	10	10
Share price at date of grant	₹ 6,155.00	₹ 6,155.00
Vesting period	1 to 4 years	1 to 4 years
Exercise period	At the time of liquidity event	At the time of liquidity event
Model used	Black Scholes	Black Scholes

\*During the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the ESOP holders entered into a tripartite agreement with the Holding Company and Cipla Health Limited, a Subsidiary Company wherein they agreed to extinguish their right of exercise of ESOPs vested against the total payment of ₹ 4.78 crores (31<sup>st</sup> March, 2021: ₹ 36.01 crores) from the Holding Company. On account of this ESOP reserve amounting to ₹ 3.69 crores (31<sup>st</sup> March, 2021: ₹ 17.20 crores) was reversed and differential amount of ₹ 1.09 crores (31<sup>st</sup> March, 2021: ₹ 18.81 crores) has been booked as capital reserve. Further payment made has been classified as part of financing activity in the Consolidated Cash Flow Statement.

### B. Employee Stock Appreciation Rights ('ESAR') Scheme

The Subsidiary Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme') as approved by the shareholders on 1<sup>st</sup> September, 2021. The Scheme covers all the employees who are in permanent employment, including director(s) other than independent directors of the Company and employee who is a Promoter or a person who belongs to the Promoter Group [collectively "eligible employees"]. The Nomination and Remuneration Committee of the Board ('NRC') administers this scheme and grants ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights ('ESARs') that may be granted under the Scheme shall not exceed 1,02,800 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 60,700 of ₹ 10 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR can be settled by the issue of shares or through cash. Based on management estimate these have been accounted as equity settled. NRC is entitled to determine the vesting schedule for ESAR as the NRC deems fit. ESARs that are not exercised within the applicable exercise period will automatically lapse.

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR Scheme 2021	1 <sup>st</sup> September 2021	28,344.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	1 <sup>st</sup> March 2022	301.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd.)

Particulars	As at 31 <sup>st</sup> March, 2022			
	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	-	-	-	-
Granted during the year	28,645	16,316.00	16,316.00	-
Forfeited/Cancelled during the year	2,714	16,316.00	16,316.00	-
<b>Outstanding at the end of the year</b>	<b>25,931</b>	<b>16,316.00</b>	<b>16,316.00</b>	<b>1.77</b>
Exercisable at the end of the year	-	-	-	-

The following table lists the inputs to the models used for the years ended 31<sup>st</sup> March, 2022.

Particulars	For the year ended 31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0%
Expected volatility (%)	65.00%
Risk free investment rate (%)	5.14%
Exercise price at date of grant	₹ 16,316.00
Share price at date of grant	₹ 8,334.25
Vesting period	3.58 years
Exercise period	At time of liquidity event
Model used	Black Scholes

The effect of share based payment transactions on the entity's profit for the period and earnings per share is presented below:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Profit after tax as reported (₹ in crores)	2,516.75	2,404.87
Share based payment expense (₹ in crores)*	24.12	19.54
<b>Earnings per share adjusted</b>		
Basic (₹)	31.50	30.07
Diluted (₹)	31.47	30.03

\*includes ₹ Nil crores (31<sup>st</sup> March, 2021: ₹ 0.04 crores) pertaining to Jay Precision Pharmaceuticals Private limited.

## Note 48: Related party disclosures

Information on related party transactions as required by Ind AS 24 - Related Party Disclosures for the year ended 31<sup>st</sup> March, 2022

### A. Associates

- Stempeutics Research Private Limited
- Avenue Therapeutics Inc.
- Brandmed (Pty) Limited
- AMPSolar Power Systems Private Limited
- GoApptiv Private Limited (Acquisition of 21.85% and associate from 27<sup>th</sup> July, 2020)
- Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)
- Clean Max Auriga Power LLP (acquired 33% stake effective from 14<sup>th</sup> December, 2021)

## Note 48: Related party disclosures (Contd.)

AMP Energy Green Eleven Private Limited (acquired 32.49% on fully diluted basis from 8<sup>th</sup> February, 2022)

### B. Key Management personnel

- Ms Samina Hamied - Executive Vice-Chairperson
- Mr Umang Vohra - Managing Director and Global Chief Executive Officer
- Mr Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3<sup>rd</sup> May, 2022)

### C. Non-executive Chairman and Non-executive Vice-Chairman

Dr Y K Hamied, Chairman

Mr M K Hamied, Vice-Chairman

# Notes to the Consolidated Financial Statements

## D. Non executive Directors

Mr Ashok Sinha  
 Mr Adil Zainulbhai  
 Ms Punita Lal  
 Ms Naina Lal Kidwai (Resigned w.e.f. close of business hours on 31<sup>st</sup> March, 2022)  
 Dr Peter Mugenyi  
 Mr S Radhakrishnan  
 Mr Robert Stewart (w.e.f. 14<sup>th</sup> May, 2021)  
 Mr P R Ramesh (w.e.f. 1<sup>st</sup> July, 2021)

## E. Entities over which the Company is able to exercise significant influence/control

Cipla Foundation  
 Cipla Cancer & AIDS Foundation  
 Cipla Employees Stock Option Trust (De-registered)  
 Cipla Health Employees Stock Option Trust  
 Chest Research Foundation (formerly known as Hamied Foundation)

## F. Post-employment benefit trusts

Cipla Limited Employees Provident Fund  
 Cipla Limited Employees Gratuity Fund  
 Goldencross Pharma Private Limited Employees Group Gratuity Fund  
 Meditab Specialities Limited Employees Comprehensive Gratuity Scheme  
 Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme  
 Cipla Biotec Private Limited Employees Gratuity Fund  
 Sitec Labs Private Limited Employees Group Gratuity Scheme  
 Cipla Health Limited Employees Gratuity scheme  
 Jay Precision Pharmaceuticals Employees Group Gratuity Trust

## 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:**

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>A. Investment in equity shares of Associates</b>		
AMPSolar Power Systems Private Limited (refer note 6)	0.01	
GoApptiv Private Limited (refer note 6)	-	1.80

## Note 48: Related party disclosures (Contd.)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Clean Max Auriga Power LLP	6.75	-
AMP Energy Green Eleven Private Limited	0.75	-
	<b>7.51</b>	<b>1.80</b>

## B. Investment in Compulsory Convertible Debentures of Associates

AMP Energy Green	6.75	-
Eleven Private Limited	<b>6.75</b>	-

## C. Investment in Compulsory Convertible Preference Share of Associates

GoApptiv Private Limited (refer note 6)	-	7.20
AMPSolar Power Systems Private Limited	1.16	-
	<b>1.16</b>	<b>7.20</b>

## D. Remuneration to Key Management Personnel and Directors

Short-term employee benefits	25.73	19.62
Post-employment benefits*	0.51	0.51
Commission to directors	13.79	11.46
Sitting fee	1.36	0.98
Share based payments expense	4.47	5.23
	<b>45.86</b>	<b>37.80</b>

\*Expenses towards gratuity, compensated absences and premium paid for Group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>E. Contribution to provident fund and other fund</b>		
Cipla Health Limited Employees Gratuity scheme	0.38	-
Cipla Limited Employees Gratuity Fund	20.00	28.10
Cipla Limited Employees Provident Fund	38.52	39.64
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	-	1.53

# Notes to the Consolidated Financial Statements

## Note 48: Related party disclosures (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	-	1.20
Sitec Labs Private Limited Employees Group Gratuity Scheme	-	1.98
Goldencross Pharma Private Limited Employees Group Gratuity Fund	-	0.80
	<b>58.90</b>	<b>73.25</b>
<b>F. Service Charges and reimbursement paid</b>		
GoApptiv Private Limited	37.90	15.34
Stempeutics Research Private Limited	1.05	1.16
	<b>38.95</b>	<b>16.50</b>
<b>G. Donations given</b>		
Cipla foundation	55.76	33.19
	<b>55.76</b>	<b>33.19</b>
<b>H. Rent Received</b>		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
<b>I. Interest Income</b>		
Brandmed (Pty) Limited	0.02	-
	<b>0.02</b>	<b>-</b>
<b>J. Purchase of assets</b>		
Stempeutics Research Private Limited	-	2.00
	<b>-</b>	<b>2.00</b>
<b>K. Freight charges paid</b>		
Stempeutics Research Private Limited	0.02	-
	<b>0.02</b>	<b>-</b>
<b>L. Reimbursement of operating/other expenses</b>		
GoApptiv Private Limited	-	0.65
	<b>-</b>	<b>0.65</b>
<b>M. Electricity charges paid</b>		
AMPSolar Power Systems Private Limited	15.93	2.42
	<b>15.93</b>	<b>2.42</b>
<b>N. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)</b>		
	<b>22.16</b>	<b>17.72</b>
<b>O. Dividend Paid to Key Management Personnel and Directors</b>		
	<b>108.49</b>	<b>-</b>

## Note 48: Related party disclosures (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>P. Contribution payable to provident/gratuity fund</b>		
Cipla Limited Employees Provident fund	10.95	11.02
Cipla Health Limited Employees Gratuity scheme	0.96	0.95
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	0.22	-
Cipla Limited Employees Gratuity fund	-	4.26
Sitec Labs Private Limited Employees Group Gratuity Scheme	0.13	0.08
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.21	0.12
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	0.10	0.22
	<b>12.57</b>	<b>16.65</b>
<b>Q. Advances receivable from gratuity fund</b>		
Cipla Limited Employees Gratuity fund	9.30	-
Sitec Labs Private Limited Employees Group Gratuity Scheme	-	1.11
Goldencross Pharma Private Limited Employees Group Gratuity Fund	-	0.04
Cipla Biotec Private Limited Employees Gratuity Fund	0.01	0.01
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	-	0.01
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	-	0.12
	<b>9.31</b>	<b>1.29</b>

# Notes to the Consolidated Financial Statements

## Note 48: Related party disclosures (Contd.)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>R. Payable to associates and others</b>		
GoApptiv Private Limited	1.70	0.29
Stempeutics Research Private Limited	0.52	-
Cipla Foundation	0.33	-
	<b>2.55</b>	<b>0.29</b>
<b>S. Payable towards acquisition of stake in associate</b>		
Brandmed (Pty) Limited	-	2.47
	<b>-</b>	<b>2.47</b>
<b>T. Purchase of goods</b>		
Brandmed (Pty) Limited	0.77	4.99
Private Limited	0.46	-
	<b>1.23</b>	<b>4.99</b>
<b>U. Loan given/receivable</b>		
Brandmed (Pty) Limited	2.61	-
	<b>2.61</b>	<b>-</b>

## Note 49: Corporate social responsibility (CSR) expenditure

The Group meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Group. The Group spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilised through the year on the activities which are specified in Schedule VII of the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development projects, Research and Development and any other activity permissible under Schedule VII of the Act.

## Note 49: Corporate social responsibility (CSR) expenditure (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions <sup>#</sup>	55.76	33.19
G) Provision movement during the year:		
Opening balance	-	-
Addition during the year	55.76	45.27
Utilised during the year	(55.43)	(45.23)
<b>Closing balance</b>	<b>0.33</b>	<b>0.04</b>

#This includes contribution to Cipla Foundation which is a trust, with the main objective of working across focus areas of Health, Education, Skilling, Environmental Sustainability & Disaster Response and COVID-19 relief projects.

The Group does not have any ongoing projects as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

The Group did not set-off any excess CSR amount spent during the year 2020-21 against current year's CSR obligation. The Company will be setting off the excess spend of ₹ 0.33 crores during the year 2021-22 against the next year's CSR obligation.

## Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

## Note 51: Subsequent events

There are no other subsequent events that occurred after the reporting date.

## Note 52: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## Note 53: Restructuring operations

The board at its meeting held on 26<sup>th</sup> October, 2021 decided not to proceed with the draft scheme of arrangement as approved by the Board in its meeting held on 29<sup>th</sup> January, 2021.

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
A) Amount required to be spent by the Group during the year	55.43	45.23
B) Amount of expenditure incurred on construction/ acquisition of assets	-	-
C) Amount of expenditure incurred on purposes other than (B) above	55.76	45.27

## Notes to the Consolidated Financial Statements

Subsequently, the Board at its meeting held on 25<sup>th</sup> January, 2022 considered and approved the transfer of the India based US business undertaking to CPLS for a consideration of ₹ 1,400 crores and the Consumer Business Undertaking to CHL for a consideration of ₹ 80 crores as a going concern on a slump sale basis through a Business Transfer Agreement ("BTA"). The final consideration is subject to the adjustments as on the date of transfer as per the terms of BTA. The Company is currently in the process of completing the regulatory and legal process for transfer as on 31<sup>st</sup> March, 2022. Since the transactions are with parties under common control, there is no impact on the consolidated financial for the year ended 31<sup>st</sup> March, 2022.

### Note 54: Unforeseeable losses

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses. Long-term derivative contract related to interest rate swaps are accounted, as required under the applicable law or Ind AS.

### Note 55: Additional disclosure with respect to amendment to Schedule III

- a. The entities included in group, covered under the Act, do not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.
- b. The entities included in group, covered under the Act, do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- i. Details of transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as of and for the year ended 31<sup>st</sup> March, 2022:

Sr. no.	Name of Struck off Company Transactions	Nature of transactions	Transactions during the year	Balance outstanding	Relationship with the Struck off company
1	FEMTO I CARE PVT LTD	Professional fee	0.00*	-	Vendor- Non Related

\*Denote transaction amount less than ₹ 1 lac

- j. The entities included in group, covered under the Act, has not invested or advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

### Note 55: Additional disclosure with respect to amendment to Schedule III (Contd.)

- c. The entities included in group, covered under the Act, has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- d. The entities included in group, covered under the Act, do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period
- e. The entities included in group, covered under the Act, have not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- f. The entities included in group, covered under the Act, has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- g. The entities included in group, covered under the Act, have not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.
- h. The entities included in group, covered under the Act, have complied with the number of layers prescribed under the Companies Act, 2013.

₹ in crores

# Notes to the Consolidated Financial Statements

## 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, a consumer healthcare, Biosimilars and speciality business.

The CODM reviews revenue and gross profit as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Segment wise revenue and results</b>		
<b>Segment revenues:</b>		
a) Pharmaceuticals	21,351.27	18,878.24
b) New ventures	531.51	401.27
<b>Total</b>	<b>21,882.78</b>	<b>19,279.51</b>
Less: Inter segment revenue	119.44	119.92
<b>Total Income from Operations</b>	<b>21,763.34</b>	<b>19,159.59</b>
<b>Segment results:</b>		
Profit/(loss) before tax and interest from each segment		
a) Pharmaceuticals	3,943.73	3,633.71
b) New ventures	(161.99)	(182.95)
<b>Total</b>	<b>3,781.74</b>	<b>3,450.76</b>
Less: Finance cost	106.35	160.70
<b>Profit (+)/loss (-) before exceptional items and tax</b>	<b>3,675.39</b>	<b>3,290.06</b>
Less: Exceptional items - New ventures (refer note 44A)	182.12	-
<b>Total profit/(loss) before tax</b>	<b>3,493.27</b>	<b>3,290.06</b>

### Segment assets and liabilities

As some of the assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The Management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

- 1 India
- 2 United States of America
- 3 South Africa
- 4 Rest of the world

The geographical segments derives their revenues from the sale of pharmaceuticals products (generics, speciality) and milestone payments. The Management reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

### Analysis of Revenue (including other operating revenue) (by customer's location)

Year	India	United States of America	South Africa	Rest of the World	Total
2022	9,827.54	4,431.35	2,632.95	4,871.50	21,763.34
2021	7,735.73	4,091.40	2,303.00	5,029.46	19,159.59

### Analysis of non-current assets (excluding investment in associates, income tax and deferred tax assets and financial assets) (by assets location)

Year	India	United States of America	South Africa	Rest of the World	Total
2022	4,779.92	2,957.11	2,027.46	903.93	10,668.42
2021	4,999.37	2,852.03	1,982.71	805.87	10,639.98

# Notes to the Consolidated Financial Statements

**Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates**

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income		₹ in crores	
	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	Amount		
<b>Parent Company</b>										
Cipla Limited	106.61%	22,513.55	117.53%	2,957.93	1.62%	6.10	102.44%	2,964.03		
<b>Subsidiaries</b>										
<b>Indian</b>										
Goldencross Pharma Limited	0.83%	175.04	0.53%	13.23	0.08%	0.30	0.47%	13.53		
Meditab Specialities Limited	1.81%	383.07	9.75%	245.38	0.02%	0.06	8.48%	245.44		
Jay Precision Pharmaceuticals Private Limited	0.71%	149.59	1.20%	30.25	0.02%	0.08	1.05%	30.33		
Medispray Laboratories Private Limited	0.90%	189.96	2.49%	62.70	0.15%	0.58	2.19%	63.28		
Sitec Labs Limited	0.52%	109.89	0.39%	9.69	(0.14%)	(0.54)	0.32%	9.15		
Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited)	0.80%	168.37	3.31%	83.22	0.00%	0.01	2.88%	83.23		
Cipla Health Limited	0.53%	111.18	(1.23%)	(30.89)	0.01%	0.02	(1.07%)	(30.87)		
Cipla Digital Health Limited	0.00%	0.30	(0.01%)	(0.20)	0.00%	-	-	(0.20)		
Cipla Pharmaceuticals Limited	0.16%	33.60	(0.04%)	(0.90)	0.00%	-	(0.03%)	(0.90)		
<b>Foreign</b>										
Cipla Medpro South Africa (Pty) Limited	(0.59%)	(125.01)	1.63%	41.11	(0.37%)	(1.40)	1.37%	39.71		
Cipla Kenya Limited	0.01%	2.59	0.01%	0.32	0.00%	-	0.01%	0.32		
Cipla Medpro Holdings (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-		
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-		
Cipla-Medpro (Pty) Limited	2.29%	484.53	1.49%	37.38	0.00%	-	1.29%	37.38		
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(2.81)	(0.03%)	(0.70)	0.00%	-	(0.02%)	(0.70)		
Cipla Medpro Botswana (Pty) Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-		
Cipla Select (Pty) Limited (formerly known as Cipla OLTP (Pty) Limited)	(0.04%)	(9.48)	0.38%	9.60	0.00%	-	0.33%	9.60		
Medpro Pharmaceutica (Pty) Limited	1.40%	295.61	3.34%	84.07	0.00%	-	2.91%	84.07		
Mirren (Pty) Limited	0.10%	20.97	(1.00%)	(25.09)	0.00%	-	(0.87%)	(25.09)		
Cipla Medpro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	0.65%	137.56	0.00%	0.01	0.00%	-	0.00%	0.01		
Inyanga trading 386 (Pty) Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00		
Cipla Biotec South Africa (Pty) Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00		
Cipla Holding B.V.	0.42%	88.24	0.05%	1.33	0.00%	-	0.05%	1.33		
Cipla (EU) Limited	24.79%	5,234.55	1.12%	28.17	1.40%	5.28	1.16%	33.45		
Saba Investment Limited	1.27%	267.22	0.10%	2.50	0.00%	-	0.09%	2.50		
Cipla Australia Pty Limited	0.20%	41.71	(1.58%)	(39.68)	0.00%	-	(1.37%)	(39.68)		
Meditab Holdings Limited	2.33%	491.82	(0.03%)	(0.74)	25.99%	97.93	3.36%	97.19		
Cipla USA Inc.	1.32%	278.07	3.58%	90.18	0.00%	-	3.12%	90.18		
Cipla Malaysia Sdn. Bhd.	0.02%	4.05	0.01%	0.36	0.00%	-	0.01%	0.36		
Cipla Europe NV	0.32%	68.55	0.07%	1.65	0.00%	-	0.06%	1.65		
Cipla Quality Chemical Industries Limited	1.60%	338.88	2.00%	50.39	0.00%	-	1.74%	50.39		

## Notes to the Consolidated Financial Statements

**Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd.)**

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
					As % of consolidated other comprehensive income		As % of consolidated total comprehensive income	
Breathe Free Lanka (Private) Limited	0.04%	8.25	0.17%	4.26	0.00%	-	0.15%	4.26
Cipla Medico Pharmaceutical and Chemical Industries Limited	(0.06%)	(11.64)	(0.71%)	(17.81)	0.00%	-	(0.62%)	(17.81)
Cipla Gulf FZ-LLC	0.11%	23.98	(0.01%)	(0.15)	0.00%	-	(0.01%)	(0.15)
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.09%	19.00	(0.01%)	(0.29)	0.00%	-	(0.01%)	(0.29)
Cipla Maroc SA	0.33%	70.30	0.34%	8.57	0.00%	-	0.30%	8.57
InvaGen Pharmaceuticals Inc.	14.64%	3,091.06	(13.67%)	(344.15)	2.66%	10.04	(11.55%)	(334.11)
Cipla Middle East Pharmaceuticals FZ-LLC	0.02%	4.86	(0.09%)	(2.34)	0.00%	-	(0.08%)	(2.34)
Cipla Philippines Inc.	0.00%	0.51	(0.00%)	(0.10)	0.00%	-	(0.00%)	(0.10)
Cipla Algérie	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Colombia SAS	0.08%	17.24	0.15%	3.81	0.00%	-	0.13%	3.81
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.95%	201.30	(0.58%)	(14.50)	0.00%	-	(0.50%)	(14.50)
Cipla (China) Pharmaceutical Co., Ltd	0.06%	13.47	0.01%	0.36	0.00%	-	0.01%	0.36
Exelan Pharmaceuticals Inc.	0.55%	117.11	1.09%	27.54	0.00%	-	0.95%	27.54
Cipla Technologies LLC	0.86%	182.62	(1.04%)	(26.16)	0.00%	-	(0.90%)	(26.16)
Madison Pharmaceuticals Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Therapeutics Inc.	0.02%	4.22	(1.17%)	(29.56)	0.00%	-	(1.02%)	(29.56)
Cipla Health Employees Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Employee Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Subtotal</b>		<b>35,193.89</b>		<b>3,260.76</b>		<b>118.46</b>		<b>3,379.23</b>
Inter-company Elimination and Consolidation Adjustments	(68.18%)	(14,398.02)	(27.87%)	(701.29)	70.39%	265.21	(15.07%)	(436.08)
Non-controlling Interest in Subsidiaries	1.31%	275.69	(1.19%)	(29.90)	(1.82%)	(6.87)	(1.27%)	(36.77)
<b>Associates</b>								
AMPSolar Power Systems Private Limited	0.00%	0.80	0.00%	-	0.00%	-	0.00%	-
Avenue Therapeutics, Inc.	0.00%	-	(0.46%)	(11.57)	0.00%	-	(0.40%)	(11.57)
Brandmed (Pty) Limited	0.13%	26.98	(0.09%)	(2.35)	0.00%	-	(0.08%)	(2.35)
GoApptiv Private Limited	0.05%	10.74	0.04%	1.10	0.00%	-	0.04%	1.10
AMP Energy Green Eleven Private Limited	0.00%	0.61	0.00%	-	0.00%	-	0.00%	-
Stempeutics Research Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Clean Max Auriga Power LLP	0.03%	6.68	0.00%	-	0.00%	-	0.00%	-
<b>Grand Total</b>		<b>21,117.38</b>		<b>2,516.75</b>		<b>376.80</b>		<b>2,893.55</b>

**Note: Net assets and share in profit or loss for the Parent Company, subsidiaries, associates and other consolidating entities are as per the standalone financial statements of the respective entities.**

# Notes to the Consolidated Financial Statements

## Note 58: Authorisation of financial statements

The Consolidated financial statements for the year ended 31<sup>st</sup> March, 2022 were approved by the Board of Directors on 10<sup>th</sup> May, 2022.

As per our report of even date attached

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No.: 001076N/N500013

For and on behalf of the **Board of Directors**

**Ashish Gupta**

Partner

Membership No.: 504662

Mumbai, 10<sup>th</sup> May, 2022

**Umang Vohra**

Managing Director and

Global Chief Executive Officer

DIN: 02296740

**Samina Hamied**

Executive

Vice-Chairperson

DIN: 00027923

**Dinesh Jain**

Interim Global Chief Financial Officer

**Rajendra Chopra**

Company Secretary

Mumbai, 10<sup>th</sup> May, 2022

# 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

Sr. No.	Name of the subsidiary company	Reporting currency	Reporting period	Exchange rate as on 31 <sup>st</sup> March, 2022	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than Investment in subsidiary	Turnover *	Profit before Taxation *	Provision for Taxation *	Profit after Taxation *	Proposed Dividend	% of Share Holding	Country of Incorporation
1	Jay Precision Pharmaceuticals Private Limited	INR	April - March	1.00	4.01	145.58	161.42	11.83	-	128.94	40.85	10.60	30.25	-	60%	India
2	Medibab Specialties Limited	INR	April - March	1.00	0.71	382.36	465.86	82.80	17.09	23.68	248.76	3.37	245.38	-	100%	India
3	Medispray Laboratories Private Limited	INR	April - March	1.00	0.05	189.91	254.13	64.17	40.92	300.86	84.45	217.4	62.70	-	100%	India
4	Goldencross Pharma Limited	INR	April - March	1.00	0.05	174.99	190.83	15.79	33.24	135.22	14.60	1.37	13.23	-	100%	India
5	Sitec Labs Limited	INR	April - March	1.00	0.02	109.87	121.82	11.93	-	101.00	13.17	3.48	9.69	-	100%	India
6	Cipla Health Limited	INR	April - March	1.00	2.33	108.85	279.31	168.14	23.47	513.35	(40.56)	(9.67)	(30.89)	-	100%	India
7	Cipla Pharma and Life Sciences Limited (formerly known as Cipla Biotech Limited)	INR	April - March	1.00	258.71	(90.34)	171.69	3.32	46.38	13.78	7.22	(76.00)	83.22	-	100%	India
8	Cipla Pharmaceuticals Limited <sup>1</sup>	INR	April - March	1.00	35.00	(1.40)	36.04	2.44	12.60	-	(0.80)	0.10	(0.90)	-	100%	India
9	Cipla Digital Health Limited <sup>2</sup>	INR	April - March	1.00	0.50	(0.20)	0.50	0.20	-	(0.20)	-	(0.20)	-	-	100%	India
10	Cipla Nedipro South Africa (Pty) Limited	ZAR	April - March	5.23	0.24	(125.25)	819.68	944.70	-	859.09	59.55	18.44	41.11	-	100%	South Africa
11	Cipla Quality Chemical Industries Limited	US\$	April - March	0.02	96.85	242.03	519.09	180.21	-	560.27	79.14	28.75	50.39	-	51%	Uganda
12	Medibab Holdings Limited	USD	April - March	75.79	278.88	212.94	491.90	0.09	252.00	-	(0.70)	0.04	(0.74)	-	100%	Mauritius
13	Cipla Algérie	DZD	January - December	0.53	0.06	(0.06)	0.07	0.08	-	(0.00)	0.00	(0.00)	(0.00)	-	40%	Algeria
14	Cipla Europe NV	EUR	April - March	84.22	47.70	20.85	276.38	207.83	-	183.69	3.24	1.59	-	-	100%	Belgium
15	Cipla Holding B.V.	EUR	April - March	84.22	49.52	38.72	90.60	2.35	-	179.1	1.57	0.24	1.33	-	100%	Netherlands
16	Soba Investment Limited	USD	April - March	75.79	218.45	4.87	285.23	18.01	-	-	2.50	-	2.50	-	51%	UAE
17	Cipla Medica Pharmaceutical and Chemical Industries Limited	USD	April - March	75.79	2.29	(13.93)	278.35	289.99	-	96.26	(17.99)	(0.18)	(17.81)	-	50%	Yemen
18	Cipla Middle East Pharmaceuticals FZ-LLC	USD	April - March	75.79	0.27	4.59	166.34	161.48	-	150.98	(2.34)	-	(2.34)	-	51%	UAE
19	Cipla Gulf FZ - LLC	USD	April - March	75.79	36.70	(12.72)	101.87	77.90	-	90.63	(0.15)	-	(0.15)	-	100%	UAE
20	Cipla Malaysia Sdn. Bhd.	MYR	April - March	18.03	0.98	3.07	4.46	0.42	-	9.88	0.47	0.11	0.36	-	100%	Malaysia
21	Breathe Free Lanka (Private) Limited	LKR	April - March	0.25	6.07	2.18	102.08	93.83	-	173.41	6.04	1.77	4.26	-	100%	Sri Lanka
22	Cipla Maroc SA	MAD	April - March	7.83	100.82	(30.52)	126.36	56.07	-	147.09	21.90	13.33	8.57	-	60%	Morocco
23	Cipla Australia Pty Limited	AUD	April - March	56.74	91.64	(49.93)	167.73	126.02	-	269.04	(56.01)	(16.33)	(39.68)	-	100%	Australia
24	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda	BRL	January - December	16.01	25.13	(6.13)	24.25	5.25	-	(0.03)	(0.29)	-	(0.29)	-	100%	Brazil
25	Cipla (EU) Limited	USD	April - March	75.79	5.212.22	22.33	5,491.98	257.43	-	175.17	28.17	-	28.17	-	100%	United Kingdom
26	Cipla Philippines, Inc.	PHP	April - March	1.47	1.23	(0.72)	0.63	0.13	-	(0.10)	-	(0.10)	-	-	100%	Philippines
27	Cipla Colombia SAS	COP	January - December	0.02	13.56	3.68	44.93	27.69	-	41.14	1.75	(2.06)	3.81	-	100%	Colombia
28	Cipla (Jiangsu) Pharmaceutical Co., Ltd	CNY	January - December	11.94	203.10	(1.80)	376.38	175.08	-	0.00	(14.50)	-	(14.50)	-	80%	China
29	Cipla (China) Pharmaceutical Co., Ltd	CNY	January - December	11.94	11.26	2.21	14.34	0.87	-	6.82	0.37	0.01	0.36	-	100%	China
30	Cipla USA Inc.	USD	April - March	75.79	15.79	262.28	2,129.13	1,851.07	-	3,378.57	123.12	32.04	90.18	-	100%	USA
31	InvAgen Pharmaceuticals Inc.	USD	April - March	75.79	4,278.75	(187.69)	3,608.05	516.99	-	1,265.00	(397.52)	(53.37)	(344.15)	-	100%	USA
32	Evelian Pharmaceuticals Inc.	USD	April - March	75.79	3.31	113.80	416.62	299.50	-	756.51	40.12	12.58	27.54	-	100%	USA
33	Cipla Technologies LLC	USD	April - March	75.79	302.65	(120.03)	178.17	(4.44)	-	(33.15)	(6.99)	(26.16)	-	-	100%	USA

# Salient Features of Financial Statements of Subsidiaries and Associates

**Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies**

## Part (A) : Information on Subsidiaries

Sr. No. Name of the subsidiary company	Reporting currency	Reporting Period	Exchange rate as on 31 <sup>st</sup> March, 2022	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than Investment in subsidiary	Turnover * before Taxation *	Profit after Taxation *	Provision for Taxation *	Proposed Dividend	% of Share Holding	Country of Incorporation
34 Madison Pharmaceuticals Inc.	USD	April - March	75.79	0.00	0.00	50.14	47.55	-	44.97	1.27	0.95	0.32	-	100% USA
35 Cipla Kenya Limited	KES	April - March	0.66	0.01	2.58	(29.89)	17.29	13.07	-	(37.49)	(7.93)	(29.56)	-	100% Kenya
36 Cipla Therapeutics Inc	USD	April - March	75.79	34.11	-	-	-	-	-	-	-	-	-	USA
37 Cipla Medipro Holdings (Pty) Limited <sup>d</sup>	ZAR	April - March	5.25	-	-	-	-	-	-	-	-	-	-	South Africa
38 Cipla Dibcare (Pty) Limited <sup>e</sup>	ZAR	April - March	5.25	0.00	(0.00)	-	-	-	-	-	-	-	-	South Africa
39 Cipla Medipro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	ZAR	April - March	5.25	0.00	137.56	137.56	-	-	-	(0.00)	(0.01)	0.01	-	100% South Africa
40 Cipla-Medipro (Pty) Limited	ZAR	April - March	5.25	0.00	484.53	488.46	3.93	-	63.86	52.70	15.31	37.38	-	100% South Africa
41 Cipla-Medipro Distribution Centre (Pty) Limited	ZAR	April - March	5.23	0.00	(2.81)	40.75	43.56	-	6719	(0.00)	0.70	(0.70)	-	100% South Africa
42 Cipla Medipro Botswana (Pty) Limited <sup>f</sup>	ZAR	April - March	5.23	0.00	-	0.00	-	-	-	-	-	-	-	Botswana
43 Cipla Select (Pty) Limited (formerly known as Cipla OLT(P) Limited)	ZAR	April - March	5.23	0.00	(9.48)	4.9165	59.13	-	53.67	13.48	3.87	9.60	-	100% South Africa
44 Medipro Pharmaceutica (Pty) Limited	ZAR	April - March	5.23	0.00	295.61	1,623.48	1,327.87	-	1,979.67	109.90	25.83	84.07	-	100% South Africa
45 Mirren (Pty) Limited	ZAR	April - March	5.23	0.00	20.97	96.25	75.27	-	29.35	(34.31)	(9.23)	(25.09)	-	100% South Africa
46 Cipla Health Employees Stock Option Trust	INR	April - March	1.00	-	-	-	-	-	-	-	-	-	-	India

\* Converted using average rate

# Entities under Liquidation

### Subsidiaries which are yet to commence operations:

- Cipla Pharmaceuticals Limited
- Cipla Digital Health Limited (Incorporated on 25<sup>th</sup> February, 2022)
- Cipla Biotec (Pty) Limited

### Subsidiaries which have been liquidated or sold during the year:

- Inyanga trading 386 (Pty) Limited (Dissolved w.e.f. 10<sup>th</sup> December, 2021)
- Cipla Employee Stock Option Trust (Deregistered)
- Cipla Biotec South Africa (Pty) Limited (Deregistered w.e.f. 3<sup>rd</sup> February, 2022)

**Note:** For details on date of acquisition of subsidiaries, refer annexure A to note 1. Significant accounting policies and key accounting estimates and judgements of consolidated financial statements.

# Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

## Part (B) : Associates

Sr No.	Name of the associate	Shares of Associate held by the Company on 31 <sup>st</sup> March, 2022				Profit/Loss for the year ended 31 <sup>st</sup> March, 2022		
		Latest Audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (In crores)	Extent of Holding %	Networth attributable to Shareholding (In crores)	Considered in Consolidation (In crores)	Considered in Consolidation (In crores)
1	Stempeutics Research Private Limited	31 <sup>st</sup> March, 2022	20,502,525.00	69.97	37.44%	-	-	(6.05)
2	Avenue Therapeutics Inc.	31 <sup>st</sup> December, 2021	5,833,333.00	242.05	25.93%	-	(11.57)	-
3	Brandmed (Pty) Limited	31 <sup>st</sup> March, 2022	375.00	31.62	30.00%	26.97	(2.35)	-
4	AMP Solar Power Systems Private Limited	31 <sup>st</sup> March, 2022	101,800.00	9.00	26.00%	0.80	-	-
5	GoApptiv Private Limited*	31 <sup>st</sup> March, 2022	34,633.00	9.00	20.61%	10.74	1.11	-
6	AMP Energy Green Eleven Private Limited	31 <sup>st</sup> March, 2022	750,000.00	7.50	32.49%	0.62	-	-
7	Clean Max Auriga Power LLP \$	31 <sup>st</sup> March, 2022	-	6.75	33.00%	6.68	-	-

\* The figures of GoApptiv Private Limited is after consolidating its subsidiary -Iconphigital Private Limited. No. of shares include 27,706 Compulsory Convertible Preference Shares and 6,927 Equity Shares.

\$ There are no shares since the entity is a LLP  
**Note:** For details on date of acquisition of associates, refer annexure A to note 1 Significant accounting policies and key accounting estimates and judgements' of consolidated financial statements.

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  
Mumbai, 10<sup>th</sup> May, 2022

For and on behalf of the **Board of Directors**

### Umanag Vohra

Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

### Dinesh Jain

Interim Global Chief Financial Officer  
Mumbai, 10<sup>th</sup> May, 2022

### Samina Hamied

Executive  
Vice-Chairperson  
DIN: 00027923

### Rajendra Chopra

Company Secretary

# GRI Standard Index<sup>1</sup>

GRI standards	Disclosure Title	Reference/ Page Number/ Direct Answer
<b>General Disclosures</b>		
<b>Organisational Profile</b>		
GRI 102: General Disclosures 2016	102-1 Name of the organisation	About Cipla (Page no. 3) BRSR Section A (Page no. 145)
	102-2 Activities, brands, products, and services	About Cipla (Page no. 3) BRSR Section A (Page no. 145)
	102-3 Location of headquarters	Corporate Information (Page no. 15) BRSR section A (Page no. 145)
	102-4 Location of operations	Global Reach (Page no. 10) BRSR Section A (Page no. 145, 146)
	102-5 Ownership and legal form	About Cipla (Page no. 3) Shareholding Pattern (Page no. 187)
	102-6 Markets served	About Cipla (Page no. 3) Global Reach (Page no. 10) BRSR Section A (Page no. 146) Relationship Capital (Page no. 89)
	102-7 Scale of the organisation	Ten Year Highlights (Page no. 14) Manufactured capital (Page no. 57) Human Capital (Page no. 72) BRSR Section A (Page no. 146) Standalone and Consolidated Financial Statements (Page no. 212, 296)
	102-8 Information on employees and other workers	Human Capital (Page no. 72, 73)
	102-9 Supply Chain	Value Creation Model (Page no. 34) Relationship Capital (Page no. 90)
	102-10 Significant changes to the organisation and its supply chain	Relationship Capital (Page no. 90) Board's Report (Page no. 124) Manufactured Capital (Page no. 57, 58) Intellectual Capital (Page no. 63) Shareholding Pattern (Page no. 187)
	102-11 Precautionary principle or approach	Enterprise Risk Management (Page no. 42)
	102-12 External initiatives	About Cipla (Page no. 3) Sustainability Council (Page no. 33)
	102-13 Membership of associations	Relationship Capital (Page no. 86)
<b>Strategy</b>		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision maker	MD & GCEO's Message (Page no. 20)
<b>Ethics and Integrity</b>		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	OneCipla Credo (Page no. 8)
<b>Governance</b>		
GRI 102: General Disclosures 2016	102-18 Governance structure	Board of Directors (Page no. 12) Sustainability council (Page no. 32, 33)
<b>Stakeholder Engagement</b>		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement (Page no. 36)
	102-41 Collective bargaining agreements	Human Capital (Page no. 80)
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement (Page no. 36)
	102-43 Approach to stakeholder engagement	Stakeholder Engagement (Page no. 36)
	102-44 Key topics and concerns raised	Stakeholder Engagement (Page no. 36)

GRI standards	Disclosure Title	Reference/ Page Number/ Direct Answer
<b>Reporting Practice</b>		
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements 102-46 Defining report content and topic boundaries 102-47 List of material topics 102-48 Restatements of information 102-49 Changes in reporting 102-50 Reporting period 102-51 Date of most recent report  102-52 Reporting cycle 102-53 Contact point for questions regarding the report 102-54 Claims of reporting in accordance with the GRI Standards 102-55 GRI content index 102-56 External assurance	Annexure I (Page no. 292) About this report (Page no. 2) Materiality Assessment (Page no. 40) No restatements Materiality Assessment (Page no. 40) About this report (Page no. 2) Our most recent Integrated Annual Report was released in FY 2020-21 with the theme 'People, Planet & Purpose and Building a sustainable future' About this report (Page no. 2) About this report (Page no. 2) About this report (Page no. 2) GRI Index (Page no. 380) Assurance Statement (Page no. 193)
<b>Material Issue Specific Disclosures</b>		
<b>Financial Capital and Management Discussion and Analysis Report</b>		
<b>Capital Allocation and Productivity</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Financial Capital (Page no. 51) Management Discussion and Analysis Report (Page no. 107, 109)
<b>Manufactured Capital</b>		
<b>Ensuring product quality and safe product destruction</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Manufactured Capital (Page no. 57, 59, 60)
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<b>Investment in research &amp; development</b>		
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GRI standards	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital (Page no. 80)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page no. 75) Human Capital (Page no. 74, 75)  Human Capital (Page no. 74)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital (Page no. 80)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital (Page no. 80) Relationship Capital (Page no. 90)
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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. 80) Relationship capital (Page no. 90)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Human Capital (Page no. 71, 79)
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GRI standards	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 414: Supplier Assessment, 2016	414-1 Suppliers that were screened using social criteria	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Relationship Capital (Page no. 85, 87)
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Relationship Capital (Page no. 89)
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GRI standards	Disclosure Title	Reference/ Page Number/ Direct Answer
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GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Natural Capital (Page no. 101)
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategic Business Objectives (Page no. 24, 29) Manufactured Capital (Page no. 57-61) Intellectual Capital (Page no. 63, 69) Relationship Capital (Page no. 85, 91)
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## Glossary of Abbreviations

<IR>	Integrated Reporting	CSIR	Council of Scientific & Industrial Research
ACE	Accelerated Capability Enhancement	CSR	Corporate Social Responsibility
ACPH	Air Change per hour	CTO	Chief Technology Officer
ACT	Artemisinin-based combination therapy	CU	Cipla University
ADL	Analytical Development Laboratory	CVS	Cardio Vascular System
AFR	Alternative Fuels and Materials	DCGI	Drug Controller General of India
AGM	Annual General Meeting	DIN	Directors Identification Number
AHU	Air Handling Units	DISCOM	Distribution Company
AI	Artificial Intelligence	D-LEAD	Digital Learning Experience And Development
AIDS	Acquired Immuno Deficiency Syndrome	DMF	Drug Master Files
ALIVE	Aspire, Learn, Innovate, Voice and Engage	DPCO	Drugs (Prices Control) Orders Act
AMR	Anti-Microbial Resistance	DPI	Dry Powder Inhaler
ANDA	Abbreviated New Drug Application	DTM	Direct-to-Market
API	Active Pharmaceutical Ingredient	EBITDA	Earnings before interest, taxes, depreciation, and amortisation
ART	Antiretroviral therapy	ECDS	Early Childhood Development Centres
ARV	Antiretro viral	EDA	Egyptian Drug Authority
AS	Accounting Standards	ECL	Expected credit loss
AVD	Alternate Vendor Development	EDQM	European Directorate for the Quality of medicines
B2B	Business-to-business	EHS	Environment Health and Safety
BCP	Business Continuity Planning	EIR	Effective interest rate
BET	Bacterial Endotoxin Test	EM	Emerging Markets
BP	British Pharmacopeia	EMEU	Emerging markets & Europe
bps	Basis points	EML	Essential Medicine List
BRSR	Business Responsibility & Sustainability Report	EnMS	Environment Management System
CAGR	Compound Annual Growth Rate	EPF	Education and Protection fund
CAPA	Corrective and Preventive Action	EPR	Extended Producer's Responsibility
CDSCO	Central Drugs Standard Control Organisation	EPS	Earnings Per Share
CEA	Central Electricity Authority	ERM	Enterprise Risk Management
CETP	Common Effluent Treatment Plant	ESAR	Employee Stock Appreciation Rights
CGA	Cipla Global Access	ESG	Environment, Social and Governance
cGMP	Current Good Manufacturing Practices	ESIC	Employee State Insurance Corporation
CGST	Central Goods and Service Tax	ESOP	Employee Stock Option
CGU	Cash Generating Unit	ESOS	Employee Stock Option Scheme
CGWA	Central Ground Water Authority	e-TDS	Electronic test data sheet
CHL	Cipla Health Limited	ETP	Effluent Treatment Plant
CII	Confederation of Indian Industry	EU & GA	Europe & Global Key Accounts
CIN	Corporate Identity Number	EU	European Union
CIS	Commonwealth of Independent States	EUA	Emergency Use Authorisation
CLAP	Cipla Leadership Ascent Programme	EUR	Euro
CLI	Critical Limb Ischemia	FAGG	Federaal Agentschap voor Geneesmiddelen en Gezondheidsproducten
CMM	Cipla Medpro Manufacturing (Pty) Limited	FDA	Food and Drug Administration
CMO	Contract Manufacturing Organisations	FOPE	Federation of Pharma Entrepreneurs
CNS	Central Nervous System	FPSM	Fluticasone Propionate Salmeterol
CO <sub>2</sub>	Carbon Dioxide	FVTPL	Fair value through profit or loss
CODM	Chief Operating Decision Maker	FVTOCI	Fair value through other comprehensive income
COGS	Cost of Goods Sold	FY	Financial Year
COPD	Chronic obstructive pulmonary disease	GAAP	Generally accepted accounting principles
CORD	Certificate course on Obstructive airway Diseases	GBP	Great Britain Pound
COSO	Committee of Sponsoring Organisations	GCEO	Global Chief Executive Officer
COVID-19	Coronavirus disease	GCFO	Global Chief Financial Officer
CQA	Corporate Quality Assurance	GCP	Good Clinical Practices
CQCIL	Cipla Quality Chemicals Industries Limited		
CRL	Complete Response Letter		

GCPO	Global Chief People Officer	MHU	Mobile Health Units
GDR	Global Depository Receipts	ML	Milliliters
GHG	Green House Gas	MT	Metric Tonnes
GIDC	Goa Industrial Development Corporation	MW	Megawatt
GJ	Giga Joules	NCI	Non-controlling interest
GMP	Good Manufacturing Practices	NDA	New Drug Applications
PGP	Good EHS Practices Guide	NEAPS	NSE Electronic Application Processing System
GRI	Global Reporting Initiative	NGO	Non-Governmental Organisation
GST	Goods and Services Tax	NLEM	National List of Essential Medicines
GWP	Global Warming Potential	NPPA	National Pharmaceutical Pricing Authority
HAZOP	Hazard Operability	NRC	Nomination and Remuneration Committee
HCP	Healthcare Professionals	OAVM	Other audio-visual means
HIRA	Hazard Identification and Risk Assessment	OCI	Other comprehensive income
HIV	Human Immunodeficiency Virus	OECD	Organisation for Economic CoOperationand Development
HVAC	Heating, ventilation, and air conditioning	OHS	Occupational Health and Safety
IA	Internal Audit	OHSAS	Occupational Health and Safety Assessment Series
IBP	Integrated Business Planning	OHSMS	Occupational Health and Safety Management System
ICAI	Institute of Chartered Accountants of India	OTC	Over The Counter
ICDS	Integrated Child Development Scheme	p.a.	Per annum
ICMR	Indian Council of Medical Research	PAT	Profit After Tax
ICU	Intensive care unit	PHARMEXCIL	Pharmaceutical Export Promotion Council
I&D	Inclusion and Diversity	PIT	Prohibition of Insider Trading
IEPF	Investors Education and Protection fund	PLI	Performance linked Incentive
IFC	Internal Financial Controls	pMDI	Pressured Metered Dose Inhaler
iIAS	Institutional Investor Advisory Services	POSH	Prevention of Sexual Harassment
IICT	Indian Institute of Chemical Technology	POTW	Publically Owned Treatment Works
IND AS	Indian Accounting Standards	PPA	Power Purchase Agreement
INR	Indian rupee	PPE	Personal Protective Equipment
IoT	Internet of Things	PR	Public Relations
IP	Indian Pharmacopeia	PRAKASH	Programmed Approach to Knowledge and Sensitisation on Hepatitis
IP	Intellectual Property	Q1	Quarter 1
IPA	Indian Pharmaceutical Association	Q2	Quarter 2
IPCC	Intergovernmental Panel On Climate Change	Q3	Quarter 3
IPD	Integrated Product Development	Q4	Quarter 4
IPF	Idiopathic Pulmonary Fibrosis	QbD	Quality by Design
IRMC	Investment and Risk Management Committee	QC	Quality Control
IT	Information Technology	QMS	Quality Management System
JIBAR	Johannesburg Interbank Average Rate	R&D	Research and development
KL	Kilo Litre	RFT	Right First Time
KMP	Key Managerial Personnel	RO	Reverse Osmosis
KPI	Key Performance Indicators	RoE	Return on Equity
KW	Kilo Watt	RoIC	Return on invested capital
KWH	Kilo Watt Hours	ROU	Right-of-Use
LED	Light-emitting diode	RPA	Robotic Process Automation
LLP	Limited Liability Partnership	RPT	Related Party Transactions
LMS	Learning Management System	SAGA	South Africa, Sub-Saharan Africa, Global Access
LODR	Listing Obligations and Disclosure Requirements	SAHPRA	South African Health Products Regulatory Authority
LPG	Liquified Petroleum Gas	SBO	Strategic Business Objectives
M&S	Modeling and simulation	SC	Supreme Court
MA	Marketing Authorisations	SCADA	Supervisory Control & Data Acqusition
MCA	Ministry of Corporate Affairs		
MCAZ	Medicines Control Authority of Zimbabwe		
MD	Managing Director		
MDI	Metered Dosage Inhaler		
MEIS	Merchandise Exports From India Scheme		
MHRA	Medicines and Healthcare Products		

SCM	Supply Chain Management	TLD	Tenofovir-Lamivudine-Dolutegravir
SEBI	Securities and Exchange Board of India	TRUST	Towards a Robust, Unified and Sustainable (quality) Transformation
SEDI	Skill and Entrepreneurship Development Institute	TSDF	Treatment, Storage and Disposal Facilities
SEMA	Stakeholder Engagement and Materiality Assessment	UA	Under Approval
SEZ	Special Economic Zone	UPSI	Unpublished price sensitive information
SOC	Security Operations Centre	USD	US Dollar
SOP	Standard Operating Procedure	USFDA	US Food and Drug Administration
SPMA	Stock purchase and merger agreement	USP	United States Pharmacopeia
SSA	Sub-Saharan Africa	VC	Video conferencing
TA	Tentative Approval	VFD	Variable Frequency Drive
TCFD	Taskforce on climate-related financial disclosures	WACC	Weighted average cost of capital
tCO2e	Tonnes of CO <sub>2</sub> Equivalent	WAEP	Weighted average exercise prices
TGA	Therapeutic Goods Administration	WHO	World Health Organisation
TJ	Tera Joules	Y-o-Y	Year on year
		ZAR	South African Rand
		ZLD	Zero Liquid Discharge

## Notes

## **Disclaimer**

Except for the historical information contained herein, statements in this annual report and the subsequent discussions may constitute "forward-looking statements". These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, fluctuation in earnings, foreign exchange rates, our ability to manage international operations and exports, our exposure to market risks, impact of COVID-19 as well as other risks that could cause actual results to differ materially from those suggested by the forward-looking statements.

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### **Cipla Limited**

Cipla House, Peninsula Business Park,  
Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013  
Tel: (022) 2482 6000; Fax: (022) 2482 6120  
Email: [contactus@cipla.com](mailto:contactus@cipla.com); Website: [www.cipla.com](http://www.cipla.com)  
Corporate Identity Number: L24239MH1935PLC002380