

3rd August 2018

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| (1) BSE Ltd
Listing Department
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001 | (2) National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, 5 th 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 Sirs,

Pursuant to Regulations 30, 42, 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you as under:

- 1) The 82nd Annual General Meeting (AGM) of the Company will be held at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Thursday, 30th August, 2018 at 3.00 p.m. (IST). The Notice of AGM and Annual Report 2017-18 are enclosed herewith. The Company is in the process of mailing the Notice of AGM and Annual Report 2017-18 to its members.
- 2) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 16th August, 2018 to Thursday, 30th August, 2018 (both days inclusive) for the purpose of AGM and determining the persons entitled for dividend for the year ended 31st March, 2018.
- 3) The Company is providing to its members facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Tuesday, 23rd August, 2018 only shall be entitled to avail electronic voting facility.



- 4) The remote e-voting facility commences from 9.00 a.m. (IST) on Monday, 27th August, 2018 and ends at 5.00 p.m. (IST) on Wednesday, 29th August, 2018.

Thank you,

Yours faithfully,
For Cipla Limited


Rajendra Chopra
Company Secretary



Encl: as above

- cc: (1) Central Depository Services (India) Ltd.
25th Floor, Marathon Futurex,
N M Joshi Marg, Lower Parel (East),
Mumbai - 400 013
- (2) National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai 400 013

Prepared by: Karan Tanna

Cipla Limited

Registered Office: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013
Phone: +9122 2482 6000, **Fax:** +9122 2482 6893, **Email:** cosecretary@cipla.com, **Website:** www.cipla.com
Corporate Identity Number: L24239MH1935PLC002380

Notice of Annual General Meeting

NOTICE is hereby given that the 82nd Annual General Meeting of Cipla Limited will be held on Thursday, 30th August, 2018 at 3.00 p.m. (IST) at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following businesses:

Ordinary Business(es):

To consider and if thought fit to pass resolution no. 1 to 4 as ordinary resolutions.

- 1. To receive, consider and adopt the standalone financial statement of the Company for the financial year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon:**

“Resolved that the audited standalone financial statement of the Company for the financial year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon as circulated to the members with the notice of the Annual General Meeting and submitted to this meeting be and are hereby received, considered and adopted.”

- 2. To receive, consider and adopt the consolidated financial statement of the Company for the financial year ended 31st March, 2018 and the report of the Auditors thereon:**

“Resolved that the audited consolidated financial statement of the Company for the financial year ended 31st March, 2018 and the report of Auditors thereon as circulated to the members with the notice of the Annual General Meeting and submitted to this meeting be and are hereby received, considered and adopted.”

- 3. To declare dividend on equity shares:**

“Resolved that on the recommendation of the Board of Directors a final dividend of ₹ 3 (Rupees Three only) per equity share of the Company be and is hereby declared for the financial year ended 31st March, 2018.”

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

“Resolved that Ms. Samina Vaziralli (DIN: 00027923), who retires by rotation and being eligible offers 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 to 10 as special resolutions and resolution no. 11 and 12 as ordinary resolutions:

- 5. To alter the Memorandum of Association:**

“Resolved that pursuant to sections 4 and 13 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, and subject to any approvals or permissions as may be required from relevant authorities and such modifications as may be prescribed by such authorities and which may be agreed to by the Board of Directors, the following Clauses of the Memorandum of Association, be and are hereby amended in the following manner:

- a) The existing Clause II be substituted by the following new Clause II:

“The registered office of the Company will be situated in the State of Maharashtra”

- b) The existing Clause III be divided into two parts that is (A) Main Objects to be pursued by the Company on its incorporation and (B) Matters which are necessary for furtherance of the Main Objects, and be substituted by the following Clause III:

“(A) The Main objects to be pursued by the Company on its incorporation are:

- (1) To carry on in India or anywhere in the world, the business of manufacturing, developing, producing, buying, selling, importing,*

- exporting, trading (online or offline), agency, testing, distributing, consigning, stocking, registering, packing, marketing, refining, processing of and generally dealing in all types of (a) chemicals, pharmaceuticals, biopharmaceuticals, bio-therapeutics, biochemicals, patent medicines, drugs, materials and supplements, ophthalmic products, all types of active pharmaceutical ingredients (API), biological products, medicinal products, over the counter drugs and products, biosimilars, derivatives and by products thereof and products to be made therefrom, (b) healthcare, nutrition, dietary, wellness, food, dairy, personal hygiene and other products for health, beauty and cosmetic purposes and (c) substances of monoclonal antibodies, toilet requisites, cleansing compounds, acids, salts, oils, dyes, paints, pigments, varnishes, clinical products, minerals, alkalis, tannins, pesticides, industrial and other preparations or any other similar products relating to drug and allied industries in any form including but not limited to, essence, serum, dentifrice, lotion, liquid, gaseous spray, aerosol, extract, grease, cream, salve, ointment, pomade, powder or unguents.
- (2) To carry on in India or anywhere in the world, the business of manufacturing, buying, selling, importing, exporting, trading (online or offline), testing, distribution, stocking, registering, packing, marketing, refining and generally dealing in all types of surgical, medical, dental and scientific equipments and devices, package containers and bottles, instruments and accessories, diagnostic kits and re-agents diagnostic equipments, healthcare aids, accessories and instruments of similar varieties and descriptions.
- (3) To establish, run, maintain and operate in India or anywhere in the world, chemists and druggists shops, dispensaries, hospitals, nursing homes, diagnostic centres, mobile medical service centres, medical camps, medical education & training programs, pathology centres, radiology centres, factories, laboratories and to manufacture, import, export or deal in artificial eye and limb, prosthetics, corset, bandage, crutches, wheelchairs and stretcher or carriage, and providers of all requisites for hospitals and patients.
- (4) To carry on or provide services pertaining to testing of products, chemicals, pharmaceutical ingredients or items of similar nature, or to conduct clinical and bio-equivalence studies, or to undertake tests and experiments, scientific and technical investigations, analytical, research and innovation work of all kinds and descriptions in India or abroad in connection with the business of the Company.
- (B) Matters which are necessary for furtherance of objects specified in Clause (III) (A) are:
- (1) To promote, encourage, advise and help indigenous industrial, chemical and agricultural enterprises or concern in India or abroad, and to promote, incorporate, register, establish, set-up, form, dissolve, close, wind-up any subsidiary, joint venture, company, firm, society, limited liability partnership, association of persons, trusts, body corporate or legal entity in India or abroad and to pay for all cost, including underwriting and other commission, broker's fee and any other charges and expenses connected therewith.
- (2) To open, establish, operate, close, dissolve branches, units or agencies in India or abroad and to apply for, obtain, procure any statutory or other powers, rights, concession, registration, licence, permission, or recognition for the Company or its branches, units or agencies in India or abroad, and to do all such acts, deeds and things as may be necessary for carrying on any business or activity of such branches, units, or agencies of the Company under the applicable laws or regulations.
- (3) To purchase, acquire, undertake or takeover either whole or part of any business, undertakings, units, assets, goodwill, patents, properties, rights, liabilities of any person including firm, limited liability partnership, association of persons, body corporate or any other entity, whether in India or abroad, including by way of participation, in bidding, e-tendering or auctioning in relation to, inter-alia, distressed asset sale or by any other mechanism instituted by the Government for disposing off the assets including stressed assets or otherwise and to conduct, make or carry into effect any

arrangement in regard to the liquidation, or dissolution, or winding up of the business of any such person(s).

- (4) To enter into any scheme of arrangement, amalgamation, merger, demerger or restructuring and to amalgamate, merge, demerge, or otherwise restructure with any person including firm, limited liability partnership, association of persons, body corporate, foreign company, subsidiaries, associates, joint ventures or any other entity.*
- (5) To enter into partnership, joint venture, alliance, or any arrangement, including arrangement of profit sharing, union of interest, reciprocal concessions or co-operation with any person, including firm, body corporate, other entities, whether incorporated or not, whether in India or abroad, carrying on or engaged in, or about to carry on or engage in, any business or transaction, which the Company is authorized to carry on or engage in, or which can be carried on in conjunction therewith or which is capable of being conducted so as to benefit the Company, directly or indirectly and to acquire individually or jointly the securities of any other body corporate having objects altogether, or in part similar, to these objects.*
- (6) To invest or deal with the moneys of the Company (including the moneys not immediately required) in such manner as may from time to time be determined and to invest, acquire, subscribe, purchase, hold, sell, mortgage, pledge, endorse, discount, assign, divest or otherwise deal in any securities, hybrid securities, commercial papers, Government securities/bonds, fixed deposits, units of mutual funds or instruments of any kind or description for strategic purposes or otherwise, whether in India or abroad.*
- (7) To lend or deposit money or any other property to any entity, person, company or body corporate with or without security.*
- (8) To borrow, raise or receive money or avail fund based or non-fund based facilities from any bank, financial institution, body corporate or any other person, whether in India or abroad, at interest or otherwise, in such a manner as the Company may think fit, including by way of issuance of securities, with or without any security or charge or encumbrance on the Company's properties.*
- (9) Without prejudice to generality of the sub-clause mentioned herein above, to mortgage, hypothecate, pledge, or create charge on the whole or any part of the property, assets, rights, interest, lien, titles or revenue or profits of the Company, whether present or future, including its uncalled capital or to transfer or convey the same absolutely or in trust and to give the mortgage-holder, charge-holder or pledge-holder, power to sell, assign, exchange, grant leases, licenses easements and improve, manage, develop and turn to account, or otherwise dispose of or deal with in any manner the whole or any part of the properties, assets, investments, undertaking(s), rights, concessions and effects of the Company in such manner as the Company may think appropriate and to guarantee performance of contracts or obligations of all kinds.*
- (10) To enter into any arrangement including agreement, contract or memorandum of understanding with any person including firm, limited liability partnership, association of persons, body corporate, any Government or other authorities, or any other entity, whether in India or abroad, that may seem conducive to the attainment of the Company's objects and to obtain any rights, privileges, grant, subsidy, concessions which the Company may consider necessary or desirable for obtaining, and carrying out or complying with any such arrangement.*
- (11) To negotiate and enter into agreements, contracts, or collaborate with any person including individual, firm, limited liability partnership, association of persons, body corporate, or any other entity, whether in India or abroad, for supplying or procuring technical assistance, know-how in the manufacturing, marketing, importing, exporting of any product.*
- (12) To apply for and participate in any tender, bidding process or registration with Government bodies for the supply of medicines or to otherwise acquire any Government contracts or concessions in relation to the supply of medicines and to*

undertake and fulfil requirements on being successfully awarded supply contracts.

(13) To apply for, register, purchase, or otherwise acquire, sell, dispose of, transfer, exchange, use, exercise, develop, protect, prolong and renew, procure, grant license or permit use of any patents, brevet d'inventions, formula, new product, trademarks, trade names, designs, know-how, trade-secrets, licences, concessions, or the like conferring exclusive or non-exclusive or limited right to use the same or any secret or information as to any invention or process of manufacture which may seem capable or being used for the purposes of the business, and to do all such acts, deeds and things as may be necessary in furtherance of the above.

(14) To provide advisory or customer research and manufacturing services to any person including firm, limited liability partnership, association of person, body corporate or any other entity, whether in India or abroad, for establishment of pharmaceutical, chemical or any concern of similar nature.

(15) To fabricate, buy, purchase, acquire, sell, provide, erect, construct, establish, exchange, maintain, run, operate, administer, dispose of, take on lease, hire or otherwise deal in any estate or interest and to take options over any land, building, machineries, structures, offices, factories, warehouses, godowns, plants, equipment, carriages or other properties, whether movable or immovable and any rights or privileges, including but not limited to occupational health centres, gymnasiums, fitness centres, play grounds, residential buildings, commercial buildings, shops, showrooms, workshops, places of instruction or recreation clubs, creches, playgrounds, schools, places of worships, swimming pools, fire centres, treatment plants, security establishments, water reservoirs, sheds, channels, pumping installations, generating installations, pipelines, garages, storages, temporary or permanent structures and accommodation or premises of all descriptions, in India or abroad, in connection with the business of the Company, for employees or others.

(16) To donate, give, gift, subscribe or contribute or otherwise to assist in cash

or in kind or to guarantee money or property of any kind and description, to any charitable, benevolent, religious, political, scientific institution, club, society, research association, fund, university, college or members and public in general or for such other useful objects, including incurring expenditure for promoting and/or sponsoring activities as a part of corporate social responsibility.

(17) To remunerate any person including firm, limited liability partnership, association of person, body corporate or any other entity, whether in India or abroad, for services rendered or to be rendered in placing, or assisting to place, or guaranteeing the placing of any of the shares in the Company's capital, or any debentures, debenture-stock, or other securities of the Company or in the conduct of its business as will be conducive to the attainment of the objects of the Company.

(18) To draw, buy, sell, make, accept, endorse, encash, discount, issue, negotiate, assign, execute or otherwise deal in promissory notes, bills of exchange, cheques, drafts, hundies, and other negotiable instruments or commercial or mercantile instruments.

(19) To open, close, modify or operate bank accounts of all kinds, including cash credit or overdraft accounts with any bank, financial institution, company, shroffs, merchants, and other eligible and competent entities and to pay into and draw money from such accounts and operate such account.

(20) To accept gifts, bequests, devices, subsidy, grant, assistance and donations from any Government, agency, members and others.

(21) To do all or any of the above things in India or any part of the world as principal, agent, contractor, trustee or otherwise and either alone or in conjunction with other(s) and to undertake the management of the other company or companies and to carry on the business, and to act as merchants, traders, commission agents, adatias, selling agent, purchasing agent, muccadums, carriers, jatha merchants, landing and forwarding agent, broker, importers, and exporters, and to import, export, buy, sell, barter, exchange, make advances upon or otherwise deal in

goods, produce, articles, and merchandise of all kinds and description.

(22) To advertise or adopt such means of making known the Company, its brand or its business activities or any articles or goods traded in or dealt with by the Company in any way as may be expedient whether electronic, print, digital or social media, press, public places and theatres, radio, television, circular, purchase and exhibition or work of arts or interest, or by any other mode including conducting of competitions, exhibitions and giving of prizes, rewards and donations and to print and publish, or have printed and published, journals, periodicals, newspapers, books, booklets, pamphlets, handbills, and advertisement materials.

(23) To settle, establish undertake and execute any trust, the undertaking whereof may seem desirable either gratuitously or otherwise or appoint, change, or remove trustees or amend the trust deeds.

(24) To become member of any other bodies or persons, associations, institutions, clubs, societies, and bodies corporate including companies limited by guarantee whether formed for profit or non-profit making activities.

(25) To provide for the welfare of the employees or ex-employees of the Company and its subsidiaries and the spouse, widows, families or dependants or connections of such employees by building or contributing to the building of houses or dwellings, or by grant of money, pensions, gratuity, bonus, payment towards insurance or other payment or by creating from time to time, subscribing or contributing to, adding or supporting provident funds or trusts or conveniences and by providing medical and other attendance and other assistance as the Company may think appropriate.

(26) To distribute any of the properties of the Company amongst the members in specie or kind upon the winding up of the Company.

(27) To institute, conduct, defend or compound any legal proceedings by or against the Company or its holding, subsidiary or associate, joint venture or affiliates or officers thereof or otherwise concerning

their affairs and pay, satisfy or compromise any claim made against the Company or any of its officers notwithstanding that the claim may not be valid at law and to initiate or refer or agree to refer any claims, demands, disputes or any other question by or against the Company, or in which the Company is interested or concerned, to arbitration or conciliation of any dispute present or future, between the Company and other party and to submit the same to arbitration or conciliation in India or abroad and to observe, perform and do all acts, deeds, matters and things to carry out or enforce the awards.

(28) To do all such other things as are incidental or conducive to the attainment or in furtherance of the objects specified in clause III(A) as above."

c) The existing Clause IV be substituted by the following new Clause IV:

"The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

d) The existing Clause V be substituted by the following new Clause V:

"The Authorised Share Capital of the Company is ₹ 175,00,00,000 (Rupees One Hundred Seventy-Five Crores) divided into 875000000 (Eighty Seven Crores Fifty Lakhs equity shares of ₹ 2 (Rupees Two) each."

Resolved further that the Board of Directors (including a Committee thereof) and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

6. To adopt new Articles of Association:

"Resolved that pursuant to sections 5 and 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, and subject to any approvals or permissions as may be required from relevant authorities and such modifications as may be prescribed by such authorities and which may be agreed to by the Board of Directors, the new set of draft articles contained in the Articles of Association of the Company, as published on the website of the Company and submitted to this

meeting, be and is hereby approved and adopted as the Articles of Association of the Company in the place and to the exclusion and substitution of the existing Articles of Association of the Company.

Resolved further that the Board of Directors (including a Committee thereof) and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

7. To authorise issuance of equity shares / other securities convertible into equity shares up to ₹ 2000 crore:

"Resolved that pursuant to the provisions of sections 23, 41, 42, 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended (the Act) and the rules made thereunder, the Foreign Exchange Management Act, 1999, as amended, and rules and regulations made thereunder, the Securities and Exchange Board of India Act, 1992, as amended and rules and regulations made thereunder, the enabling provisions of the Memorandum and Articles of Association of the Company, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) and/or any other competent authorities, whether in India or abroad, and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents, authority and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee thereof, constituted by the Board to exercise the powers conferred by this resolution), consent of the Company is hereby granted to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), with or without a green shoe option, such number of equity shares having face value of ₹ 2 each of the Company (Equity Shares), global depository receipts (the GDRs), American depository receipts (the ADRs), foreign currency convertible bonds (the FCCBs), fully convertible debentures / partly convertible debentures, non-convertible debentures (the NCDs)

along with warrants, with a right exercisable by the warrant holder to exchange the said warrants with Equity Shares and/or any other financial instruments convertible into Equity Shares (including warrants, or otherwise) and/or any security convertible into Equity Shares and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (all of which are hereinafter collectively referred to as Securities) or any combination of Securities, at a later date, in one or more tranches, whether Rupee denominated or denominated in one or more foreign currency(ies), in the course of international and/or domestic offering(s) in one or more foreign markets and/or domestic market, of public and/or private offerings and/or qualified institutions placement or any combination thereof, through issue of prospectus and/or placement document or other permissible / requisite offer document to any eligible person, including qualified institutional buyers in accordance with Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the SEBI ICDR Regulations), or otherwise, foreign / resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, stabilising agents, pension funds and / or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the Investors) as may be decided by the Board in its discretion and permitted under applicable laws and regulations, of an aggregate amount not exceeding ₹ 2000 crore or equivalent thereof, in one or more foreign currency(ies), inclusive of such premium as may be fixed on such Securities by offering the Securities at such time or times, at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc., as may be deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation

with lead manager(s) and/or underwriter(s) and/or other advisor(s) either in foreign currency(ies) or equivalent Indian Rupees inclusive of such premium, as the Board in its absolute discretion may deem fit and appropriate.

Resolved further that in the event that Equity Shares are issued to qualified institutional buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the issue of Equity Shares and the Equity shares shall be issued at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations.

Resolved further that in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued along with non-convertible debentures to qualified institutional buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures and such securities shall be issued at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations.

Resolved further that the Board may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI ICDR Regulations.

Resolved further that the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event the Company is making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced *pro tanto*;
- (b) in the event the Company is making a rights offer by issue of Equity Shares prior to the

allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;

- (c) in the event of merger, amalgamation, takeover or any other reorganisation or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or reclassification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

Resolved further that in pursuance of the aforesaid resolution the Equity Shares that may be issued by the Company (including issuance of the Equity Shares pursuant to conversion of any Securities, as the case may be in accordance with the terms of the offering) shall rank *pari passu* with the existing Equity Shares of the Company in all respects.

Resolved further that in the event the Securities are proposed to be issued as ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Depository Receipts Scheme, 2014, as amended and other applicable pricing provisions issued by the Ministry of Finance.

Resolved further that in the event the Securities are proposed to be issued as FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and other applicable pricing provisions issued by the Ministry of Finance.

Resolved further that without prejudice to the generality of the above, subject to applicable laws and subject to approvals, consents, permissions, if any, of any governmental body, authority or

regulatory institution including any conditions as may be prescribed in granting such approvals or permissions by such governmental body, authority or regulatory institution, the Board be and is hereby authorised to finalise the structure of the proposed Securities and all the terms and conditions in respect thereof and further, the Board, in its absolute discretion, be and is hereby authorised to dispose of such Securities that are not subscribed in such manner as it may deem fit.

Resolved further that the Board be and is hereby authorised to negotiate, modify, sign, execute, register, deliver including sign any declarations required in connection with the private placement offer letter, information memorandum, draft prospectus, prospectus, draft offer document, abridged prospectus, offer letter, offer document, offer circular or placement document for issue of the Securities, term sheet, issue agreement, registrar agreement, escrow agreement, underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the depositories, security documents, and other necessary agreements, memorandum of understanding, deeds, general undertaking/ indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the regulatory authorities, if any) (the Transaction Documents) (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the Ancillary Documents) as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which it is a party as well as to accept and execute any amendments to the Transaction Documents and the Ancillary Documents and further to do all such other acts, deeds mentioned herein as they may deem necessary in connection with the issue of the Securities in one or more tranches from time to time and matters connected therewith and the utilisation of the issue proceeds in such manner as may be determined by the Board, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may *suo moto* decide in

its absolute discretion in the best interests of the Company."

8. To authorise issuance of debt securities upto ₹ 2000 crore:

"Resolved that pursuant to the provisions of sections 23, 42, 71 and other applicable provisions, if any, of the Companies Act, 2013, as amended (the Act), and the rules made thereunder, the Foreign Exchange Management Act, 1999, as amended, and rules and regulations made thereunder, the Securities and Exchange Board of India Act, 1992, as amended and rules and regulations made thereunder, the enabling provisions of the Memorandum and Articles of Association of the Company, and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) and/ or any other competent authorities, whether in India or abroad, and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities (if required) and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee thereof, constituted by the Board to exercise the powers conferred by this resolution), consent of the Company is hereby granted to the Board to create, offer, issue and allot secured / unsecured, fully paid, listed / unlisted, rated / unrated, redeemable / non-redeemable, transferable / non-transferable, senior / subordinated non-convertible debentures (including in form of bonds or otherwise) or bonds in one or more series and/or in one or more tranches, whether denominated in Indian Rupee and/or foreign currency(ies), up to an aggregate amount not exceeding ₹ 2000 crore or equivalent thereof, in one or more foreign currency(ies) (collectively, the Eligible Debt Securities) either on a private placement basis or pursuant to a public issue of such Eligible Debt Securities to eligible investors whether onshore or offshore to any number of such eligible investors as permitted by applicable laws (such eligible investors shall be hereinafter referred to as the Investors), who would be willing to invest in or subscribe to such Eligible Debt Securities, at such time or times and on such terms and conditions including issue price (inclusive of such discount or premium to market price or prices), security, rate of

interest, tenure, end use of proceeds, etc., as may be decided by the Board at its absolute discretion, considering the prevailing market conditions, other relevant factors and in accordance with the applicable laws.

Resolved further that subject to the Memorandum and Articles of Association of the Company, and the overall limit prescribed under the law upto which the Board may mortgage or create charge on the movable and immovable properties and receivables of the Company, the Board be and is hereby authorised to create a charge (if so required) by way of mortgage, hypothecation, pledge or any other security interest over such assets of the Company (including movable assets, immovable assets and receivables of the Company), and execute all documents in connection therewith, as may be determined by the Board, in connection with the Eligible Debt Securities to be offered, issued and allotted by the Company.

Resolved further that the Board be and is hereby authorised to finalise all the terms and conditions and the structure of the proposed Eligible Debt Securities and further to negotiate, modify, sign, execute, register, deliver including sign any declarations required in connection with the private placement offer letter, information memorandum, draft prospectus, prospectus, draft offer document, abridged prospectus, offer letter, offer document, offer circular or placement document for issue of the Eligible Debt Securities, term sheet, issue agreement, registrar agreement, escrow agreement, Exchange(s) underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the depositories, uniform listing agreement with the stock exchange (for the Eligible Debt Securities), the security documents and other necessary agreements, memorandum of understanding, deeds, general undertaking/ indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the regulatory authorities, if any) (the Transaction Documents) (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the Ancillary Documents) as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched

by it under or in connection with the documents to which it is a party as well as to accept and execute any amendments to the Transaction Documents and the Ancillary Documents and further to do all such other acts, deeds mentioned herein as they may deem necessary in connection with the issue of the Eligible Debt Securities in one or more tranches from time to time and matters connected therewith and the utilisation of the issue proceeds in such manner as may be determined by the Board, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may *suo moto* decide in its absolute discretion in the best interests of the Company."

9. To approve the continuation of Dr. Y. K. Hamied as director:

"Resolved that pursuant to regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, approval of the members of Company be and is hereby accorded for continuation of Dr. Y. K. Hamied (DIN: 00029049) as director of the Company not liable to retire by rotation."

10. To approve the continuation of Mr. M. K. Hamied as director:

"Resolved that pursuant to regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, approval of the members of Company be and is hereby accorded for continuation of Mr. M. K. Hamied (DIN: 00029084) as director of the Company liable to retire by rotation."

11. To ratify remuneration of the cost auditors for the financial year 2018-19:

"Resolved that pursuant to section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, Mr. D. H. Zaveri, the Cost Auditor appointed by the Board of Directors of the Company to audit the cost records maintained by the Company for the financial year ending 31st March, 2019, be paid a remuneration of ₹ 11,00,000 (Rupees Eleven Lakhs only), plus applicable taxes and reimbursement of out of pocket expenses.

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

12. To pay commission to non-executive directors:

"Resolved that pursuant to regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of the Companies Act, 2013 and the rules made thereunder, with effect from 1st April, 2018, the non-executive directors of the Company be paid such remuneration (which shall be in addition to the sitting fees paid to the directors pursuant to section 197(5) of the Companies Act, 2013), as the Board of Directors (including a Committee thereof) may, from time to time

determine, provided however that, the aggregate remuneration for any financial year shall not exceed one percent of the net profits of the Company as computed in the manner laid down in section 198 of the Companies Act, 2013.

Resolved further that the Board of Directors be and is hereby authorised to finalise the terms and periodicity of payments, lay down policy, and to do all such acts, deeds and things as may be deemed necessary, proper or expedient to give effect to the above resolution."

By Order of the Board of the Directors

Date: 22nd May, 2018

Place: Mumbai

Rajendra Chopra
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND A PROXY IN ORDER TO BE EFFECTIVE NEED NOT BE A MEMBER OF THE COMPANY. A person can

act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

A proxy form is enclosed with this Notice. Proxies, in order to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution or authority, as applicable.

2. Members/proxies/authorised representatives are requested to bring duly filled Attendance Slip, enclosed herewith, to attend the AGM along with a valid identity proof such as the PAN card/passport/AADHAAR card/driving license etc.

3. The statement pursuant to section 102 of the Companies Act, 2013 (the Act) is annexed hereunder and forms part of the Notice. As required under Secretarial Standard – 2 and regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) regulations, 2015 (Listing Regulations), the relevant information of directors is enclosed as Annexure 1.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 16th August, 2018 to Thursday, 30th August, 2018 both days inclusive.

5. The dividend for the year ended 31st March, 2018 as recommended by the Board, if approved at the AGM, will be paid to those members whose name will appear in the Company's Register of Members on close of Tuesday, 14th August, 2018. In respect of shares held in dematerialised form, the dividend will be payable based on beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

6. Members holding shares in physical form are requested to forward all applications for transfers and all other shares-related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company at the following address:

Karvy Computershare Private Limited
(Unit: Cipla Limited)
Karvy Selenium Tower B, Plot No.: 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad, Telangana - 500 032
Tel: (040) 6716 2222 / 6716 1511; Fax: (040) 2300 1153

7. Members holding shares in dematerialised form may please note that, in accordance with the direction of Stock Exchanges, the bank details as furnished by the respective Depositories will be used for the purpose of distribution of dividend. In the absence of electronic credit facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in dematerialised form must give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants. The Company or the Share Transfer Agents will not act on any direct request from such members for change/deletion in such bank details.
8. Members can nominate a person in respect of all the shares held by them singly or jointly. Members holding shares in physical form can avail the nomination facility by filling Form No. SH-13 in duplicate with the Share Transfer Agents which, on request will supply blank forms. Members holding shares in the dematerialised form may contact the Depository Participant for recording nomination in respect of their shares. Members who hold shares in the single name are advised, in their own interest, to avail of the nomination facility.
9. Members may please note that Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) as well as transferor(s) to furnish copy of PAN card to the Company/Share Transfer Agents for registration of such transfer of shares.

Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) deletion of name of the deceased shareholder(s), (ii) transmission of shares to the legal heir(s) and (iii) transposition of shares.

10. All unclaimed dividends up to the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed

the dividend warrants for the said period(s) are requested to claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, CBD Belapur, Navi Mumbai - 400 614, by submitting an application in Form No. II.

Pursuant to the provisions of sections 124 and 125 of the Act and 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 unclaimed for a period of seven years are mandatorily required to be transferred to Investor Education and Protection Fund (IEPF). Accordingly, unclaimed dividends from the financial year ended 31st March, 1996 till 31st March, 2010 and interim dividend for the financial year ended 31st March, 2011 have been transferred to IEPF.

Members may note that unclaimed final dividend for the financial year ended 31st March, 2011 shall become due for transfer to IEPF on 26th September, 2018. Those members, who have not encashed the said dividends are requested to claim it from the Share Transfer Agents immediately. Such of those members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Share Transfer Agents.

As per the provisions of section 124(6) of the Act read with the IEPF Rules as amended, all shares in respect of which dividend had remained unclaimed for seven consecutive years or more were transferred by the Company to IEPF in November 2017. The Company had sent individual communication to the concerned shareholders whose shares were liable to be transferred to IEPF.

The list of concerned shareholders is also available on the Company's website i.e. www.cipla.com under Investor Information section. Please note that no claim shall lie against the Company in respect of unclaimed dividend and shares transferred to IEPF pursuant to the said Rules.

Members may note that shares in respect of which dividend has remained unclaimed for the last consecutive seven years or more shall become due for transfer to IEPF on 26th September, 2018.

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 the website www.iepf.gov.in.

11. The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in Corporate Governance' by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, members who have not registered their e-mail addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email-id. Members holding shares in dematerialised form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will be available on the Company's website - www.cipla.com and the same shall also be available for inspection, from 11.00 a.m. to 1.00 p.m., at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.
12. Members having any question on financial statements or on any agenda item proposed in this Notice are requested to send their queries along with their Folio No. or DPID/Client ID, at least 10 (ten) days prior to the date of the AGM vide email on cosecretary@cipla.com or send the queries at the Company's Registered Office address to enable the Company to collect the relevant information and redress the queries.
13. Voting through Electronic means:
 - i. In terms of the provisions of section 108 and other applicable provisions, if any, of the Act read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of Listing Regulations, the Company is pleased to provide to its members, facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the AGM (remote e-voting).
 - ii. The facility for voting through electronic voting system shall be made available at the venue of the AGM (InstaPoll) and the members attending the AGM who have not cast their vote by remote e-voting shall be able to vote at the AGM through InstaPoll.
 - iii. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.
 - iv. The Board of Directors of the Company has appointed Karvy Computershare Private Limited (Karvy) as the Agency to provide e-voting facility.
 - v. The Board of Directors of the Company has appointed Mr. B Narasimhan, Practicing Company Secretary, and failing him, Mr. Prakash Pandya, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process and InstaPoll in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
 - vi. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Thursday, 23rd August, 2018.
 - vii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. Thursday, 23rd August, 2018 only shall be entitled to avail the facility of remote e-voting / InstaPoll.
 - viii. In case of joint holders, such joint holder whose name stands first or higher in the Register of Members alone will be entitled to vote. However, other or others of the joint holders will be entitled to attend the AGM.
 - ix. Any person who becomes a member of the Company after dispatch of the Notice of AGM and holds shares as on the cut-off date i.e. Thursday, 23rd August, 2018, may obtain the User ID and password in the manner as mentioned below:
 - a. If the mobile number of the member is registered against Folio no. or DPID/ Client ID the member may send SMS: MYEPWD<space> E-Voting Event Number + Folio no. or DP ID Client ID to 9212993399.

Example for NSDL:

MYEPWD<SPACE>IN12345671234567

Example for CDSL:

MYEPWD<SPACE>I234567812345678

Example for Physical:

MYEPWD<SPACE>XXXX1234567890

- b. If e-mail address or mobile number of the member is registered against Folio no. or DPID/Client ID then on the home page of <https://evoting.karvy.com>, the member may click 'Forgot Password' and enter Folio no. or DPID/Client ID and PAN to generate a password.
- c. Member may call Karvy's toll free number 1800 345 4001.
- d. Member may send an e-mail request to evoting@karvy.com.

If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

- x. The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) on Monday, 27th August, 2018

End of remote e-voting: Up to 5.00 p.m. (IST) on Wednesday, 29th August, 2018

The remote e-voting will not be allowed beyond the aforesaid date and time and the voting module shall be disabled by Karvy upon expiry of aforesaid period.

- xi. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- xii. Instructions and other information relating to remote e-voting:

1. A. In case a member receives an e-mail from Karvy:

- a. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- b. Enter login credentials (i.e. User ID and password mentioned in the email). The Electronic Voting Event Number + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- c. After entering these details appropriately, click on 'LOGIN'.
- d. If you are logging in for the first time, you will reach password change menu, wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and one special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- e. You need to login again with the new credentials.
- f. On successful login, the system will prompt you to select the E-Voting Event Number for Cipla Limited.
- g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under 'FOR / AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- h. Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- i. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- j. You may then cast your vote by selecting an appropriate option and click on "Submit".
- k. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period,

members can login any number of times till they have voted on the resolution(s).

- I. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail ID: ciplascrutinizer@gmail.com. They may also upload the same in the e-voting module in their login. The scanned image of the abovementioned documents should be in the naming format 'Corporate Name_EVENT NO'.

B. In case a member receives physical copy of the Notice of AGM:

- a. Launch internet browser by typing the URL: <https://evoting.karvy.com>
 - b. Enter the login credentials (i.e. User ID and password mentioned in the electronic voting form).
 - c. Please follow all steps from (c) to (l) as mentioned in 1A above, to cast your vote.
2. Once the vote on a resolution is cast by a member, the member will not be allowed to change it subsequently or cast the vote again.
 3. In case of any query / grievance pertaining to electronic voting, please visit Help & FAQs section available at Karvy's website <https://evoting.karvy.com> or contact Mr. MRV Subrahmanyam. Contact details of Mr. MRV Subrahmanyam are as follows:

Mr. MRV Subrahmanyam
General Manager
Karvy Computershare Private Limited
(Unit: Cipla Limited),
Karvy Selenium Tower B, Plot No.: 31 & 32,
Gachibowli, Financial District,

Nanakramguda, Serilingampally,
Hyderabad, Telangana - 500 032
Telephone Number: (040) 6716 2222
Email: subrahmanyam.mrv@karvy.com

4. The Scrutiniser's decision on the validity of the votes shall be final and binding.
5. The Scrutiniser, after scrutinising the votes cast through remote e-voting and InstaPoll, not later than 48 hours from the conclusion of the AGM, make a scrutinizer's report and submit the same to the Chairman or any authorised person who shall countersign the same.
6. The results on resolutions shall be declared on or after the AGM of the Company and 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.
7. The results declared along with the scrutiniser's report shall be placed on the website of the Company i.e. www.cipla.com under Investor Information section and on the website of Karvy i.e. <https://evoting.karvy.com>. The results shall also be communicated to the Stock Exchanges.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under section 189 of the Act, the Certificate from Auditors of the Company under regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014 and other relevant documents referred to in the Notice and the accompanying statement are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 a.m. to 1.00 p.m. up to and including the date of the AGM and will also be available for inspection at the venue of the AGM.

STATEMENT SETTING OUT ALL MATERIAL FACTS CONCERNING THE BUSINESS(ES) TO BE DEALT AT THE ENSUING ANNUAL GENERAL MEETING AS STATED IN THE NOTICE DATED 22nd MAY, 2018:

[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 1 and 2: Ordinary Resolution

In terms of section 129 of the Companies Act, 2013, the Company submits its standalone and consolidated financial statements for the financial year under review for adoption by shareholders at the annual general meeting.

The Board of Directors (the Board), on the recommendation of the Audit Committee, has approved the standalone and consolidated financial statements for the year ended 31st March, 2018. Detailed elucidations of the financial statements have been provided under various sections of the Annual Report, including the Board's Report and Management Discussion and Analysis Report, and under the Financial Capital section of the Annual Report.

The standalone and consolidated financial statements of the Company along with the reports of the Board of Directors and Auditors thereon:

- have been sent to the members on their registered email address and via courier/post, in case the members haven't registered their email id or if they have requested for a printed copy of the same;
- have been uploaded on the website of the Company, i.e. www.cipla.com under Investor Information section and on the website of Karvy Computershare Private Limited, i.e. <https://evoting.karvy.com>;
- will be laid before the ensuing Annual General Meeting (AGM) for adoption by the members; and
- will be available for inspection by members at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days from the date of dispatch of this Notice up to the date of the AGM of the Company.

The auditor has issued an unmodified report on the financial statements and has confirmed that both, standalone and consolidated financial statements represent true and fair view of the state of affairs of the Company.

In case members have any query or question on the financial statements, they are requested to send the queries / questions to the Company Secretary at least 10 days in advance 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 of the Company.

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 to the extent of their shareholding in the Company.

Item No. 3: Ordinary Resolution

In terms of provision of the Companies Act, 2013, the Company can declare final dividend with shareholders' approval.

Pursuant to the Dividend Distribution Policy of the Company, the Board has recommended a final dividend of ₹ 3 per equity share for the financial year ended 31st March, 2018 against ₹ 2 per equity share declared for the financial year ended 31st March, 2017.

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 Tuesday, 14th August, 2018. For shares held in dematerialised form, the dividend shall be paid to those members whose names appear as beneficial owners pursuant to the details received from the depositories as on Tuesday, 14th August, 2018.

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 the ensuing Annual General Meeting, i.e. 29th September, 2018.

The Board recommends the resolution at Item No. 3 for approval of the members of the Company.

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 to the extent of their shareholding in the Company.

Item No. 4: Ordinary Resolution

In terms of section 152 of the Companies Act, 2013, at least two-thirds of the directors (other than independent directors), shall be liable to retire by rotation, out of which at least one-third directors shall retire at every annual general meeting. In compliance with this requirement, Ms. Samina Vaziralli, Executive Vice-Chairperson and Director of the Company retires by rotation at the

ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

Ms. Samina Vaziralli was appointed as a Whole-Time Director of the Company with effect from 10th July, 2015 and was designated as the Executive Vice-Chairperson with effect from 1st September, 2016. Her detailed profile is available on the website of the Company, i.e. www.cipla.com and has also been disclosed in the Report on Corporate Governance forming part of the Annual Report. Detailed terms of her appointment as Executive Vice-Chairperson including shareholders' resolution is available on the website of the Company under the Investor Information section. The statutory details of Ms. Vaziralli are enclosed in Annexure 1.

As Executive Vice-Chairperson of Cipla, Ms. Vaziralli is responsible for furthering Cipla's strategic priorities through key global partnerships, focus on board and governance issues, corporate culture and brand-building, talent hiring, and public advocacy.

The Company has received consent for re-appointment as director from Ms. Vaziralli in terms of section 152(5) of the Act vide letter dated 14th May, 2018.

The Board recommends resolution at Item No. 4 relating to re-appointment of Ms. Samina Vaziralli as director liable to retire by rotation, for approval of the members as ordinary resolution.

Except Ms. Samina Vaziralli, Mr. M. K. Hamied (father of Ms. Vaziralli) and Dr. Y. K. Hamied (uncle of Ms. Vaziralli), 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

Pursuant to section 13 of the Companies Act, 2013 (Act) the Company can alter its Memorandum of Association (MOA) by way of a special resolution.

The present MOA was adopted by the Company at the time of incorporation in 1935 under the Companies Act, 1913. Since then the Companies Act has been replaced twice (viz. by the Companies Act, 1956 and the Companies Act, 2013). Due to changes in the law, the structure/format of the memorandum of association has undergone changes. In addition, changes in the technologies, business practices, and changes in the political and regulatory scenarios, have also necessitated the updation of the MOA. As good governance practice, it is desired that MOA is amended to reflect the updated position in a lucid and coherent manner.

Accordingly, various clauses of the MOA viz. the Registered Office Clause (Clause II), the Objects Clause (Clause III), Liability Clause (Clause IV), and Capital Clause (Clause V) are proposed to be amended.

Brief highlights of alterations proposed in the MOA are as follows:

- Clause II (Situation of Registered Office Clause) has been changed from "Bombay" to "State of Maharashtra".
- The current Clause III (Object Clause) does not specifically differentiate between the Company's main objects and ancillary objects. The Object Clause therefore, has been bifurcated into main objects and ancillary objects. The Object Clause has also been updated to explain the business and ancillary objectives of the Company in more clearer terms. There is no change in the principle activities of the Company. It continues to carry on the business relating to pharmaceutical sector.
- Clause IV (Liability Clause) has been substituted to clarify that the liability of the members is limited to the amount unpaid on the shares. This has been done in conformity with the provisions of the Act.
- Clause V (Share Capital Clause) has been simplified to state the present authorised share capital of the Company. There is no change in the Nominal / Authorised Share Capital of the Company.

Copy of the MOA containing draft amended clauses is uploaded on the website of the Company i.e. www.cipla.com, and is also available for inspection by members at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days from the date of dispatch of this Notice up to the date of the ensuing Annual General Meeting of the Company.

The Board recommends the resolution at Item No. 5 for approval of the members as special 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. 6: Special Resolution

Pursuant to section 14 of the Companies Act, 2013 (Act) the Company can alter its Articles of Association (AOA) by way of a special resolution.

The existing AOA are based on the Companies Act, 1956. With the implementation of the Act and other statutory revisions, the existing AOA requires alteration

of several articles. Since the changes required to align the existing AOA with the Act are numerous, the Board has considered it expedient to replace the existing AOA with a new set of AOA.

Key changes proposed in the new AOA are as follows:

- The AOA has been restructured and aligned with the provisions of the Act, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India.
- Reference to the sections, sub-sections, clauses etc. of the Companies Act, 1956 have been substituted with the provisions of the Act.
- New provisions relating to independent directors, electronic voting, postal ballot, board meeting through audio visual means, appointment of Chief Executive Officer, Chief Financial Officer etc. have been incorporated.
- Provisions of the Act, which permit the Company to do certain acts when authorised by AOA, or, which require the Company to do acts in a prescribed manner unless the AOA otherwise provide, have been specifically included.
- Few provisions such as issue of shares at discount, which have become redundant due to change in the law have been deleted.
- Provisions of the existing AOA which are also covered in the Act have not been reproduced in the new AOA to avoid duplication and adopt a more concise and succinct set of AOA.

Copy of the proposed AOA is uploaded on the website of the Company at www.cipla.com under the Investor Information section, and is available for inspection by members at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days from the date of dispatch of this Notice up to the date of the ensuing Annual General Meeting of the Company.

The Board recommends the resolution at Item No. 6 for approval of the members as special 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. 7 and 8: Special Resolutions

The Company may require funds in order to meet capital expenditure requirements for ongoing and future projects of the Company and its subsidiaries, expansion of existing business, entering new lines of business, introduce new products, conduct clinical trials for respiratory products, enhance research and development, working capital requirements, debt repayments including repayment of any existing or future debt incurred for any purpose including for paying off any liability, investments including amongst others, in subsidiary companies, general corporate purposes including but not limited to pursuing new business opportunities, acquisitions, alliances etc. and such other purpose as may be determined by the Board from time to time.

Therefore, the Company seeks enabling approval of the members to access the capital market for the following, through public issue or on a private placement basis:

- To create, offer, issue and allot equity shares or other securities convertible into equity shares of the Company or any combination thereof in one or more tranches up to an aggregate amount of ₹ 2000 crore.
- To create, offer, issue and allot debenture, bonds or other debt securities or any combination thereof up to an aggregate amount of ₹ 2000 crore or its equivalent in any other foreign currency(ies) thereof.

The borrowings under the aforesaid authorisation will be within the limit prescribed under the Companies Act, 2013.

The price at which the Eligible Debt Securities will be issued, will be determined by the Board of the Company in accordance with applicable law and consultation with the appropriate advisors.

The detailed terms and conditions for the offer of above securities will be determined by the Board in consultation with the lead managers, placement agents and such other agency or agencies as may be required to be consulted by the Company, considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors and will be in accordance with the terms approved by the shareholders in the proposed resolution.

In case of qualified institutional placement (QIP), the price at which Securities shall be allotted to qualified institutional buyers shall not be less than the price determined in accordance with the pricing formula in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the SEBI ICDR Regulations). The

Board may, at its absolute discretion, decide the pricing for the Equity Shares to be issued upon exercise of the warrants in the QIP, subject to the SEBI ICDR Regulations.

In case of issuance of Equity Shares by way of QIP or issuance of ADRs or GDRs or FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities.

The relevant date for minimum issue price for issuance of Equity Shares upon exercise of the warrants shall be the date of the meeting in which the Board or a Committee of the Board decides to open the issue of warrants.

The proceeds of the proposed issue shall be utilised for any of the aforesaid purposes to the extent permitted by law. The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue, allotment and conversion would be subject to the availability of regulatory approvals, if any.

None of the promoters and key managerial personnel of the Company will subscribe to the offer, if made under Chapter VIII of the SEBI ICDR Regulations.

The above proposal is in the interest of the Company, and the Board of the Company thus recommends the resolutions at Item No. 7 and 8 for approval of the members of the Company as special resolutions.

None of the directors or 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. 9 and 10: Special Resolutions

Pursuant to the recommendation of the Committee on Corporate Governance constituted under the chairmanship of Mr Uday Kotak, the Securities and Exchange Board of India (SEBI), on 9th May, 2018, amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In terms of regulation 17 of the amended Listing Regulations, every listed company is required to seek approval from the shareholders by special majority for the appointment / continuation of non-executive directors on attaining the age of 75 years. In case of existing directors such approval is required to be taken before 1st April, 2019.

Dr. Y. K. Hamied, Non-Executive Chairman and Mr. M. K. Hamied, Non-Executive Vice-Chairman, who are also the promoters of the Company, have attained the age of 75 years. In compliance with the above referred statutory requirement, approval of the

members is required for continuation of Dr. Y. K. Hamied and Mr. M. K. Hamied on the Board of the Company.

Brief profiles of Dr. Y. K. Hamied and Mr. M. K. Hamied are stated hereunder:

Dr. Y. K. Hamied

Dr. Y. K. Hamied (aged 82 years), Non-Executive Chairman of Cipla, represents the second generation of Company's founding family. A world-renowned scientist, Dr. Hamied obtained his PhD in organic chemistry in 1960 from the University of Cambridge under the tutelage of the Nobel laureate Lord Alexander Todd. Dr. Hamied was appointed as the Managing Director of Cipla in 1976 and became the Chairman of Cipla in 1989. He retired as Managing Director on 31st March, 2013 and has continued to be the Chairman in a non-executive role since 1st April, 2013.

For close to 60 years, Dr. Hamied has been an insightful R&D leader, a courageous industry captain, and an outspoken statesman of global pharma. From affordable drugs in HIV to enabling one of the world's largest portfolio of drugs and devices in inhalation therapy, his pioneering work and immense contribution to healthcare have been celebrated around the world. He has been named one of India's 50 Greatest CEO's ever by Outlook Magazine and featured in 20 Global Indians: Riding the new Wave List by India Today. He has been the recipient of several lifetime achievement awards and accolades including, being bestowed with the Padma Bhushan by the Government of India in 2005 for his distinguished service to the pharmaceutical industry.

Dr. Hamied continues to provide insight in the pharmaceutical industry with his business acumen. His legacy in the form of Cipla's values and culture still plays a guiding light for the Company. His vast experience and continuation in his current role as a Non-Executive Chairman is in the interest of the Company.

Mr. M. K. Hamied

Mr. M. K. Hamied (aged 77 years) is the Non-Executive Vice-Chairman of Cipla, and represents the second generation of Cipla's founding family. He is a science graduate from Bombay University. Mr. Hamied became the Director of Cipla in 1977 and retired from executive position from 31st March, 2014 and continued as the Vice-Chairman in a non-executive role effective 1st April, 2014.

Mr. Hamied's association with the Company of around 40 years has added value to both the Company and its shareholders and the employees of the Company. He has vast and varied experience in all functions of the

Company including production, technical areas, quality management and general administration.

His understanding of the Company's functioning, his vision for Cipla and his continued guidance in his current role as a Non-Executive Vice-Chairman of the Company is in the interest of the Company.

Detailed profile of Dr. Y. K. Hamied and Mr. M. K. Hamied is available on the website of the Company, i.e. www.cipla.com and has also been provided in Report on Corporate Governance which forms part of the Annual Report. Statutory details of Dr. Y. K. Hamied and Mr. M. K. Hamied are enclosed in Annexure 1.

Being non-executive directors of the Company, Dr. Y. K. Hamied and Mr. M. K. Hamied are entitled to sitting fees and commission as may be decided by the Board on the recommendation of the Nomination and Remuneration Committee.

The Board recommends the resolutions set out at Item Nos. 9 and 10 for approval of the members of the Company as special resolutions.

Except Dr. Y. K. Hamied, Mr. M. K. Hamied and Ms. Samina Vaziralli (daughter of Mr. M. K. Hamied and niece of Dr. Y. K. Hamied) and their relatives, none of the directors and key managerial personnel of the Company and their relatives are in any way, financially or otherwise, interested or concerned in resolutions set out at Item Nos. 9 and 10.

Item Nos. 11: 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 cost records maintained by the Company for the financial year ending 31st March, 2019 at a remuneration of ₹ 11,00,000 (Rupees Eleven Lakhs only) plus applicable taxes as well as the reimbursement of reasonable out of pocket expenses on actual basis.

In accordance with the provisions of section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the shareholders of the Company.

Therefore, approval of the members is sought for passing an ordinary resolution as set out in Item No. 11 for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

The Board recommends the resolution at Item No. 11 for approval of the members as ordinary resolution.

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. 12: Ordinary Resolution

At the 77th Annual General Meeting of the Company (77th AGM) held on 22nd August, 2013, the members had approved payment of commission not exceeding, in aggregate, one percent per annum of the Company's net profits calculated in accordance with the provisions of the Companies Act, 1956, to the non-executive directors of the Company, for a period of five years commencing 1st April, 2013. The approval was valid till 31st March, 2018 and needs to be renewed.

In terms of the provisions of section 197 and Schedule V of the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members is required for payment of remuneration to non-executive directors of the Company.

Considering the roles and responsibilities of the directors, Board seeks approval of the members for the payment of remuneration to the non-executive directors of the Company up to one percent per annum of the Company's net profits, which is within the same limit as approved by the members at the 77th AGM. Thus, the Board recommends the resolution at Item No. 12 for approval of the members as ordinary resolution.

All non-executive directors and their relatives may be regarded as concerned or interested in the resolution to the extent of the commission they may receive as non-executive directors. Ms. Samina Vaziralli (daughter of Mr. M. K. Hamied and niece of Dr. Y. K. Hamied) and her relatives may be regarded as concerned or interested to the extent of the commission as may be received by Dr. Y. K. Hamied and/or Mr. M.K. Hamied.

By Order of the Board of the Directors

Date: 22nd May, 2018

Place: Mumbai

Rajendra Chopra
Company Secretary

ANNEXURE 1

PROFILE OF DIRECTORS

[Pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

	Ms. Samina Vaziralli	Dr. Y. K. Hamied	Mr. M. K. Hamied
Director Identification Number (DIN)	00027923	00029049	00029084
Age	42 years	82 years	77 years
Original Date of Appointment	10 th July, 2015	21 st July, 1972	16 th August, 1977
Qualification	MSc in International Accounting and Finance from the London School of Economics and Political Science	PhD in Organic Chemistry from the University of Cambridge	Science graduate from Bombay University
Experience and Expertise	Economics, Finance, Business Development, Strategy, Corporate Governance and General Management	Pharmaceutics, Business Development, Strategy, Corporate Governance	All functions of the Company including Production, Technical Areas, Quality Management and General Administration
Remuneration Last Drawn	As mentioned in the Report on Corporate Governance		
Number of Board Meetings attended during the year	All five Board meetings held during the year		
Shareholding	2.22% (17909500 equity shares)	20.71% (166742687 equity shares)	3.93% (31640000 equity shares)
Relationship with other Directors and KMP	Daughter of Mr. M. K. Hamied, Non-Executive Vice-Chairman, and Niece of Dr. Y. K. Hamied, Non-Executive Chairman	Brother of Mr. M. K. Hamied, Non-Executive Vice-Chairman, and Uncle of Ms. Samina Vaziralli, Executive Vice-Chairperson	Brother of Dr. Y. K. Hamied, Non-Executive Chairman, and Father of Ms. Samina Vaziralli, Executive Vice-Chairperson
Membership / Chairpersonship of Committees of the Company	<u>Chairperson:</u> <ul style="list-style-type: none"> Investment and Risk Management Committee Operations and Administrative Committee <u>Membership:</u> Nil, except as stated above	Nil	<u>Chairman:</u> <ul style="list-style-type: none"> Corporate Social Responsibility Committee Stakeholders Relationship Committee <u>Membership:</u> <ul style="list-style-type: none"> Nomination and Remuneration Committee Operations and Administrative Committee
Directorships/ Designated Partnerships held in other companies	<ul style="list-style-type: none"> Cipla Health Limited Twist Pharma Private Limited Cipla (EU) Limited InvaGen Pharmaceuticals Inc Hamsons Laboratories LLP 	<ul style="list-style-type: none"> Cipla FZE, UAE 	<ul style="list-style-type: none"> Globus Healthcare Limited
Memberships / Chairpersonship of Committees held in other Indian companies	Nil	Nil	Nil

Cipla Limited

Registered Office: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013

Phone: +9122 2482 6000, **Fax:** +9122 2482 6893, **Email:** cosecretary@cipla.com, **Website:** www.cipla.com

Corporate Identity Number: L24239MH1935PLC002380

Attendance Slip

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall

Folio No.: _____ DP ID No.: _____ Client ID No.: _____

Name/s: _____

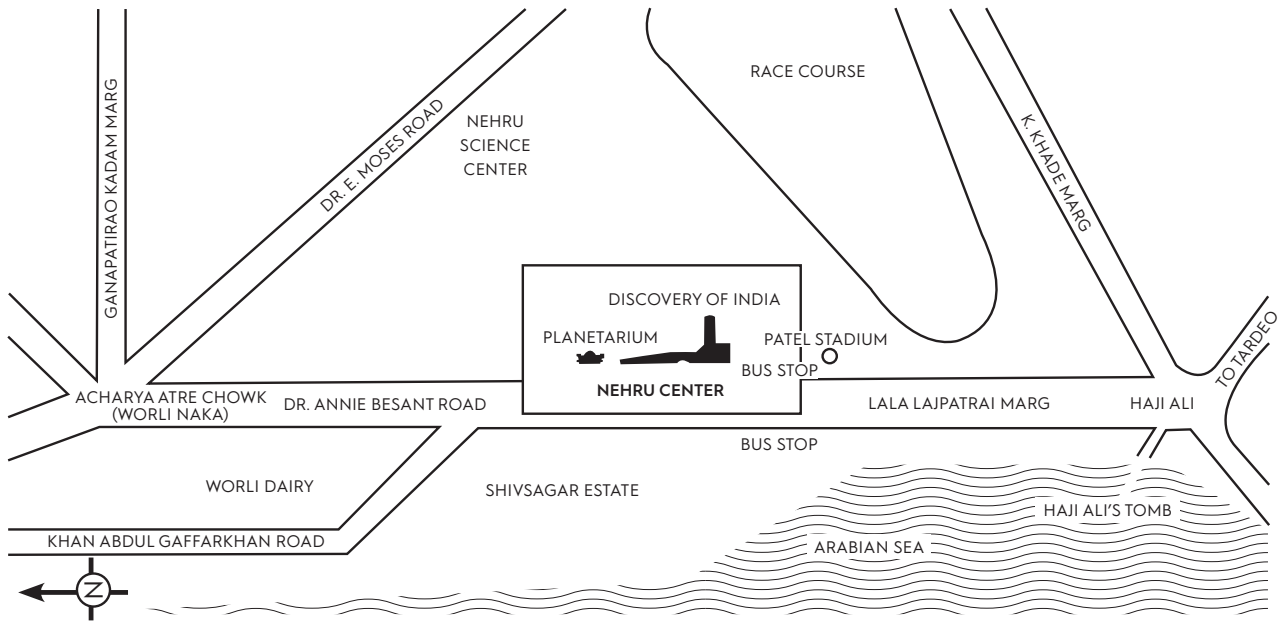
(1st name)

(Joint Holder)

I/We record my/our presence at the 82nd Annual General Meeting of the Company at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018 on Thursday, 30th August, 2018.

Signature(s) of the Shareholder(s)/Proxy: _____

Route map for the venue of the Annual General Meeting



Venue: Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018

Date: 30th August, 2018 at 3.00 pm.

Landmark: Nehru Planetarium

Cipla Limited

Registered Office: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013

Phone: +9122 2482 6000, **Fax:** +9122 2482 6893, **Email:** cosecretary@cipla.com, **Website:** www.cipla.com

Corporate Identity Number: L24239MH1935PLC002380

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): _____

Registered address: _____

Email: _____ Folio No/Client ID and DP ID No.: _____

I/We, being the member(s) of _____ shares of the abovenamed Company, hereby appoint:

1. _____ of _____
having email id _____ or failing him
2. _____ of _____
having email id _____ or failing him
3. _____ of _____
having email id _____

and whose signature(s) are appended as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 82nd Annual General Meeting of the Company, to be held on Thursday, 30th August, 2018 at 3.00 p.m. at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	For	Against
1	To receive, consider and adopt the standalone financial statement of the Company for the financial year ended 31 st March, 2018 and the reports of the Board of Directors and Auditors thereon		
2	To receive, consider and adopt the consolidated financial statement of the Company for the financial year ended 31 st March, 2018 and the report of the Auditors thereon		
3	To declare dividend on equity shares		
4	To re-appoint Ms. Samina Vaziralli as director liable to retire by rotation		
5	To alter the Memorandum of Association		
6	To adopt new Articles of Association		
7	To authorise issuance of equity shares/other securities convertible into equity shares up to ₹ 2000 crore		
8	To authorise issuance of debt securities upto ₹ 2000 crore		
9	To approve the continuation of Dr. Y. K. Hamied as director		
10	To approve the continuation of Mr. M. K. Hamied as director		
11	To ratify remuneration of the cost auditors for the financial year 2018-19		
12	To pay commission to non-executive directors		

Signed this _____ day of _____ 2018.

Signature(s) of the Shareholder(s)

Affix
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and proxy need not be a member of the Company.
3. Pursuant to the provisions of section 105 of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. Notwithstanding the above, the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.

Cipla



Cipla Limited

Annual Report
2017-18

**Making a difference
to patients.**

Our inspiration for
innovation.

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Chairman's Message
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"The pharma industry is in so many ways a custodian of the healthcare needs of the world, and your Company will do whatever best possible for healthcare in the years ahead."

Dr Y. K. Hamied



Executive Vice-Chairperson's Message
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"Your Company has and always will put patients first, and this inspires every aspect of our work."

Samina Vaziralli

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MD & GCEO's Message
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"Serving our patients is both a privilege and a responsibility, and we remember this every single day."

Umang Vohra

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Financial Statements

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



Making a Difference to Patients

Our Inspiration for Innovation...

For us at Cipla, the phrases 'patient-centricity' and 'innovation' contain a rich and permanent synergy. Our patient-centricity is innovative, and our innovation is always patient-centric.

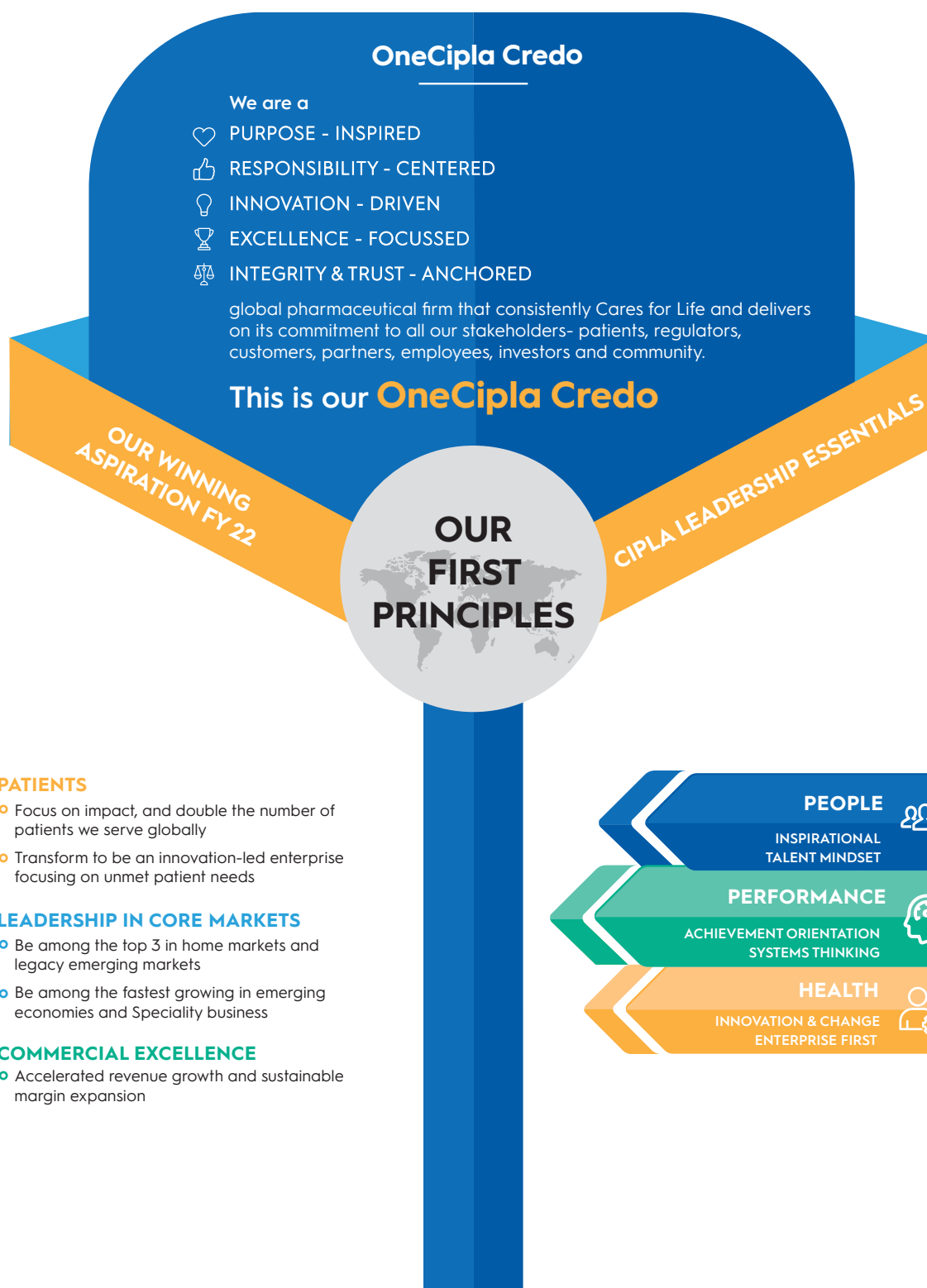
Our core technical operations have always been the backbone of our work. Cipla was conceived in 1935 to manufacture world-class medicines. Our decision to develop bulk drugs in India in the 1960s was born out of our long-term vision for pharma in the country. Our pioneering feats in inhalation therapy in the 1970s was the result of our recognition of the future of respiratory medicine. We broke new ground for the domestic pharma industry with US FDA approvals in the 1980s. In the last two decades, we have diversified into newer therapies, capabilities, digitisation, automation and analytics, technology platforms, 'firsts' in combination drugs and devices, dosage forms, geographies, and strategies. 44 manufacturing sites, 50+ dosage forms, 1500+ products in 80+ markets. For us, each of these figures is an indication of the number of lives around the world that we touch every single day.

In turn, patient needs directly dictate our direction. It was the pain of a long-time employee that triggered our search for a breakthrough in oral iron chelation for thalassaemia patients in India. Our single-minded fight for patient accessibility led to our paradigm-changing offer in HIV/AIDS. The sighting of a mother's struggle to put together multiple components resulted in a combination device for paediatric asthma. We continue to maintain a business that is dedicated to bringing essential drugs to patients in rural Africa. It is this commitment to our patients that drives us to think out-of-the-box every single day.

We have always viewed ourselves as a member of society. 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. The next big disruptive idea could come from anyone anywhere around the world, which is why we have taken it upon ourselves to fund, mentor and incubate the best future-shaping business ideas in healthcare from within and outside Cipla. Corporate citizenship has, and always will be, an integral part of Cipla's body of work.

Nothing short of the best internal practices will help us take our patient focus to newer heights. Our focus on talent, continuous learning, work culture, and development of leaders of the future provides our associates the opportunity not just to perform tasks but to build careers. As a responsible organisation, the health of the Company is of primary importance to us, and Cipla's initiatives in this area are as cutting-edge as our drugs.

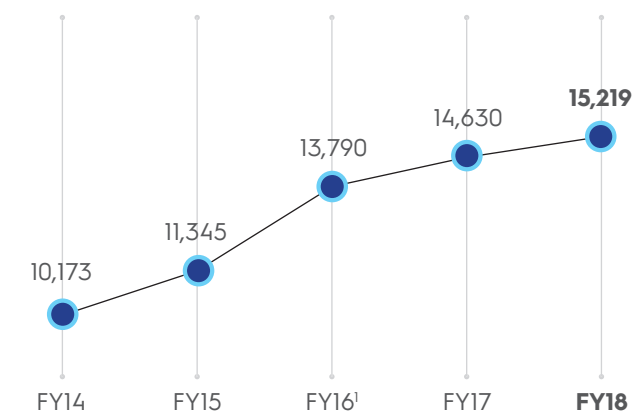
To reach the top is a difficult climb. To stay at the top as a partner of choice for over eight decades has required us to evolve constantly and to excel consistently. Perhaps most importantly for this zero-error industry, it has required humility that exhorts us to think big, and also to perfect the routine and the mundane, so that we deliver on our promises to our stakeholders, and fulfill our purpose of 'Caring for Life'.



Financial Highlights

All figures in ₹ crore unless specified

TOTAL INCOME FROM OPERATIONS



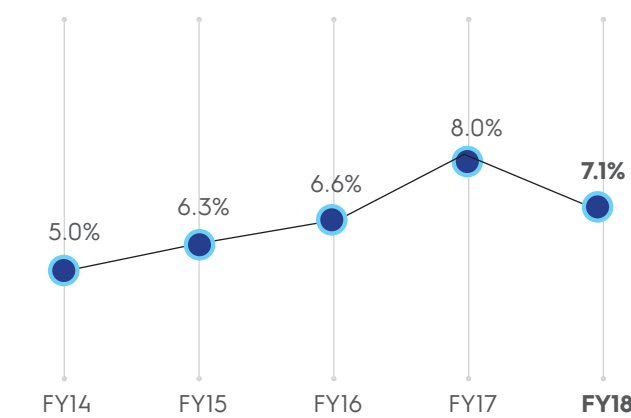
EBITDA MARGIN



PAT MARGIN



R&D INVESTMENT²



Note: Figures mentioned above for FY14, FY15 and FY16 are as per IGAAP whereas for FY17 and FY18 are as per Ind AS

¹ FY16 includes one-time profit share of ₹1,050 crore

² OPEX including depreciation as % of revenue

Operational Highlights

Building a healthy world



with **44** state-of-the art manufacturing facilities

by

Fighting global diseases



with over **50** dosage forms



and **1500+** products



Making

Accessible medicines

34 billion

units Tablets and Capsules

120 million

units Aerosols pMDI

115 million

units Oral Liquids

1000+ MT

APIs

6.7 million

units Lyophilised Injections

45 million

units Pre-filled Syringes

12.4 million

units Form Fill Seal Eye Drops

910 million

units Respules

29 million

units Nasal sprays

Based on

Industry leading quality standards

28¹

US FDA approved units

Robust cGMP

and quality systems

¹Includes multiple units within a plant

With focus on

R&D

7.1%
of R&D investments

Portfolio of **249 ANDAs¹**
including 24 in FY18

24
patents granted

Over 1500
dedicated scientists

Environment

Recovering and recycling **600000+ KL** of
water

Zero liquid discharge
across API facilities

Relationships

Estimated **11 million** HIV patients to benefit
from Cipla's Q-TIB

Extended patient support through **120+**
pharmacy outlets in association with Apollo
pharmacy

Ecosystem of **1400+** global suppliers

Collaborative value creation with channel partners
and customers across **80+** markets

Employees

A third
of the Management
Council and Board
is represented by
women

78%
Employee Engagement index with continued
year-on-year improvement

¹ Cumulative number includes approved, tentatively approved and under approval ANDAs including partnered ANDAs and filed under PEPFAR

CSR Highlights

Cipla Foundation envisions and executes Cipla's Corporate Social Responsibility.

In the last year, we have reached out to over 2,20,000 individuals in the community across initiatives in **Health** | **Education** | **Skilling**

Health

Driving health and hope to doorsteps



Creating scalable & sustainable healthcare solutions



Designed to Care - The flagship initiative of Cipla Foundation. Since 1997, the Cipla Palliative Care and Training Centre has reached out to over 14,000 patients with free-of-cost palliative care



Education

Bringing innovative learning solutions to students in remote villages



Making quality education accessible for children in the community



Skilling

Transforming capabilities of youth with professional education and training



Empowering individuals with job-linked skills for a productive life



Global Reach

North America

Ranked amongst the top 10 most dispensed generic companies¹

Revenue Growth ▲ 5%²

Key highlights:

- #1 in-market share for 25% of the product portfolio³
- Approval and launch of gPulmicort (Budesonide) and gDacogen (Decitabine)

Revenue Contribution **17%**

Emerging markets

Leadership position across key Emerging Markets

- 1st in Respiratory in Sri Lanka⁴
- 1st in CNS (Anti-Depressants and Anti-Psychotics) in Morocco⁵
- 1st in Asthma Controller Therapy in Morocco⁵
- 1st in Respiratory in Nepal⁴
- 1st in ARV in Myanmar⁶

Key highlights:

- Launch of first generic fluticasone propionate-salmeterol (FPSM) in Australia
- Product portfolio build-up initiated for China and Brazil
- Diversified risk profile across 52 markets with 13 direct-to-market (DTMs)

Revenue Contribution **11%**

API

Revenue Growth ▲ 23%²

Key highlights:

- A portfolio of 200+ generic and complex APIs

Revenue Contribution **4%**

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

4th largest company in pharma private market⁴

Revenue Growth ▲ 14%⁷

Key highlights:

- Amongst the fastest growing companies in top 10⁴ in South Africa
- CGA: Partnering with American Cancer Society (ACS) and Clinton Health Access Initiative (CHAI)

Europe

Revenue Growth ▲ 4%²

Key highlights:

- Sustained profitability improvement in European operations
- Stronger portfolio with product launches of Sereflo and Ipravent

Revenue Contribution 4%

India

Third largest pharma company⁴

Revenue Growth ▲ 11%⁸

Key highlights:

- Ranked #1 in Respiratory, Antivirals and Urology, with a market share of 66.3% in inhalation segment⁴ (including nebulisation)
- 47 product launches including 5 in-licensed products

Revenue Contribution 39%

Revenue Contribution 22%

¹ IQVIA (IMS) MAT Nov 17 – by TRx

² Growth in USD terms

³ IQVIA (IMS) RQTR Mar 18

⁴ IQVIA (IMS) MAT Mar 18

⁵ IQVIA (IMS) MAT Dec 17

⁶ Cipla's internal market analysis

⁷ South Africa: In local currency; adjusted for animal health business

⁸ In ₹, GST adjusted for like-to-like comparison

Chairman's Message



We have come a long way over the past 82 years. All of us, shareholders of Cipla, should be proud of what our company has achieved. However, one important aspect has remained unchanged. This is our commitment to access to medicines.

Dear Shareholders,

It has been an eventful year for the pharma industry, both in India and internationally. Cipla has had a good year, as is reflected in this Annual Report.

Continuity and Change

Over the past 58 years, I have seen the Indian pharma industry go through many diverse changes, particularly in India. In the pre-1972 period, we were under a restrictive patent regime. Subsequently, the indigenous pharma industry went through a golden era till 2005. In recent years, there has been a major shift in the working of the industry. This has involved many joint ventures, partnerships, in and out licensing, mergers and acquisitions. Overall, there has been considerable consolidation.

Cipla has very much been a part of this constantly-evolving pharma landscape. Around the mid-1990s, our domestic revenue was around 90% of our sales, and today it is 39%. This shift in our business profile has been necessary, and we now partner many companies globally. The process of professionalisation of our management is now complete, and we have expanded to become a truly international pharmaceutical company.

We have come a long way over the past 82 years. All of us, shareholders of Cipla, should be proud of what our company has achieved. However, one important aspect has remained unchanged. This is our commitment to access to medicines at affordable prices, and hence our continued support to patients thereby saving lives. Cipla has developed many newer business strategies to improve its portfolio. You can rest assured that we will do whatever is required to ensure our unwavering commitment to patients in need.

Our Work Beyond Numbers

Just as the pharma industry responds to change, so also should governments around the world. Debates around drug pricing, intellectual property, the Goods and Services Tax in India, the National Health Protection Mission, and price erosion in the US, have been in the news. Cipla is closely monitoring ongoing



I am happy to see that we are on track. Many strategic decisions taken over the past few years are coming to fruition.

developments and will contribute in every possible way to improvement in healthcare.

It is in this overall scenario that we must carefully study the credibility and sustainability of our Company. A few years ago, we had planned that 2017 would be a year of streamlining Cipla's business model and identifying our core businesses and strengths. We then planned for 2018 to be a year of consolidation. From 2019 onwards, we believe that we can capitalise on the core foundation that we have built on. I am happy to see that we are on track. Many strategic decisions taken over the past few years are coming to fruition.

I am particularly pleased that our emphasis on R&D continues unabated. We have now developed a unique breath-actuated inhaler with a dose counter called Synchrobreathe for the benefit of asthma patients. Cipla is gradually building its respiratory franchise in regulated markets. We have targeted a major expansion of our presence in the USA. It has involved many generic drug filings and this momentum will continue. Along with this, we plan to expand beyond generics into selected and niche Specialty products.

Apart from this, the Cipla Global Access program is very special for the company as this involves business with a humanitarian vision. Your Company received the world's first WHO approval for its product Q-TIB, a prophylaxis against TB in HIV/AIDS patients. PEPFAR has approved our product lopinavir/ritonavir oral pellets for paediatric use in HIV/AIDS. For malaria, Cipla has introduced its rectal artesunate suppository

to be administered to children in emergency situations. As a scientist first and foremost, to me, the above captures the essence of our theme in this report – innovation for the benefit of patients.

The Cipla Palliative Care Centre in Pune has now completed 20 years of service to terminally ill cancer patients, and over 14,000 patients have been cared for. I am certainly happy that the company continues to follow this path of community and social support.

What Next for Pharma

Healthcare and disease patterns around the world are changing – non-communicable and lifestyle diseases are now increasingly taking centre-stage in disease burden studies. You will be interested to know that Cipla is committed and fully associated with the next major medical hurdle facing the world, namely Anti-Microbial Resistance (AMR). This involves a major thrust to control the misuse and overuse of antibiotics. Immuno-therapy, stem-cell technology, biological and vaccine products, diagnostics, tele-medicine, digitalisation and artificial intelligence, are all areas that will define us as an industry in the next twenty years. The pharma industry is in so many ways a custodian of the healthcare needs of the world, and your Company will do whatever best possible for healthcare in the years ahead.

As always, my heartfelt thanks to all of you for your faith and trust in us. Your Board and Management Council will continue to ensure that our purpose of 'Caring for Life' continues to underpin our business even as we deliver value.

Warm Regards,

Y.K. Hamied

Executive Vice-Chairperson's Message

Dear Shareholders,

To me, Cipla has been family in more ways than one. I am at once humbled and honoured to represent the third generation of the founding family of your Company.

I joined Cipla in 2011, in the midst of a difficult transition period. All firms go through such life-cycles, and as Cipla, we did a lot of soul-searching, took tough decisions, and firmly took control of the steering in the subsequent years. I used this opportunity to broaden my horizons in Human Resources, incubation of new businesses, Mergers and Acquisitions, and other areas. Personally, for me, this period was one of immense learning and growth as a new pharma professional. And it fills me with pride that we have indeed now come a long way together since those uncertain times, as our report and performance reflect.

The Road Ahead

As your Company's Executive Vice-Chairperson, my priorities are clear. So much of the last two years has been about making business decisions that are right for Cipla as a future-ready Company. Globally and in India, pharma has been in a state of flux. The healthcare scenario, pricing, competition, consolidation, geo-political volatility, all continue to challenge us. Agility is now very much the essence of our Company's way of functioning. In the last couple of years, we have streamlined our business presence, acquired assets, developed an extremely well-planned and strategic geographical footprint, concluded in-licensed deals, and established partnerships with global bodies. We have focused on building sustainable robust growth with improvement in operating efficiency. I am pleased that our annual report reflects the progress we have made. We will continue to play to our strengths, and I am excited about our ambitions for the next two years.

All of the above are made possible by our unrivalled prowess and constant vigilance in the areas of Manufacturing and Quality. And it is this very strength that makes us an attractive partner to peers and healthcare organisations alike.



We will continue to play to our strengths, and I am excited about our ambitions for the next two years.

Governance is a primary area of attention for me. Today, Cipla has 12 Directors on its Board, each one of them being of eminent standing in their area of expertise. Seven of them are Independent Directors. I find myself well-placed to act as the bridge between our Board and our Management Council to link expectations, accountability and performance.

Our People, Our Pride

The past year saw continuation of our effort to develop our work culture and provide a supportive environment to our associates. The Cipla leadership has a clear vision when it comes to hiring the right talent, in keeping with our First Principles. It makes me proud to see celebratory moments becoming a way of life at Cipla, be it through cultural events for families or our own in-house radio. Furthermore, our Management Council and I make ourselves answerable to the entire Company once every quarter in a live global townhall. These are honest conversations that help the leadership personally stay in touch with colleagues all over the world.

No entity embodies our purpose of 'Caring for Life' better than the Cipla Foundation. The Cipla Palliative Care and Training Centre in western India has been a flagship service for over 20 years now. Our work in health, skilling, education and disaster response in India, and cleft palate surgery, primary healthcare, access to medicines and early childhood development in South Africa makes me proud of the Cipla tradition of giving back to the community. Through the 'Joy of Giving', marathons and other sporting events, merit awards, fundraising campaigns and activities, our Cipla associates around the world were generous with their time, talent and energy last year.

To me, corporate culture determines the happiness quotient at work, and all of the above are part of our constant endeavour to make ours a healthy and nurturing work culture.



As a team, we are committed to maintaining this momentum. As we like to say at Cipla, 'Strong Legacy, Stronger Future'.

Strong Legacy, Stronger Future

As the theme of our annual report this year suggests, your Company has and always will put patients first, and this inspires every aspect of our work. The latter pages of this report will explain our work in FY18 to you in greater detail. In taking your Company forward, I am fortunate to have had the partnership of our deeply talented and experienced Management Council led by Umang Vohra, for over two years now. As a team, we are committed to maintaining this momentum. I wish to end with my gratitude to all the stakeholders and shareholders who have been with us through thick and thin. Our best has yet to come. As we like to say at Cipla, 'Strong Legacy, Stronger Future'.

Best Wishes,

Samina Vaziralli

MD & GCEO's Message



Putting smiles on faces – that is what truly defines purposeful strategy.

Dear Shareholders,

In late 2017, one-year old Inness was brought to a trained community health worker in Mupula, Zambia, with symptoms of malaria. When the rapid diagnostic test yielded a positive result for malaria, the health worker immediately administered Cipla's rectal artesunate suppository (RAS). Inness was then taken to the Kabamba Rural Health Centre, 30 kms away from Mupula (a three-hour journey on the local bicycle ambulance), where the nurse confirmed the test result and administered the injectable artesunate. Within half an hour, Inness started to return to her usual self, alive to her surroundings and happenings. Young children in the region had lost their lives to malaria before the introduction of the RAS. Similarly, with Cipla's world-first single tablet fixed dose combination for TB in HIV patients entering the Stop TB Partnership catalogue, close to 11 million patients around the world could potentially benefit from this offering. Since its establishment in 1997, the Cipla Palliative Care and Training Centre in India has completed more than 20 years of providing free-of-cost support to over 14,000 terminally-ill cancer patients and their families.

These are poignant and humbling reminders of the powerful reach of our medicines. Serving our patients is both a privilege and a responsibility, and we remember this every single day.

Purpose enabled by our sense of responsibility

Our revenue for FY18 stood at ₹15,219 crore (\$2.36 billion), 6% growth (adjusted for GST) over FY17, but marginally short of target due to market challenges. However, we recorded 18.6% EBITDA margin for the year with 165bps improvement (before exceptional items) in our base business profitability, both of which exceeded guidance. At ₹1,411 crore (\$218.7 million), PAT for FY18 saw 40% Y-o-Y jump.

Overall, FY18 was a good year driven by growth in key markets, cost containment, efficiencies, and continuous improvement in the balance sheet. While remedial action is already underway on the issues that we faced this year, I am happy with the year in totality. For me, this was a year of consolidation and building upon our strong fundamentals.

In India, even though Q1 was expectedly impacted by GST, Cipla was among the first pharma companies to produce a GST-compliant invoice. Our performance picked up strongly from Q2 onwards. In FY18, our India business registered a 11% growth over last year (adjusted for GST) with cardiology (Cipla 9% vs mkt 6%), respiratory (10% vs

8%) and urology (11% vs 10%) delivering above-market performances as per IQVIA MAT Mar'18. We leveraged our commercial and marketing strength to launch five in-licensed deals in FY18. To me, Cipla's proprietary breath-actuated inhaler, Synchrobreathe, represents the Cipla tradition of innovative and cutting-edge approach to meeting patient needs. Our generics business also beat market and continues to provide medicines in tier 3 cities and to remote corners of the country. We have set ourselves the challenge of a billion dollars in consolidated revenue from India in FY19, and this will be our first business to cross a billion dollars in sales.

In October 2017, we formed a new region called SAGA consisting of South Africa, sub-Saharan Africa and Cipla Global Access. Our South Africa business continues to rank 4th in the private market, and is among the fastest-growing companies in the top 10. With successive record-breaking quarters in FY18, South Africa registered a market-beating 14% growth over last year in local currency terms (excluding animal health business). Our CGA business, however, faced a tough funding environment, and was constrained in growth. Overall, in USD terms, the SAGA region registered a 6% Y-o-Y growth. With identified synergies and focused priorities, I am confident that SAGA will continue to show good growth in the years ahead.

All generics players faced an eventful year in the US. Though constrained by delayed launches and price erosion in North America, we launched numerous drugs including several limited competition ones such as budesonide (gPulmicort), decitabine (gDacogen), and palonosetron (authorised gAloxi). Cipla continues to rank among the top 10 most dispensed generics companies in the US. 13 of our 52 products (i.e., 25% of our portfolio) are ranked #1, and 29 of 52 products (i.e., 56% of our portfolio) are among the top 3 as per IQVIA IMS RQTR Mar'18. Overall, our business grew by 5% over last year. Our Specialty business now has a new head office in San Diego, and we are actively assessing, evaluating and bidding for multiple assets in the respiratory and CNS space. The US continues to be a key growth region for us, and we will be pursuing portfolio optimisation and one limited competition launch per quarter in this market.

Our Europe and Emerging Markets businesses had a mixed year. I am pleased that our effort to turn around our Europe business has yielded top-line and bottom-line improvement. In spite of geo-political uncertainties, our key emerging market DTMs showed resilience. Our newly-launched DTMs in Australia and Colombia bettered expectations. We are keenly exploring business development opportunities in the emerging markets, especially in the biosimilar space. Our API business continued its excellent change of pace and in many ways led the way in both sales growth and margin. Finally, our internal operating efficiency champion, Project Eagle, had an extremely good year and delivered above expectation.

Innovation backed by excellence

Our R&D investment in FY18 was 7.1% of revenue. With 24 new ANDA filings (including 7 NCE-1s), it was a strong show exceeding guidance. Our R&D in the coming year will focus on continuing this momentum of 20+ filings, and building assets in Specialty and respiratory medicine. We have been working steadily to develop our respiratory franchise in regulated markets – we launched ipratropium bromide in Europe, and the fluticasone propionate-salmeterol combination in Europe as well as Australia.

'All-time audit readiness' has always been our mantra, and FY18 was no exception. During the year, our manufacturing facilities underwent 111 audits without any critical observations. In R&D, quality, manufacturing and our supply chain, there was heavy emphasis on automation, artificial intelligence and predictive analytics, and integrated monitoring mechanisms. Technical academies launched in all of these areas under the aegis of Cipla University will ensure that our associates possess the cutting-edge skills required to be the best.

A culture of integrity and trust

We furthered our ambitious people agenda in FY18. From equipping our associates with learning-on-the-go and leadership development, to energising them through recognition and wellness programmes, and empowering them through a revamped and agile talent management programme, we are constantly trying to cultivate a vibrant and modern workforce. I am proud of the way we have grown as a listening and communicating organisation. Our transformation agenda as an employer is already making its mark globally, with Cipla Pharma Lanka Pvt Ltd (Cipla Sri Lanka) winning the Great Place to Work certification for the current FY.

And in FY19, we will keep this flag flying high. I would like to thank all of our shareholders, the Cipla Board, and my Management Council colleagues for the trust and faith reposed in us. I look forward to the rest of FY19, and growing ahead of the market with improvements in our operating margin, all-time compliant operations, and a continuing strong effort and investment in R&D, our people and culture. But equally, we must also aspire to go beyond revenue and margin goals. We need to think of integrated solutions, diagnostics and unmet needs of patients. Patients must always be at the heart of all our work. Putting smiles on faces – that is what truly defines purposeful strategy. I firmly believe that in pursuing this, we must support each other and be our own cheerleaders first. As they say, "Things turn out best for people who make the best of things."

Best Wishes,



Umang Vohra



Our People, **Our Pride**

Our emphasis on innovative work culture helps our OneCipla family pursue our purpose of 'Caring for Life'.





Beyond Drugs and Devices

Outcomes change when mindsets change, be it disruptive business ideas, dispelling myths to breathe freely or supporting primary healthcare projects around the world.



Cipla

Har saans mein bhara atmavishwaas.

Saans ki takleef?
Inhaler hai sabse smart tareeka.
#BerokZindagi

Apne doctor se inhalers ke baare mein zaroor poochiye. Visit breathefree.com



Making Medicines, Making a Difference



Our diverse portfolio of drugs spread across therapies and geographies is the result of our uncompromising commitment to research, quality and manufacturing.



This annual report and its contents is for information of the Company's shareholders only and is not intended to endorse, advertise, promote or recommend the use of any products listed in it which are for representation purpose only, some of which are reference listed drugs of which the Company has approved, under approval or under development generic equivalents. The prefixes "g" and "generic" used interchangeably indicate the generic versions of the named brand drugs.

Board of Directors



Dr Y. K. Hamied
Chairman



Mr M. K. Hamied ● ● ● ●
Vice Chairman



Ms Samina Vaziralli ● ●
Executive Vice Chairperson



Mr Umang Vohra ● ● ● ●
Managing Director
& Global CEO



Mr S. Radhakrishnan ● ● ● ●
Non-Executive
Non Independent Director



Mr Ashok Sinha ● ●
Independent Director



Dr Peter Mugenyi
Independent Director



Mr Adil Zainulbhai ● ●
Independent Director



Ms Punita Lal ● ●
Independent Director



Ms Naina Lal Kidwai ● ● ● ●
Independent Director



Ms Ireena Vittal ● ●
Independent Director



Mr Peter Lankau ●
Independent Director



Committees

Nomination and Remuneration Committee
Audit Committee
Corporate Social Responsibility Committee
Stakeholders Relationship Committee
Investment and Risk Management Committee
Operations and Administrative Committee

Chairperson



Member



Management Council



Mr Umang Vohra
Managing Director &
Global Chief Executive Officer



Dr Ranjana Pathak
Global Head - Quality



Mr Prabir Jha
Global Chief People Officer



Mr Kedar Upadhye
Global Chief Financial Officer



Mr Raju Subramanyam
Global Head - Operations



Ms Geena Malhotra
Global Head - Integrated
Product Development



Ten-Year Highlights

Consolidated

	₹ in Crore									
	2018*	2017*	2016*	2015	2014	2013	2012	2011	2010	2009
Income Statement Data										
Revenue from Operation	15,219.25	14,630.24	13,790.10	11,345.44	10,173.39	8,279.33	7,020.71	6,323.84	5,359.52	4,960.60
Profit for the Year*	1,410.53	1,006.39	1,359.99	1,180.77	1,388.41	1,544.85	1,144.24	989.57	1,082.59	771.02
Dividend	160.94	160.87	160.62	160.59	160.58	160.58	160.58	160.58	160.58	155.46
Balance Sheet Data										
Share Capital	161.02	160.90	160.68	160.59	160.58	160.58	160.58	160.58	160.58	155.46
Other Equity	14,068.17	12,382.76	11,355.54	10,628.65	9,889.77	8,858.10	7,478.35	6,505.55	5,749.99	4,192.34
Property, Plant & Equipment - Gross Block	6,942.66	6,032.75	5,085.46	7,003.09	6,183.18	5,317.52	4,626.35	4,240.55	2,897.26	2,693.29
Investments	1,258.84	973.01	757.62	639.78	708.57	2,532.44	1,269.10	590.77	246.41	80.05
Additional Data										
Earnings per Share - Diluted	₹ 17.50	₹ 12.50	₹ 16.89	₹ 14.66	₹ 17.27	₹ 19.24	₹ 14.25	₹ 12.32	₹ 13.70	₹ 9.92

*Figures for FY18, FY17, FY16 are based on Ind AS

* Profit after tax attributable to the shareholders

Corporate Information

Founder

Dr K. A. Hamied
(1898-1972)

Chairman

Dr Y. K. Hamied

Vice Chairman

Mr M. K. Hamied

Executive Vice Chairperson

Ms Samina Vaziralli

Managing Director & Global Chief Executive Officer

Mr Umang Vohra

Non-Executive Non Independent Director

Mr S. Radhakrishnan

Independent Directors

Mr Ashok Sinha
Dr Peter Mugenyi
Mr Adil Zainulbhai
Ms Punita Lal
Ms Naina Lal Kidwai
Ms Ireena Vittal
Mr Peter Lankau

Global Chief Financial Officer

Mr Kedar Upadhye

Company Secretary

Mr Rajendra Chopra

Statutory Auditor

Walker Chandiok & Co LLP

Cost Auditor

Mr D. H. Zaveri

Secretarial Auditor

BNP & Associates

Chief Internal Auditor

Mr Deepak Viegas

Registered Office

Cipla House
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013
www.cipla.com
Tel. No.: +91 22 2482 6000

Corporate Identity Number

L24239MH1935PLC002380

Share Transfer Agent

Karvy Computershare Private Limited
(Unit: Cipla Limited)
Karvy Selenium, Tower- B, Plot No. 31 & 32,
Gachibowli Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032, Telangana
Tel. No.: +91 40 6716 2222

About this Report

Cipla takes pride in presenting the Annual Report 2017-18, with a first time adoption of integrated reporting framework by the International Integrated Reporting Council. Integrated reporting lays down standards which enable companies to present stakeholders with a broader and a more comprehensive perspective on business health & performance. Cipla being one of India's first adopters of integrated reporting in the pharma sector, views this report as one more step in our legacy of pioneering advances in the pharma sector.

Leading the change

Cipla has always been ahead of the curve when it comes to driving change. We continually reinvent ourselves to be more patient centric and to stay relevant in the evolving business and regulatory environment. Our journey spanning eight decades has witnessed several transformations, and is a testimony of our ability to reinvent. The release of our first annual report under the integrated reporting framework signifies Cipla's adoption of the new standards in corporate reporting.

Integrated reporting: The future of showcasing corporate performance data

Integrated reporting <IR> lays down the way forward for corporates to present a more inclusive and holistic performance report. Cipla, through this report, aims to provide its stakeholders an understanding of our sustainable value creation process with enhanced reporting on Cipla's business environment, business strategy and performance (see Figure 1).

The key building blocks of Cipla's sustainable value creation are our six capitals, which are shown in figure 2. The integrated report articulates Cipla's value creation process through its business model, its resource allocation strategy across the defined capitals, and its approach towards leveraging opportunities and addressing challenges.

Figure 1. Cipla's business environment, business strategy and performance

Overview of the business environment	<ul style="list-style-type: none"> • Dynamic regulatory environment, ever-changing competitive landscape and external environment across our global markets • The governance framework which regulates the conduct of our business
Cipla's business strategy	<ul style="list-style-type: none"> • Our strategic objectives, the progress made in pursuit of these objectives, and the key risks and challenges • Various forms of capitals for value creation, with specific reference to the inputs, activities and outcomes
Cipla's performance	<ul style="list-style-type: none"> • Our financial and non-financial performance in respect of the capitals we employ • The economic, social and environmental impacts of Cipla's business operations

Figure 2. Six Capitals - Building blocks of Cipla's sustainable value creation**Building blocks of sustainable value creation – Cipla's 6 capitals**

Cipla delivers sustainable value creation for stakeholders through the effective deployment and management of the 6 capitals. The report captures financial and non-financial figures against its defined Capitals. These six capitals are defined in Cipla's Business Model (Pages 39 to 41) and explained in related sections (Pages 42 to 77).



Financial Capital



Manufacturing Capital



Intellectual Capital



Human Capital



Social and Relationship Capital



Natural Capital

Report boundary

Cipla's global operations, including its subsidiaries and joint ventures.

Reporting period

April 1, 2017 to March 31, 2018. Wherever applicable, information in line with past performance has been provided to aid comparability of the report.

Scope of disclosures

The report contains audited financials along with management-reviewed non-financial figures

Frameworks referred

- International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework
- National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities (SEE) of business
- Select performance disclosures as per Global Reporting Initiative (GRI) standards

Disclaimer

This annual report and its contents is for information of the Company's shareholders only and is not intended to endorse, advertise, promote or recommend the use of any products listed in it which are for representation purpose only, some of which are reference listed drugs of which the Company has approved, under approval or under development generic equivalents. The prefixes "g" and "generic" used interchangeably indicate the generic versions of the named brand drugs.

Forward-looking statements

Except for the historical information contained herein, statements in this presentation and the subsequent discussions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the 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, as well as other risks. Cipla Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Information related to any medical products or medical devices contained herein is provided by Cipla for general information purposes only. Information on any of the medical products or medical devices

may vary from country to country. A reference to a medical product or a medical device does not imply that such medical product or medical device is available in every country. The commercial availability of the medical products or medical devices listed herein for a specific country is dependent on the validity and status of existing patents and/or marketing authorisations related to each of them. An independent enquiry regarding the availability of medical products and medical devices should be made for each individual country.

The product information contained herein is not intended to provide complete medical information, and is not intended to be used as an alternative to consulting qualified doctors or healthcare professionals.

Nothing contained herein should be construed as giving of advice or the making of a recommendation, and it should not be relied upon as the basis for any decision or action. It is important to only rely on the advice of a healthcare professional.

Our Strategy towards an Integrated Future

As we continue to strengthen our global footprint across the chosen markets, our growth is centred on our commitment to patients. Our purpose of 'Caring for Life' is the key driver behind our efforts to expand the reach and improve accessibility across the globe.

Core to the Company's business strategy is the belief that all business should be conducted in a sustainable and responsible way. These considerations underpin all decisions and are integrated in the way we carry out our business. Furthermore, Cipla's roadmap to the future reflects integrated thinking across key risks and opportunities within the business environment.

Key aspects impacting Cipla's value creation process

Cipla has identified the following six key facets of business which have a material impact on the value creation process:

- Quality
- Access and affordability
- Operations
- Research and development
- Talent
- Governance

These components have evolved through continuous dialogue with key stakeholders, a materiality assessment exercise, external benchmarking and an internal Enterprise Risk Management (ERM) exercise. Furthermore, they take into consideration factors like the dynamic global regulatory market and competitive landscape which are important for Cipla's continual business progress.

The Company has aligned each of these aspects with related focus area(s) and the corresponding capital as described below. Cipla regularly invests in and monitors these focus areas to ensure effective resource allocation and to create superior value for our stakeholders.

Quality



Focus area

Systems & processes

Pharmacovigilance

Safe product destruction

About the focus area

Cipla's industry-benchmarked systems and processes ensure that product quality is above industry standards

Cipla's robust pharmacovigilance system assures effective resolution of stakeholder complaints about product safety

Cipla has stringent processes for environmentally safe product destruction

Capital Linkage

Manufacturing Capital

Section of the report

Page 48 of Manufacturing Capital

Page 49 of Manufacturing Capital

Page 49 of Manufacturing Capital

Access and Affordability



Focus area	Pricing pressures	Enhancing outreach	Improving patient experience	Providing affordable medicines
About the focus area	To address pricing pressures in global markets, Cipla has focused on cost optimisation and complexity reduction as well as portfolio enhancement	Cipla routinely participates in tenders across markets and builds depth in chosen markets to expand our global reach and enhance accessibility	Cipla initiates various patient awareness and education campaigns (like the Berok Zindagi campaign targeting asthma awareness and management) as well as patient support programmes	Ongoing programmes on cost reduction through measures such as process / yield improvements and alternate vendor development help Cipla in making our products affordable
Capital Linkage		Social and Relationship Capital		Financial Capital
Section of the report	Page 82 of Management Discussion and Analysis	Page 61 of Social and Relationship Capital	Page 62 of Social and Relationship Capital	Page 45 of Financial Capital

Research and Development



Focus area	Focus on intellectual property	Investment in R&D	Regulatory environment
About the focus area	Cipla's Intellectual Property (IP), a streamlined approach towards innovation, and the team of 1500+ scientists are integral contributors to Cipla's growth story	The Company's R&D focus is towards developing complex and innovative products. The R&D investments for the reporting period was ₹1,074 crore corresponding to 7.1% ¹ of sales	Ongoing changes in the regulatory environment across the world, especially those related to product-patent regime, are of great significance as Cipla strives to be competitive in these markets
Capital Linkage	Intellectual Capital	Intellectual Capital, Financial Capital	
Section of the report	Page 52 of Intellectual Capital	Page 50 of Intellectual Capital, Page 43 of Financial Capital, Page 81 of Management Discussion and Analysis	Page 79 of Management Discussion and Analysis

¹ OPEX including depreciation as % of revenue

Operations

Focus area

Effective value chain management

Optimised energy consumption and focus on emissions footprint

Effective waste management

Water management

About the focus area

The Company's effective value chain management results in enhanced supply chain efficiencies, sustainable procurement practices through local sourcing, and end-to-end supply chain integration

Energy consumption is optimised through implementation of new technologies, energy source substitution, use of renewable energy sources and electronic control applications

Cipla has defined guidelines to manage hazardous and non-hazardous waste with focus on waste minimisation at source. Based on feasibility, we use the 'reuse, recycle and repurpose' formula at our manufacturing locations

The Company has various measures to reuse and recycle water in order to reduce pressure on fresh water resources

Capital Linkage

Social and Relationship Capital

Natural Capital

Natural Capital

Natural Capital

Section of the report

Page 65 of Social and Relationship Capital

Page 74 of Natural Capital

Page 76 of Natural Capital

Page 76 of Natural Capital

Capacities

Cipla's 44 internationally-approved state-of-the-art manufacturing facilities around the world speak for themselves, making Cipla the partner of choice for multinational, government and non-government institutions across the globe

Manufacturing Capital

Page [46](#) of Manufacturing Capital

Growth opportunities

The Company actively pursues organic and inorganic growth opportunities by evaluating various markets and devising the effective go-to-market strategy for them

Page [33](#) of Opportunities and Outlook

Ensuring employee health and safety

At Cipla, Environment, Health and Safety (EHS) management is viewed as an investment rather than an expense. The Company's focus on safety measures remains unwavering in its bid to prioritise employee health and safety

Human Capital

Page [58](#) of Human Capital

Talent



Focus area	Diversity at workplace	Talent retention	Employee engagement
About the focus area	The Company's talent pool displays diversity in terms of gender, age, expertise and geography, which results in a healthy mix of skill-sets and perspectives	Cipla has taken various initiatives to retain the right talent and minimise voluntary attrition through increased talent mobility, learning and development opportunities, and succession planning for employees	To keep Cipla's workforce engaged and motivated, the Company uses forums such as recognition and reward platforms, regular connects with leadership and other initiatives geared towards the overall employee experience and well-being
Capital Linkage	Human Capital		
Section of the report	Page 55 of Human Capital Page 134 of Corporate Governance Report	Page 54 of Human Capital	Page 56 of Human Capital

Governance



Focus area	Corporate governance	Business ethics	Anti-fraud	Compliance
About the focus area	Cipla's commitment to strong governance has led to enhanced value for the stakeholders and protection of their interests. Cipla operates within a robust corporate governance framework bolstered by policies and guidelines which serve as mechanisms to ensure transparency and ethical conduct	The Company has always emphasised the values of fairness, transparency and accountability for performance at all levels. To implement its commitment to good governance, Cipla has adopted a Business Code of Conduct	Cipla's Whistle-blower Policy serves as a mechanism to report concerns about unethical behaviour at all levels across the organisation	Cipla is in the process of strengthening capability and rigour in its corporate compliance mechanism by implementing robust compliance policies, SOPs and system-based monitoring
Capital Linkage		Human Capital		Human Capital, Natural Capital
Section of the report	Page 132 of Corporate Governance Report	Page 60 of Human Capital	Page 38 of Risk Management Framework	Page 60 of Human Capital Page 73 of Natural Capital

Cipla's Opportunities and Outlook

We have witnessed the evolution of healthcare and pharmaceutical industry over last eight decades. During this period, healthcare and disease patterns around the world changed, bringing in new opportunities for growth in this complex environment. Biologics, complex generics, innovative drug delivery platforms and artificial intelligence are the areas for future bets which may see huge potential in coming years.

Even in the face of constant challenges like a volatile regulatory climate, ever-changing competitive landscape and adverse pricing movements, we have continued to deliver growth and stakeholder value. By building systems to promote digitalisation and advanced analytics across the Company, Cipla has

ensured reliability and availability of information and business support, and maximised efficiency and data integrity. The Company continues to meet the objective of ensuring that the systems, processes and technology are aligned to the changing business environment and help us maximise efficiency.

In keeping with the current momentum and bolstering future growth, we are looking to strengthen our position in key markets through a differentiated portfolio, and enter newer ones through organic and inorganic routes. With initiatives set to deliver cost and operational efficiencies, Cipla is poised to explore market opportunities across the short, medium and long term as illustrated below:

Opportunities

Enhance Specialty segment

Develop branded drugs in the Specialty segment in US, specifically in respiratory and CNS, to address clinically unmet needs of the patients

Growth in India and South Africa

India – Targeting a revenue of USD 1 billion in FY19, driven by volume growth, new launches and focus on diabetes and respiratory therapies

South Africa – Growing through partnerships and expansion of OTC and biosimilar portfolio

Entry in new emerging markets

Focusing on markets like Brazil and China

Gaining competitive edge

Differentiated products and wider portfolio in the US generics market. Deepen the alliances and partnerships in B2B markets

Enhancing efficiencies to fuel growth

Driving cost efficiencies through initiatives like Project Eagle and operational efficiencies through a lean operating model, use of artificial intelligence and advanced analytics

Over the next few years, Cipla's growth efforts will revolve around six core levers:

Strategic Objective	Short to medium term outlook
Difficult-to-compete spaces like Specialty and complex generics in US	<ul style="list-style-type: none"> Develop a complex generics portfolio Build Specialty portfolio in areas like CNS and respiratory for US market through licensing or acquisition opportunities, complemented by focused internal R&D Focus areas for the portfolio: <ul style="list-style-type: none"> 505(b)(2)s Proprietary delivery platforms
Continue to build scale and depth in branded home markets of India and South Africa	<ul style="list-style-type: none"> Strengthen select categories in home markets through partnerships: <ul style="list-style-type: none"> India – Dermatology and Diabetes South Africa – OTC segment Leverage strength in respiratory to expand category presence through patient activation programmes like Berok Zindagi Grow business organically through product development efforts and new launches, supported by execution excellence
Strengthen and expand presence in Emerging Markets	<ul style="list-style-type: none"> Grow Emerging Market footprint as the next leg of Cipla's strategy, beyond India and US Build aggressive pipeline in 'future markets' like China, Indonesia and Brazil through a combination of internal pipeline and partnerships Explore entry into new Emerging Markets as long term bets
Explore investment in new therapy areas	<ul style="list-style-type: none"> Explore early investment in one of the promising new therapy areas – such as insulins, vaccines, biosimilars wave II – in the US market Partner with proven and established market players for co-development and/or licensing efforts
Focus on going digital and on patient centricity to stay ahead of the game	<ul style="list-style-type: none"> Support our core business by focusing on patient engagement in our key branded markets. Leverage technology to deliver 'beyond the pill' experience and create market disruption Launch Cipla's maiden initiative, 'Innoventia', focused on innovation to crowdsource and incubate ideas in point of care devices, diagnostics, digital and services which are synergistic with Cipla's growth ambitions Create a culture of 'Enhanced Analytics' and 'Sales Force Effectiveness' by leveraging artificial intelligence to drive outcomes across our key businesses
Continuous Improvement: Efficiencies to deliver fuel for growth	<ul style="list-style-type: none"> Continue to drive through cost and operational efficiencies and continuous improvement initiatives Focus on operational productivity by driving <ul style="list-style-type: none"> Throughput improvement Procurement efficiencies Logistics capability API yield improvement Decrease in corporate overheads <p>among other initiatives, in order to be an agile and competitive market player</p>

Cipla's Stakeholder Engagement Strategy

We understand the importance of fostering and maintaining a strong engagement with our stakeholders – a crucial factor to achieve success in our value creation journey. Our stakeholders are persons, groups or organisations directly impacted by our activities and decisions as well as those who can influence our operations. We have institutionalised our stakeholder engagement strategy to ensure timely, accurate, consistent and relevant information exchange with each group.

Our stakeholders are categorised into nine groups based on the above criteria. Please refer below for details².



- Patient care
- Website
- Seminars



- Conferences and seminars
- Regular ongoing visits by field staff
- Advisory Board meetings



- Conference calls
- Meetings (one-on-one and group)
- Investor conferences



- Face-to-face meetings
- Industry conferences
- Written communication
- Facility visits



- Regular interaction through CSR initiatives
- Website



- Regular meetings
- In-market visits
- Industry conferences



- Supplier visits
- Supplier audits



- Face-to-face meetings
- In-market visits



- Town halls
- Employee engagement survey
- Cipla Unplugged
- Senior management interactions

² Information in line with BRR Principle 4, Question 1

Cipla's Risk Management Framework³

Risk management is one of the critical elements of Cipla's operating framework. Cipla's Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, evaluation, mitigation and monitoring of strategic, operational, financial and compliance risks to achieve key business objectives. Through the ERM framework, we seek to minimise the adverse impact of risks, thereby enabling effective leveraging of market opportunities and enhancement of long-term competitive advantage.

Cipla's Management identifies key risks (existing as well as emerging) and prioritises the mitigation actions based on the potential adverse impact on operations and/or shareholder value. As we operate in a dynamic

operating environment, these risks are reviewed regularly and assessed for their potential impact/exposure. Every quarter, a detailed update on ERM is presented and deliberated upon in the meetings of the Investment and Risk Management Committee (IRMC) of the Board.

Based on Management review and deliberations during IRMC meetings, given below is a summarised account of some of the Company's 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.

1 Regulatory developments (India business)

Definition

Amongst other potential regulatory changes, continued pricing pressure and evolving regulatory landscape.

Mitigation Plan

- Divestment / discontinuation of select product categories
- Performing therapy-level impact assessment and amending product structure / pricing accordingly

2 Quality risks

Definition

Non-compliance with Good Manufacturing Practices (GMP), sub-standard product quality, and adverse audit findings by agencies such as FDA and MHRA among others

Mitigation Plan

- Ensuring all-time audit readiness
- Imparting relevant role-based training to employees
- Following a product Life Cycle Management Process (LCMP), which focuses on product quality
- Conducting investigations and Corrective and Preventive Action (CAPA) analysis for all product recalls
- Enforcing stringent quality standards on vendors in supply / service contracts
- Automation of Quality Management by developing Computer System Validation (CSV) programme

³ Risks presented in this section may not be exhaustive

3 Environment, Health and Safety (EHS) risks**Definition**

Safety at all Cipla workplaces is both a priority and a regulatory requirement. EHS incidents pose critical regulatory, reputational and business continuity risks

Mitigation Plan

- Comprehensive assessment framework called EHS Management System (EHSMS) to identify and respond to potential risks to ensure zero EHS-related incidents is being implemented. To augment the framework, corporate EHS standards and guidelines, and good EHS practices have been rolled out
- Development of detailed local EHS procedures and full implementation of EHSMS is currently underway
- Periodic performance of internal audits and EHS assessments

4 Geopolitical risks**Definition**

Continued volatility in select markets, due to geopolitical pressures leading to the risk on business continuity and collections

Mitigation Plan

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

5 Currency risks**Definition**

Exposure due to fluctuations in foreign currency rates

Mitigation Plan

- Hedge balance sheet translation and realisation exposure for select countries fully
- Implementing a policy of hedging appropriate percentage of future cash flows in a basket of select currencies based on defined risk threshold, thereby limiting the currency risk

6 Increasing costs and growing business complexity**Definition**

Risk of shrinking revenue due to downward pricing pressure on most of the key products in tender-based and other highly competitive businesses

Mitigation Plan

- Ensuring sustained cost optimisation programmes year-on-year and complexity rationalisation
- Implementing process improvement initiatives
- Ensuring product portfolio enhancement

7 Cyber security and data privacy regulations**Definition**

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

Mitigation Plan

- Fostering a risk-aware culture that can anticipate and prevent attacks, and where necessary, effectively respond to security breaches
- Maintain strong cyber security infrastructure
- Compliance with data privacy law requirements through:
 - Performing gap analysis to identify existing weaknesses
 - Rolling out a Data Protection Policy
 - Developing an implementation roadmap based on gap analysis for implementing cyber insurance or other protection mechanisms

8 Growth uncertainty in US market

Definition

Cipla continues to witness growth uncertainty in the US market due to challenges associated with price erosion across products and under performance in product launches

Mitigation Plan

- Improving growth rate through implementation of robust launch management practices
- Target the portfolio towards identified limited competition spaces based on select areas of differentiation

9 Fraud

Definition

Fraud can have a potentially adverse impact on the Company's profitability, brand and business sustainability

Mitigation Plan

Developed a comprehensive Fraud Risk Management (FRM) framework, consisting of a host of preventive,

detective and response measures. These include:

- New global Code of Conduct Policy
- Integration of fraud indicators in the Internal Financial Controls (IFC)
- Robust whistle-blower programme
- Demonstrating a zero-tolerance approach towards violations of the Code of Conduct
- Rigorous vendor on-boarding process
- Development of fraud analytics to identify and raise red flags

10 Compliance

Definition

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

Mitigation Plan

Building capability and rigour in the corporate compliance mechanism by implementing sound compliance policies and SOPs, system-based monitoring of compliance versus requirements, and imparting suitable training to relevant personnel

Due to the inherent risks in the Company's business activities, it is vital that Cipla keeps improving risk management practices to strengthen the organisation through informed strategic and business decisions.

Cipla's strategic vision for the ERM function is to embed ERM across processes, business strategy and key decision making to add significant and strategic organisational value.

Our Business Model

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

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

This OneCipla ethos and Credo, which reflect in our day-to-day business conduct, form the bedrock of our business model, and inspire the Company's 25,000+ employees to operate within the perimeter of ethics, transparency and good governance with every step they take.

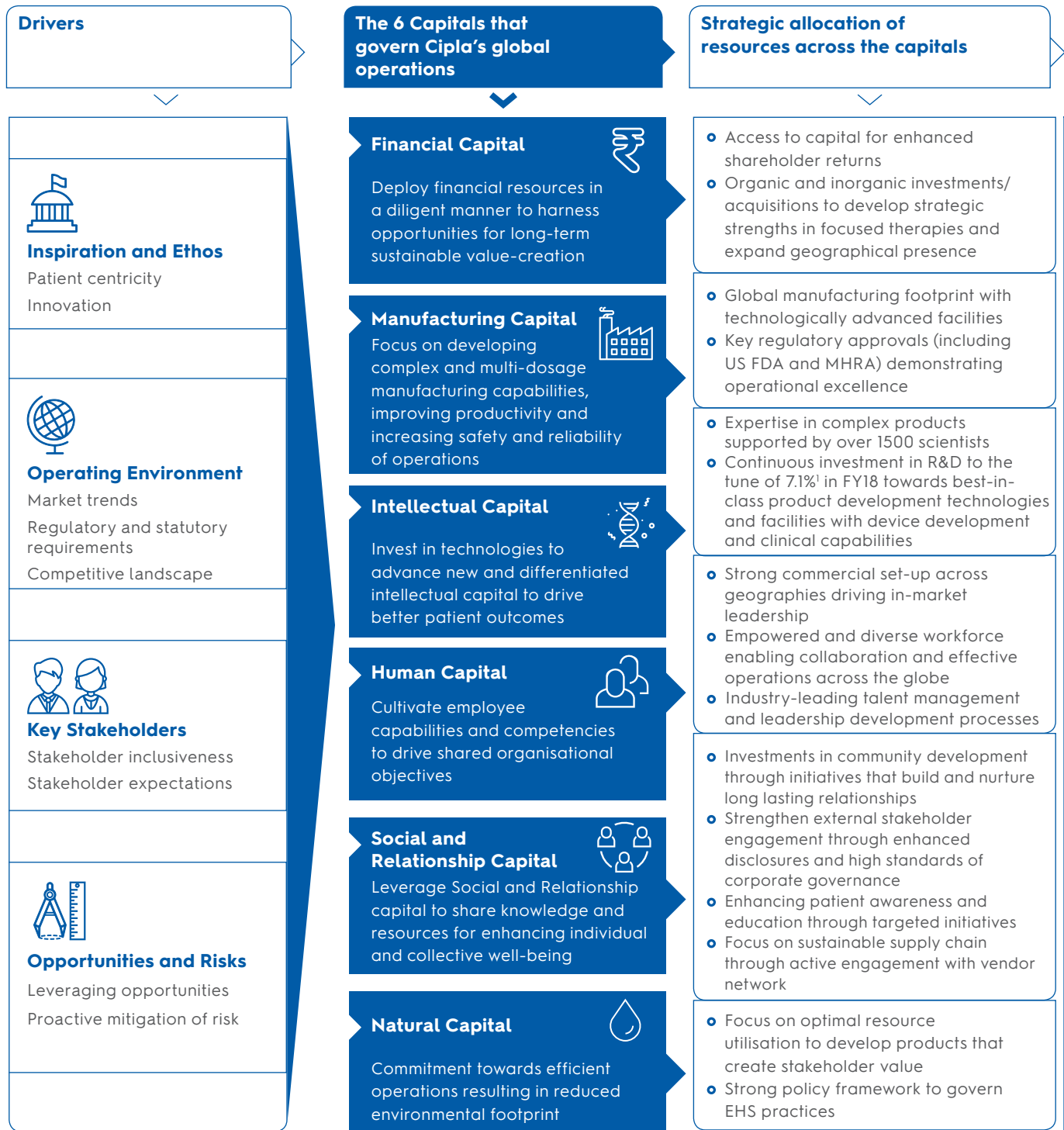
The business model is driven by elements critical to Cipla, encompassing the internal and external factors influencing the Company. These elements include:

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

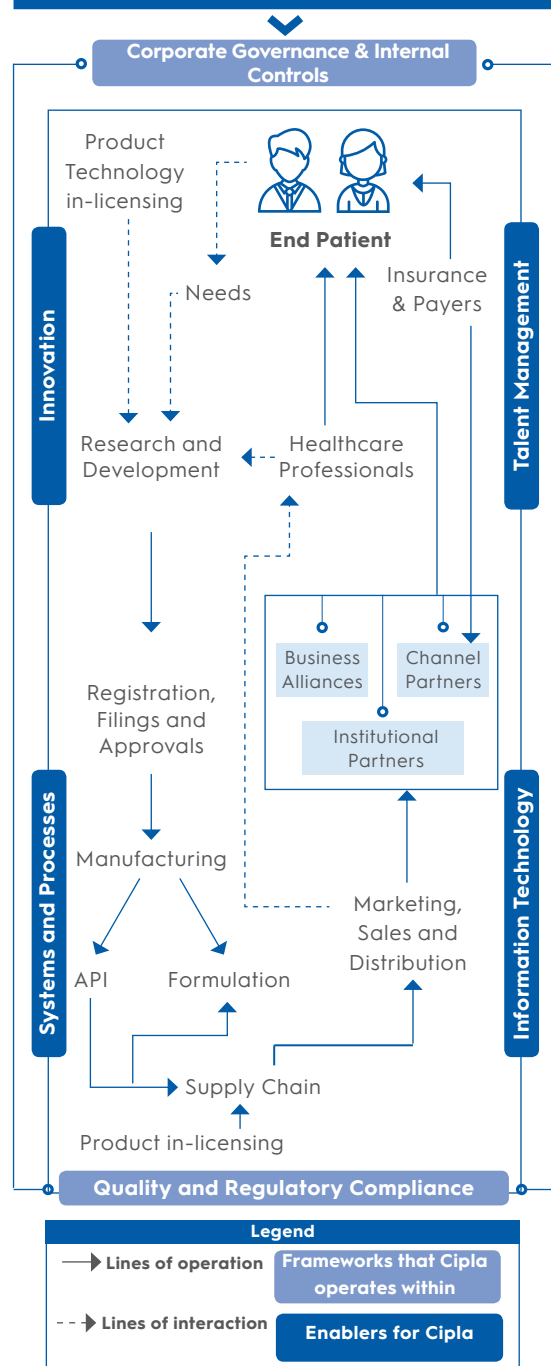
These elements allow Cipla to monitor the forces influencing business, to stay agile and to deliver sustained stakeholder value. Our business model encourages focusing on and strengthening the following key aspects:

- a) **The six capitals**, which demonstrate how we define and utilise our resources.
- b) **Strategic allocation** of high-quality **resources** that flow in from these capitals. These resources act as the fuel for business activities, which churn out superior quality outputs and outcomes.
- c) The **global value chain** which outlines the components of Cipla's business and its flow. Each element of the value chain works in conjunction with the others seamlessly and ceaselessly to ensure that the Company delivers quality products to patients. This process operates with the help of key enablers and within defined frameworks that ensure sustainable and transparent business conduct.
- d) Enhanced **stakeholder value**, which is derived through the high-quality outcomes from the streamlined value chain. This is detailed in the Capitals (Page 42 to Page 77).

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


OneCipla Credo
Purpose Inspired
Responsibility Centered
¹OPEX including depreciation as a % of revenues | ²Adjusted for GST

The global value chain with an End Patient focus



Cipla's patient centric business model delivers significant stakeholder value



3rd largest player in India



3rd largest player in South Africa



Among the top 10 most dispensed generic companies in US



Leadership positions across key emerging markets

Cipla's Key Brands



Synchrobreathe



Omnigel



gPulmicort



gDacogen

Financial Capital



- Sustainable FY18 revenue growth of **6%²** and expansion of EBITDA margin to **18.6%** of revenue
- Strong cash generation and healthy balance sheet; net debt to equity ratio of **0.14**

Manufacturing Capital



- 44** state-of-the-art manufacturing facilities across the globe with a diversified product portfolio of over **50** dosage forms

Intellectual Capital



- Dedicated and focused approach towards innovation - cumulative **249** ANDAs

Human Capital



- Engaged employees resulting in inspired and motivated workforce - employee engagement index improved year-on-year
- Focus on diversity in the Board and top management - **58%** independent members on the Board and **one-third** women representation in Management Council

Social and Relationship Capital



- Working with communities for the betterment of lives - **85+** initiatives spread across healthcare, education, and skilling
- Strong business relationship with **1400+** suppliers across the globe
- Established relationships with government bodies to support patient access

Natural Capital



- Zero liquid discharge** across API facilities
- 6,00,000+** Kilolitres of water recycled to reduce pressure on fresh water resources

Innovation Driven

Excellence Focused

Integrity and Trust Anchored

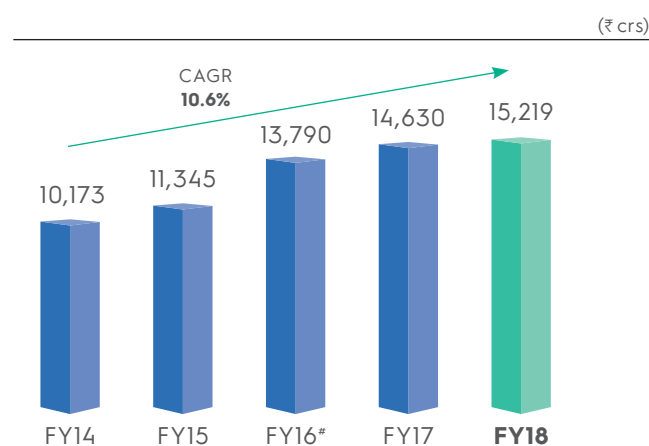
Financial Capital

With an eight-decade legacy, Cipla has remained committed to drive sustainable value creation based on strong business fundamentals including focused R&D investments and a diversified & growth oriented business model. There is a strong focus on efficient capital allocation and continuous margin improvement. Business model realignment and significant improvement in cost structure have resulted in growth in revenue and EBITDA of 6% (GST Adjusted) and 14.2% Y-o-Y respectively. While this is ongoing, there is strong cash generation year on year which is reflected in substantial reduction in Net Debt to Equity ratio over the last two years

Revenue from Operations

During the last 5 years, Cipla has recorded a CAGR of 10.6% with substantial expansion of its footprint across the globe. Revenue growth has largely been driven by strong performance in home markets of India, North America and South Africa.

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

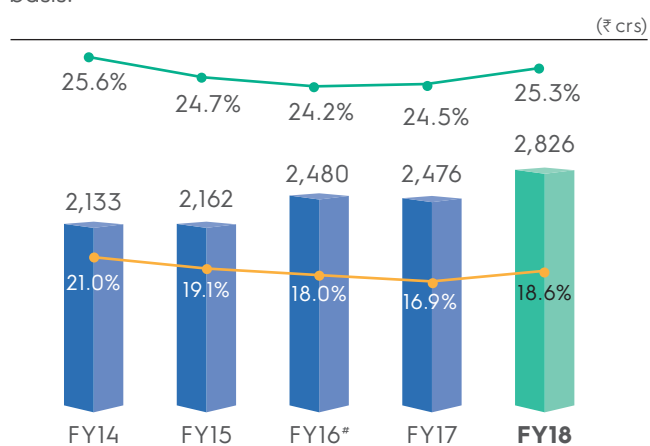


FY16 includes one-time profit share of around ₹1050 crores

EBITDA

Absolute EBITDA saw a CAGR of 7.3% over the last 5 years, owing to contribution from new businesses, improvement in the portfolio mix, new launches in North America and impacted by higher R&D investments in recent years. The Company has maintained a pre-R&D EBITDA of over 24% over the years.

Strong growth momentum across key markets coupled with margin expansion and cost reduction has resulted in 165 bps improvement in EBITDA margin on Y-o-Y basis.



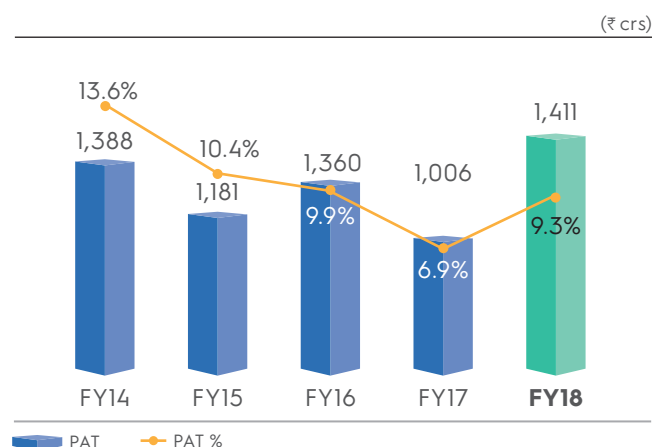
Normalised EBITDA for FY16 without one-offs was -14%

Note: Figures mentioned above for FY14 and FY15 are as per IGAAP whereas for FY16, FY17 and FY18 are as per Ind AS

Net Profit after tax attributable to shareholders

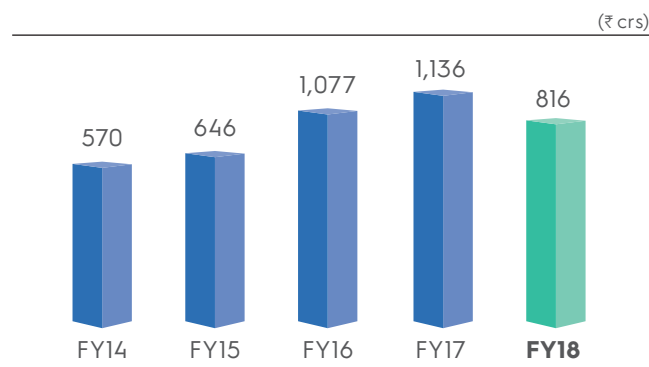
Over the years, depreciation and amortisation costs have increased due to increased capital investment and acquisitions. Further, the profits for FY17 and FY18 saw the impact of impairment of assets related to InvaGen and Cipla BioTec.

The Company's effective tax rate (ETR) has improved significantly over the last 5 years driven majorly by operations in backward industrial areas and increased R&D investments



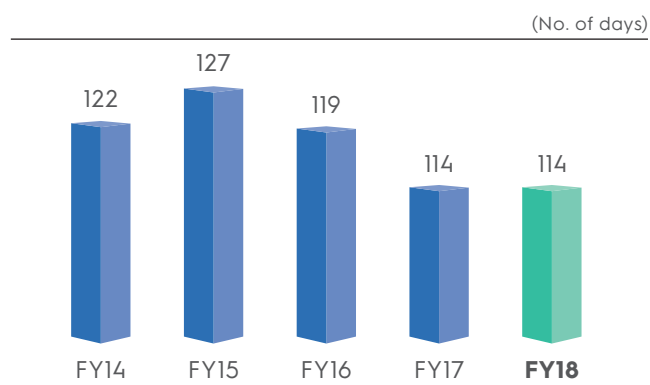
Cash Outflow in Capex

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



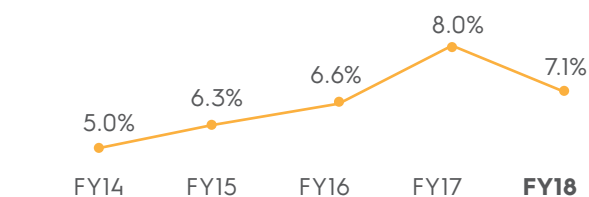
Cash Conversion Cycle*

Cash Conversion cycle has improved over the years through focused management of inventory, receivables and payables.



R&D Investment**

The Company continues to invest in building a strong product pipeline through R&D. This has contributed significantly in growing the US product portfolio. The Company filed 24 new ANDAs and invested in clinical for gAdvair during the year. Absolute annual R&D investments at Cipla have crossed ₹1000 crore.



Note: Figures mentioned above for FY14 and FY15 are as per IGAAP whereas for FY16, FY17 and FY18 are as per Ind AS

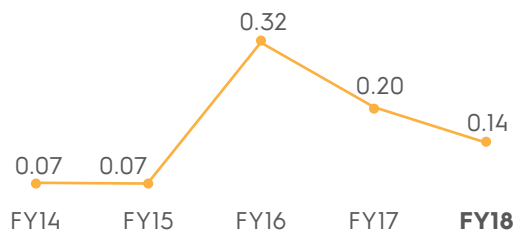
*CCC = (Average Working Capital ÷ Revenue per Day)

**R&D investment includes OPEX and depreciation

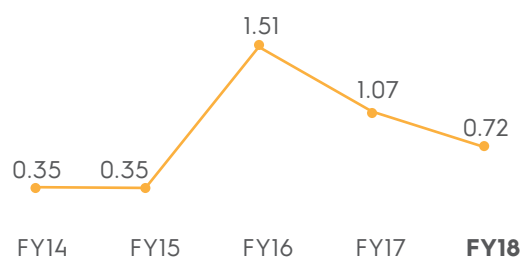
Liquidity

The Company funded the acquisition of InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. through debt funds in FY16. Strong cash flow generation through focused management of receivables and inventory has led to a significant improvement in net debt to equity ratio from 0.20 in March 2017 to 0.14 in March 2018. Healthy margin improvement in FY18 contributed to decline in Net Debt to EBITDA ratio from 1.07 in March 2017 to 0.72 in March 2018.

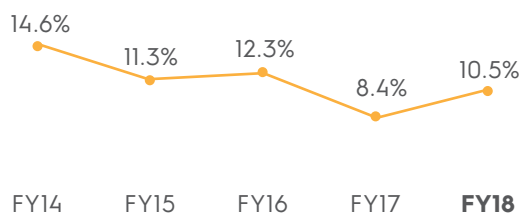
Net Debt* to Equity



Net Debt* to EBITDA



Return on Equity (RoE)*



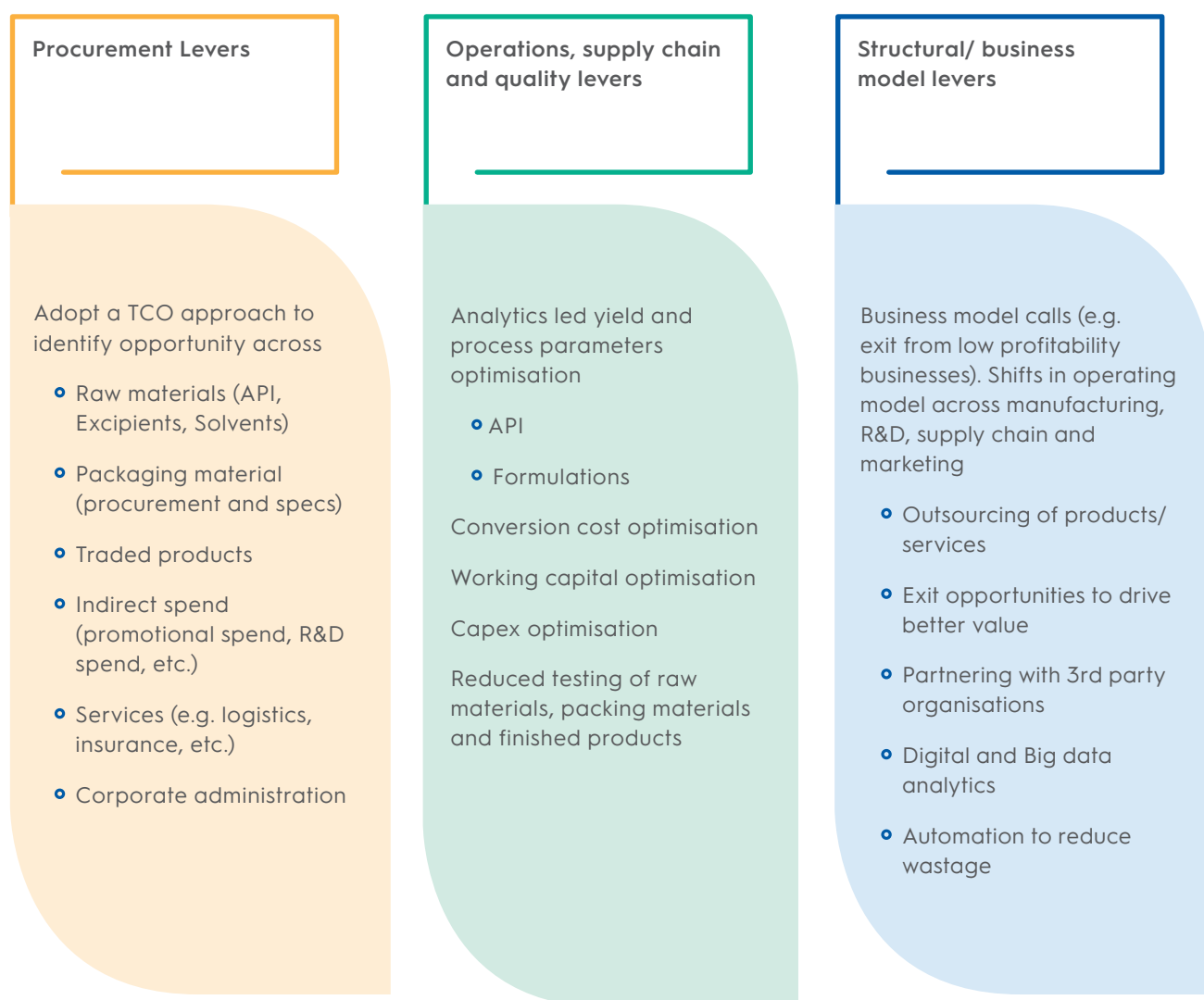
Note: Figures mentioned above for FY14 and FY15 are as per IGAAP whereas for FY16, FY17 and FY18 are as per Ind AS

*Net Debt = Total borrowings - Cash and Cash equivalents + Bank Balance other than Cash and Cash equivalents (excluding earmarked balances per dividend) + Current Investments

#RoE = (Net Profit after tax attributable to shareholders) ÷ Average Shareholder's Funds (excluding non-controlling Interest)

Project Eagle: Enhancing access at low cost

In delivering a sustainable business with long-term revenue growth, Cipla also recognises its commitment to provide affordable medicines to those who need them. Through Project Eagle, rolled out in select locations from the middle of FY17, the Company has adopted an integrated approach to procurement, supply chain and operations.



Through a systematic and process-driven approach, the Company also addressed each cost element relating to procurement, research, manufacturing yields, logistics, overheads and people through benchmarking against best-in-industry practices.

Manufacturing Capital

Cipla has leveraged and invested in its manufacturing capital through facilities that are cGMP compliant and approved globally. This has facilitated the Company to attain a global leadership position in the pharmaceutical sector.



The confidence of patients and healthcare professionals in Cipla's products has strengthened over the years due to consistent and timely delivery of highly dependable products. The Company continues to strive to retain this confidence by diligently manufacturing high quality medicines and implementing innovative, path breaking technologies to deliver superior quality products. The Company ensures adequate allocation of its resources to enhance its manufacturing capital that enables higher

productivity. Also, under the principle of 'Caring for Life', Cipla has worked towards enhancing the affordability of medicines worldwide. The company was able to do this through cost and complexity rationalisation, product portfolio enhancement, process/yield improvements and alternate vendor development. Some of the examples of Cipla's affordable medicines developed are iron chelators for Thalassaemia, HEPCVIR & HEPCVIR L and HEPDAC¹.

Following are the key pillars that support the efficient management of manufacturing capital:

Cipla's capabilities & developments

A testimony of its competence

Quality

A bedrock for sustainable growth

Pharmacovigilance

An ownership of drug safety

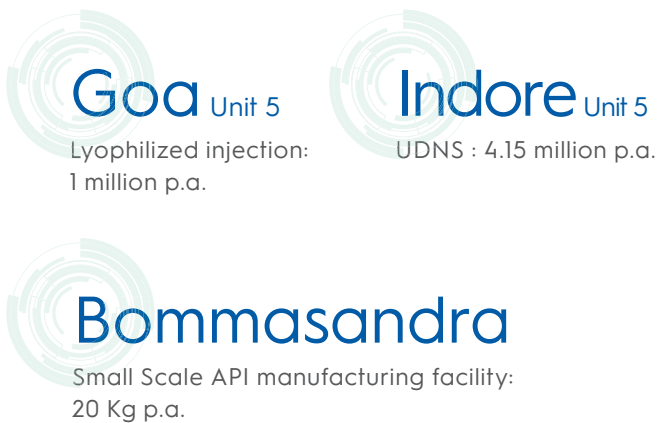
Capabilities and developments

The Company's manufacturing facilities present a range of capabilities aligned to its existing and future commercial strategies and product pipeline. Cipla has over 1500 products in 65 therapeutic categories available in over 50 dosage forms. These capabilities range from the development of a simple molecule to highly complex multi-chiral centres molecule with a distinction of affordability and highest quality. The Company's capacities include its own facilities and in-licensed facilities which support both generic and the biotech business. Cipla's investments in manufacturing capital include development of new drug delivery systems, facilitation of infrastructure supporting API and formulation developments and strengthening of platform technologies.

¹ Information in line with BRR Principle 2 Question 1

Cipla's reputation as a respected pharmaceutical brand results in an increase in market outreach and subsequently increased demand of its products. To suffice this ever-increasing requirement, Cipla continues to invest in expanding its presence as well as enhancing the capacities of its existing plants. During the year, the Company made the following augmentations to its existing operations.

Capacity addition in FY18



The Company is committed to achieving zero-defect and implements strict quality controls to ensure that every product released from its manufacturing facility adheres to all applicable quality and regulatory standards. This reputation of delivering consistently high quality products has helped Cipla to be considered as one of the key partners of choice for multinational Government and Non-Government institutions globally.

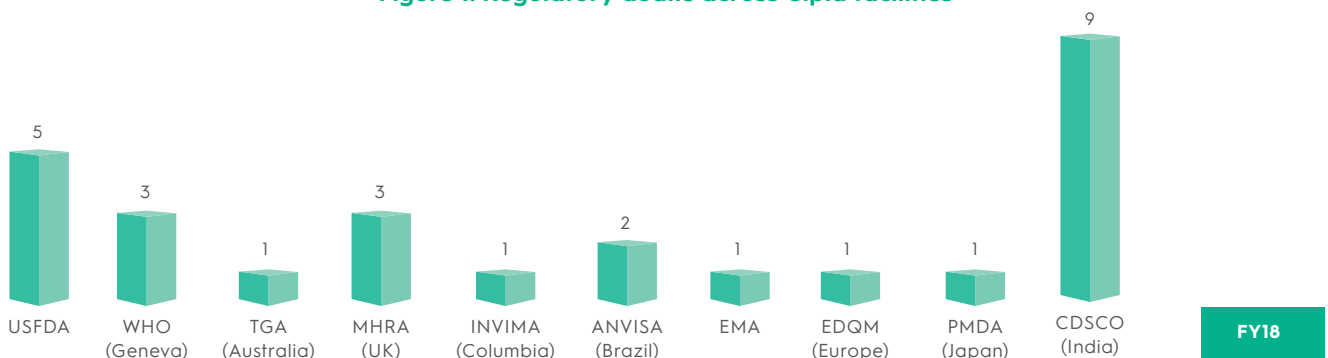
The Company conducts regular vendor audits to ensure adherence to relevant quality standards across its value chain. The Quality by Design (QbD) team and Development Quality Assurance (DQA) team work closely with the R&D function to monitor quality during clinical trials, tech transfer and developing molecules. During the manufacturing process, the Quality Control (QC) team establishes and implements robust practices to ensure quality. Post manufacturing, this is reinforced through safe destruction of defective and expired products as well as stringent pharmacovigilance.

Cipla has withstood and successfully overcome challenges such as growing regulatory pressures, demanding compliance requirements and stringent quality standards as a result of its robust Quality Control systems. The Company functions on a business model with a futuristic outlook that envisions the anticipated regulatory developments. This prepares Cipla to adapt readily to the changing environment and ensure business continuity. The Company's focus during the year has been to enhance its Quality Management Systems to meet and/or exceed the current expectations of regulatory authorities such as CDSCO, US FDA, MHRA, TGA, WHO, etc. and following (figure 1) is a representation of the audits conducted across Cipla facilities.

Quality

Cipla believes that the key to strengthening the foundation of a responsible brand is in consistently achieving high standards of quality in everything we do. Quality is embedded at every stage of Cipla's operations, including procurement, manufacturing, delivery and safe product disposal.

Figure 1. Regulatory audits across Cipla facilities



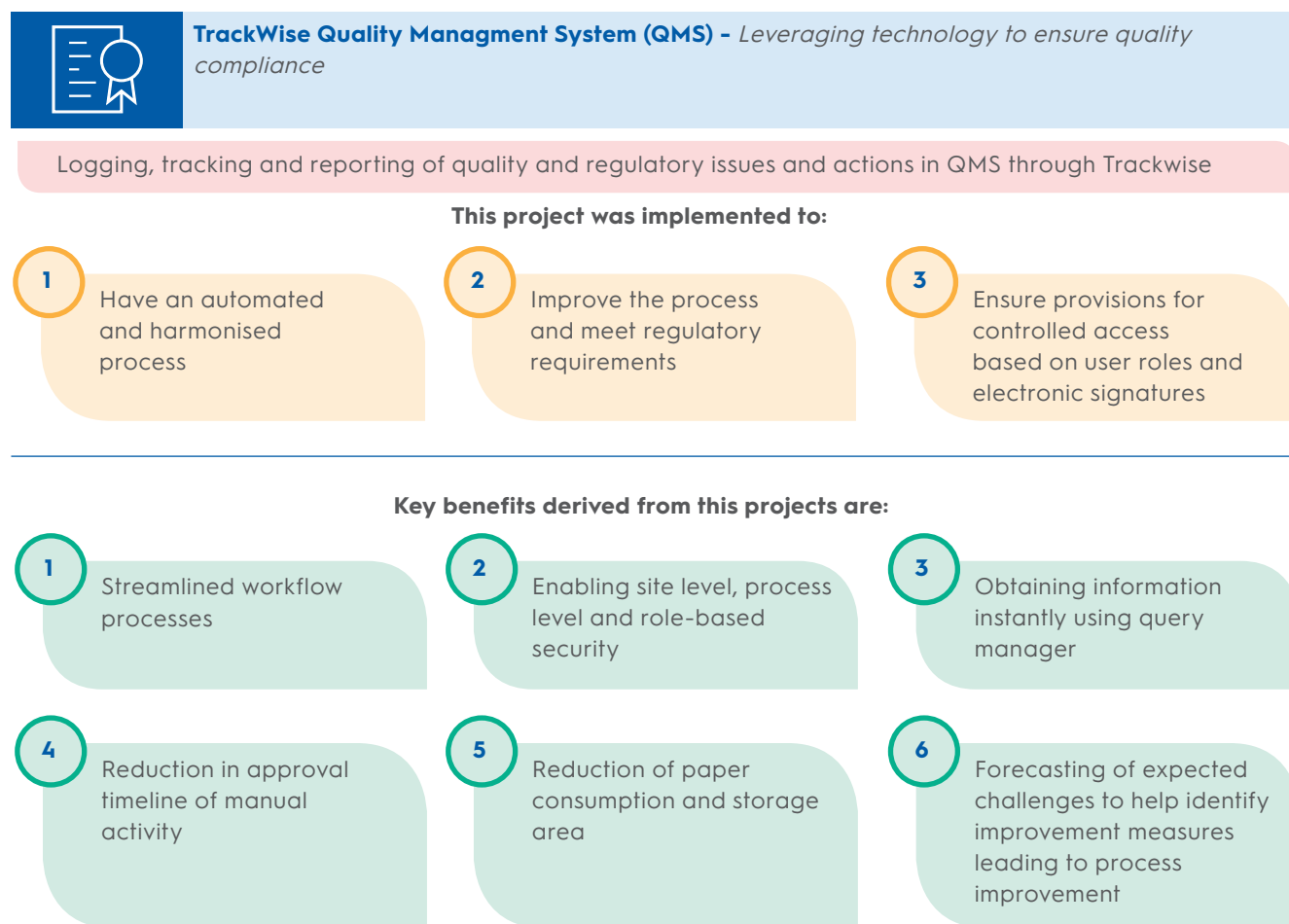
Systems and processes to ensure quality at Cipla

Cipla understands that adequate and timely investment in strengthening its quality management protocols promise long-term benefits in terms of eliminating cost of failure, enhancing stakeholder confidence and bolstering legal compliance. Cipla's quality team is the custodian of its quality policies and procedures and acts as the gatekeeper of review mechanism for regulatory compliance. The team is responsible for the delivery of high standard products by implementing meticulous review procedures. The Corporate Quality Assurance (CQA) team oversees the preparation and communication

of the Company's SOPs and policies. Cipla's 71 QMS policies along with supporting SOPs reflect its vision to execute the QMS in compliance to the applicable cGMP regulations. Effective implementation of this system is continuously monitored using quality metrics and internal audits.

Cipla's facilities ensure quality through constant upgradation of equipment, adoption of technological advances and implementation of industry benchmarked practices. The Company has developed a robust system to manufacture products that adhere to stringent specifications & in-process controls subsequently leading to high product quality.

Figure 2. Trackwise Quality Management System



The Company has implemented the Trackwise QMS to enhance data traceability and ensure better quality compliance. This module has been implemented at all Indian sites for monitoring and overcoming deviation, CAPA and complaints. Figure 2 provides details on Trackwise QMS implementation.

Laboratory Information Management System (LIMS) has also been implemented to improve compliance in data management system. LIMS is an enterprise wide system for Management of Data and Processes in Quality Control Laboratories. It has helped in automation of various lab functions like lot management, stability study, calibrations, environmental monitoring, retention samples, investigations, standard management, culture and reagent management etc. The LIMS is interfaced with SAP and analytical balances for data transfer. It is a 21 CFR part 11 compliant end to end solution and has brought about major lab automation, work simplification which further strengthened the Quality Systems. The LIMS has been rolled out across Cipla and associated units within India and all key routine functionalities are successfully implemented. The newly developed functionalities are in process of rollout as a part of continuous improvement and value addition to the business.

Safe product destruction

Ensuring safe product destruction is one of the key activities of the quality function and is an important aspect to prevent re-use and re-selling of defective and expired products. The Quality team has established detailed guidelines and SOPs to guarantee safe destruction of products. The process is carried out under the supervision of a designated officer to ensure streamlined destruction. The incoming lots received from stockists and at the depots are examined and records are maintained for expiry dates and defects. At the units, the products to be destroyed are deactivated through streamlined procedures. The material/destroyed material is then handed over to a State Pollution Control Board authorised third party vendor for safe destruction and is overseen by an approved Cipla staff. Safety is ensured throughout the destruction process at units as well as at depots.

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

Pharmacovigilance

Pharmacovigilance is an essential component of quality and enables Cipla to adopt adequate measures to identify and enhance awareness regarding

adverse effects of its products. The Company's robust pharmacovigilance system is equipped to handle and process safety related complaints from multiple stakeholders such as consumers, patients and healthcare representatives among others. Through a structured customer complaint redressal system, complaints related to drug safety are directed to the pharmacovigilance team. While product quality related complaints are addressed as per the SOP prescribed by Corporate Quality Assurance (CQA), the Company has developed a global pharmacovigilance system for effective handling and processing of drug safety-related complaints. The pharmacovigilance team also undertakes measures to review current literature in order to understand the evolving drug reactions. Investing in these critical elements of pharmacovigilance captures improvement areas and aids in standardising and streamlining processes.

The redressal mechanism is supported by a dedicated phone line and a mailbox wherein safety-related complaints are received from consumers, patients and healthcare professionals. Cipla has an established SOP for diligent follow up with the reporter for each complaint received. As a part of this follow-up, the Company enquires about the patient's safety and obtains adequate information to assess the safety profile of a drug. Cipla's field team, being an important link between the Company and end-users, is sensitised periodically about the importance of patient health and safety through appropriate trainings.

Cipla strives to update its pharmacovigilance practices by improving resource allocation, establishing effective partnerships with vendors and implementation of governance mechanisms to adapt itself to the changing regulatory landscape. Being a multi-national Company, Cipla undergoes investigations and inspections conducted by bodies such as The Medicines and Healthcare Products Regulatory Agency (MHRA) and The Agency for Medicinal Products and Medical Device (HALMED). In FY18, no critical observations were made under the MHRA and HALMED inspections. As a result of stringent pharmacovigilance practices implemented at Cipla, in FY18, Cipla received 30814 adverse event cases and the reporting compliance to the respective regulatory bodies was 99.07%. The cases after being reported to the respective authorities are captured in the database and this information is used to prepare PADER for individual molecule leading to continual improvement.

Intellectual Capital

Cipla's Intellectual Capital catalyses and strengthens its portfolio of new drugs and therapies to deliver unique and affordable medicines and products. Our innovation-centric culture, dedicated research & development team, world class laboratories & infrastructure and relentless focus on quality form the foundation of this capital.



80¹

new products launched globally during the year, contributing to innovative healthcare solutions

Cumulative



249²

ANDAs to enhance the outreach of our medicines

Cipla's continued focus on patient centricity drives the desire to innovate and defines what the Company stands for today – an innovation-led global pharma company. The number of lives that Cipla impacts positively has been consistently growing with the development of our product portfolio across various geographies.

Strategic focus areas

Cipla's Intellectual Capital powers our ambition to build a strong and comprehensive product portfolio. The Company's 1500+ dedicated scientists, which include formulation, analytical, and organic synthesis experts, work relentlessly to deliver quality medicines.

Science is at the core of who we are, and our state-of-the-art laboratories constantly challenge convention. Our two formulation facilities and three API R&D facilities are equipped with advanced infrastructure that aid in the development and manufacturing of high quality products. Towards supporting and enhancing its intellectual capital, the Company has invested 7.1%* (₹1,074 crore) of FY18 revenues on R&D.

Cipla's strategic focus areas for developing Intellectual Capital are:

- Building a pool of innovation, through

- Developing novel combination drug formulations, unique drug delivery systems and complex generics for better patient care
- Strengthening intellectual property, including the patenting of new products, processes, methods of use, drug delivery systems and medical devices, mainly in the area of respiratory medicine
- Collaborating with premier research institutes and engaging with regulatory bodies to grow the reach of critical drugs that are globally compliant

Cipla's Intellectual Capital is powered by end-to-end project management expertise, and robust systems and processes. To optimise efficiency, maximise performance and to ensure seamless integration of information across the organisation, we have implemented initiatives such as Electronic Lab Notebooks.

Innovation pool

Cipla's mission to innovate our R&D assets if pivoted towards the following critical areas of the business:

API development

Cipla's state-of-the-art research facilities for API process development are housed across various locations in India

*OPEX including Depreciation as % to revenue | ¹Refers Launches Of Products Developed By Cipla

²Cumulative Number Includes Approved, Tentatively Approved And Under Approval Andas For Cipla Ltd, Invagen, Third Party Andas And Pepfar

- The API pipeline consists of over 50 complex developments in the therapy areas of Oncology, Hep C, ARV, Diabetology, Respiratory, among others
- The products are developed using principles of Quality by Design (QbD) and incorporating Design of Experiments (DoE)
- Cipla's API R&D has dedicated oncology and polypeptide development labs with highly experienced analytical research development teams and instrumentation such as NMR, LC-MS-MS, GC-MS, PXRD, single crystal XRD, etc.

Niche Areas of API

Cipla's API Integrated Product Development (IPD) team has conceptualised a programme for adopting the principles of Green Chemistry to develop production processes that are environment friendly. The Company's technological interventions towards recycling, reducing and reusing solvents in manufacturing have resulted in lower waste generation and energy-efficient processes. During the reporting year, the Company has undertaken multiple initiatives towards the twelve principles of green chemistry, some of which are:

- **Flow chemistry:** Flow chemistry is an established technique for performing reactions under conditions where mixing, temperature, pressure and reaction time are precisely controlled. The Company has built various flow reactors into its processes such as Coflore ACR- Agitated Cell Reactor, Corning Advanced Flow Reactor, Spinning-Disk FLOW Reactors, among others to enhance the safety and efficiency of its processes.

The strategic investment in flow chemistry has enabled us to provide cleaner products, safer and quick reaction, optimisation and easy scale-up.

This in turn has had a positive impact on Cipla's environmental footprint.

- **Biotransformation:** Biotransformation encompasses the use of biological systems to catalyse the conversion of one compound to another. Through biotransformation initiatives, Cipla has been able to enhance its natural capital efficiency by improving productivity, significantly reducing waste streams and generating fewer by-products, thereby reducing impurities.
- **Peptide chemistry:** Therapeutic peptides are a promising and a novel approach to treat several diseases, including cancer. They have several advantages over proteins or antibodies as they are (a) easy to synthesise, (b) have a high target specificity and selectivity, and (c) have low toxicity. They also hold capabilities such as separation of analogous compounds, separation of racemic compounds and handling of thermolabile compounds.

Strengthening API R&D through innovative techniques

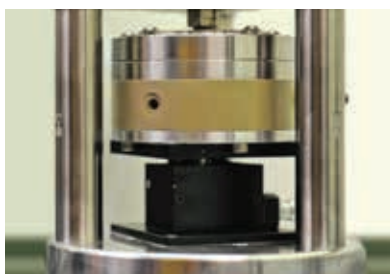
Cipla continues to invest in infrastructure and develop in-house capabilities, which help support API development. Towards this, we have used several tools to characterise the physicochemical properties of molecules to ensure they meet FDA requirements. Some of these high end tools include:

- X-ray powder diffraction hyphenated with DSC
- inVia Raman Microscope
- Morphology G3-ID
- Nuclear Magnetic Resonance Spectroscopy

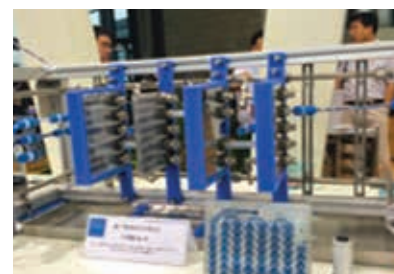
These new characterisation tools have enhanced the pace of product development and dossier filings, and also helped Cipla perform in-house characterisation of the molecules for cost optimisation.



Coflore ACR-Agitated Cell Reactor



Spinning-Disk-Flow Reactor



Corning Advanced Flow Reactor

Formulation development

Cipla is actively engaged in developing a formulation portfolio and pipeline across its formulation facilities:

- Formulation development is focused on Respiratory, Oncology, ARVs, Ophthalmology, CNS, CVS among others
- Over 60% of the products are developed for international markets
- The pipeline has over 250 products, including complex formulations

Platform technologies

Cipla has made strategic investments in platform technologies resulting in enhanced drug safety and an increase in efficacy through a targeted therapy approach. The aim of these investments is to formulate differentiated products that overcome the key challenges of conventional drug delivery systems and add value to current products.

Over the years, Cipla has developed and adopted a range of platform technologies such as Nanotechnology, Liposomal, Modified Release Technology, Inhalation Technology, Microsphere, Hot Melt Extrusion, Oral Disintegrating Technology, Peptides, Implants, Intra-vaginal ring and Depot Injections.

We have built platform technologies in the field of respiratory devices to facilitate effective drug delivery across dosage forms. These include breath-actuated inhalers and unit-dose nasal sprays.

In an era of digital disruption, Cipla has been developing a family of digital devices such as peak flow meters and digital inhalers that will connect patients with doctors, provide portable diagnostic solutions, assist them in self-management of diseases and improve adherence to the prescribed dosage schedule.

Cipla is also building strong skill-sets in engineering design, systems modelling and simulation. We have

developed Computational Fluid Dynamics (CFD) toolkits to support rapid development and high performance of respiratory devices. Device resistance significantly impacts optimal drug delivery and respiratory comfort during medication. Cipla conducts analysis of medication devices as well as disease ailment detection. Based on air flow analysis and Design of Experiments (DOE), we conduct a basic simulation to determine device resistance, which helps arrive at optimised device models. The best model is further analysed to deliver devices that optimise the patient experience and meet their evolving needs.

Strengthening intellectual property

Cipla's innovation focus can be gauged from the multiple patents that the Company holds. These include drug substances, drug products, platform technologies, IP on polymorphs and crystallinity, and medical devices. During FY18, Cipla filed 35 patent applications, of which 24 were successfully granted.

New product launches and regulatory approvals

The thrust on advancing Intellectual Capital is our driving force to innovate and stay ahead of the curve. This is reflected in the consistent growth of our product portfolio, which witnessed 80 new launches during the year:

- 11 products launched in the US; these include products such as Budesonide Respules, Decitabine Injection and complex products like Sevelamar
- Launched Minispacer, Multihaler 60 and Synchrobreathe Respiratory devices in India along with 19 other products
- Imatinib 400 mg Tablets and Nifedipine XR tablets 30, 60 mg launched in SA
- 16 products introduced in Europe, which include 10 respiratory products
- 22 products launched in international markets, which include 14 respiratory products
- 7 products were launched under the Cipla Global Access (CGA) programme



¹Refer launches of products developed by Cipla

Cipla's R&D department also engages with regulatory authorities such as US FDA, ANVISA, CFDA, MHRA, WHO and others across the world to promote filings of Drug Master Files (DMFs), Abbreviated New Drug Applications (ANDAs) and Marketing Authorisations (MAs) for own and partnered products. Some of the successful filings undertaken by the Company during the year are:

- 24 US ANDAs filed, including 7 NCE-1s
- 5 dossiers submitted to DCGI, India
- First product filed in Brazil (Imatinib tablets)
- First CTA filed for China (FPSM)
- 16 dossiers submitted for SAGA (10 South Africa + 6 CGA)
- 3 products filed in Europe
- 4 products filed in Australia
- 4 pre-IND submissions to USFDA

Cipla's noteworthy products

Artesunate Suppositories

Isolated rural communities have poor access to healthcare facilities, and the risk of death from severe malaria is the greatest in the first 24 hours.

Artesunate Suppositories (100 mg) have been developed as pre-referral treatment that can

be delivered at first point of care. These can be administered to 'buy time' until parenteral treatment is available. Cipla has developed lipid base formulation and its bio-equivalency was established against the TDR formulation.

Abacavir + Lamivudine + Lopinavir + Ritonavir Granules

This is the first worldwide Fixed Dose Combination (FDC) containing Abacavir + Lamivudine + Lopinavir + Ritonavir (30+15+40+10mg) targeting the paediatric population. The idea behind manufacturing this formulation was to have better bioavailability and improved patient compliance as the product is better taste-masked.

This formulation is designed as sprinkle capsules to be administered with soft food (porridge) to improve patient acceptance.

The manufacturing process for standalone actives is complex but Cipla has successfully managed to fill all the actives in a single unit dosage form, thus making the therapy easily accessible.

STIP Tablets

While there is no innovator available worldwide for the Fixed Dose Combination (FDC) of Sulfamethoxazole, Trimethoprim, Isoniazid and Pyridoxine Hydrochloride (800/160/300/25mg), individual innovators are available for Co-trimoxazole and Isoniazid tablets.

This FDC is indicated for the prevention of tuberculosis, bacterial pneumonia, malaria, and isosporiasis and to reduce mortality and hospitalisations in HIV-infected patients without active TB.

Cipla has developed a tablet formulation with < 10% of excipients to control the tablet weight (Active 1,285 mg + excipients 140 mg = 1,425 mg).

Partnerships for novel solutions

In addition to developing our own products, we collaborate with strategic channel partners to enhance access to medicines and develop unique products that will help address patient requirements across the globe.

Cipla is a reliable partner for HIV and TB therapy worldwide, for which we develop formulations with international non-profit organisations such as DNDi and MMV. The Company has co-developed masked products like 4-in-1 ARV therapy for paediatric ARV patients, and Novel Taste which is in the registration phase. We have also developed an anti-malarial Artesunate Suppository in collaboration with MMV, and a 4-in-1 Anti TB therapy medication along with WHO.

Human Capital*

We at Cipla are inspired by our purpose of 'Caring for Life' and strive to extend this philosophy to our associates* and their family members. Our endeavour is to build a high-performance and meritocratic work culture with care as the cornerstone.



1/3rd of the Company's management council is represented by women

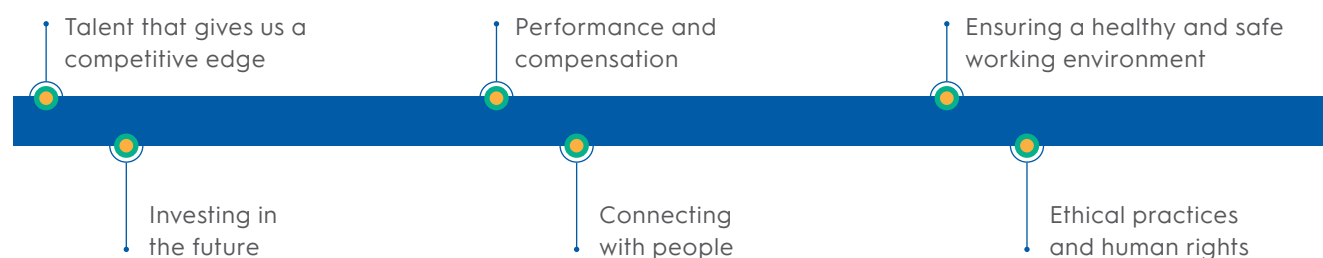


160 thousand + Man-hours invested on EHS trainings



Average age of associates just over **30** years

The section unfolds under the following heads :



Talent that gives us a competitive edge

Cipla's highly skilled global workforce, with its unwavering commitment to excellence, has been a critical pillar in the Company's success story. We achieve our shared goals and organisational objectives by strategically focusing on attracting, retaining and developing the correct talent mix with diversity in relation to gender, age, expertise and geographical heterogeneity.

38

Fresh MBA graduates hired as part of the Young Managers Programme.

19%

Voluntary attrition rate

Our Code of Conduct confirms our commitment of being an equal opportunity employer with no discrimination or harassment and a drug-free workplace.

*Covers Indian operations only

*Employees at Cipla are called as Associates

Cipla's workforce: Its strength

Category	Total number of employees ¹	Total number of employees hired on contractual/casual basis ²	Number of permanent women employees ³	Number of permanent employees with disabilities ⁴
Number of employees under each category	23610	8912	2624	13

Investing in the future

Learning and Development

With the launch of the Cipla University (CU), we continue with our commitment to create a high-performance work culture by building employee capabilities that deliver consistent results for the present and future through the Leadership Academy and various domain-specific functional academies.

Following are the key advances observed during FY18:

- Roll-out of Cipla's **First Principles** which saw an enrolment of 100% employees including senior leadership
- Launch of **OneCipla Leadership Academy** with a well-defined Leadership Development road map across employee life cycle, in line with Cipla Leadership Essentials. Flagship interventions such as LeadX and CLAP were launched and a CEO sponsored Leadership Summit for the top 50 leaders of the organisation was also hosted by the academy
- Meaningful partnerships were cultivated with world-class content providers to promote a culture of continuous self-learning

Cipla University conducted

179

unique training programmes.

318080⁵

Man-hours in skill-upgradation completed by 12,235 permanent employees, including 501 women.

Succession Planning

Creating a talent pipeline for the right candidates is an ongoing exercise that is implemented through various initiatives taken under talent management and succession planning at Cipla. Cipla's Talent Management Board assessed 65 potential leaders at different levels of management. The succession planning has also been discussed in detail in the Corporate Governance Report.

Performance and compensation

Performance management system – MiDNA

During FY18, the annual performance review cycle of India operations was moved from percentage-based increment compensation to quantum based increments. This is based on the 3P philosophy of Position, Performance and Proficiency.

Compensation-MiRole

To establish a well-defined organisation structure and global banding hierarchy across jobs and business units, we launched the **MiRole project** on 1st April, 2017. Using the hierarchy of jobs as an anchor, all positions in the Company have been benchmarked and assigned appropriate ranges for talent acquisition and retention.

¹ Information in line with BRR Principle 3 Question 1 / ² Information in line with BRR Principle 3 Question 2

³ Information in line with BRR Principle 3 Question 3 / ⁴ Information in line with BRR Principle 3 Question 4

⁵ Information in line with BRR Principle 3 Question 8

Motivating the field force with India Business League (IBL) programme

The IBL programme is one of the many instruments used to drive motivation within the Company's sales force, thereby strengthening its competitive edge. The multi-tiered reward platform consists of differential rewards for exceptional performance that encourage employees to showcase their best performance. Along with the field staff, managers are also eligible for IBL, which in turn builds ownership in driving positive team behaviour.

During FY18, 48% of Cipla's employees qualified for IBL, indicating a highly motivated and agile field force working towards enhancing the outreach of Cipla's medicines.

Connecting with people

To win in the marketplace, we must first win in the workplace.

Cipla Engage is all about envisioning and co-creating a shared future with our associates. The framework discusses the authenticity of its intent and the persistence of efforts to communicate, engage, appreciate, reward, and recognise people, thereby building a performance-driven and meritocratic organisation.

The Cipla Engage framework is structured around five core pillars :



Recognition

Applause is an integrated online and offline recognition system launched globally to express gratitude and encourage efforts of association.

Managerial Engagement

CARE is the way managers at Cipla engage with their team members. CARE is an acronym for Celebrating moments, Applauding colleague to colleague recognition, Rewarding results and Energising associates through communication, conversations and capability building.

Leadership Connect

OneCipla Townhalls

Global town halls are conducted quarterly and led by the Management Council. The town halls are a

platform for our leadership to communicate with our associates on Cipla's strategy, plans, performance, challenges and achievements for the quarter and provide an opportunity for the associates to have real-time interactions and conversations with leaders.

MiVoice Survey

An organisation-wide MiVoice employee engagement survey was conducted for the first time in FY17, with an attempt to build an organisation that listens and communicates. This was followed by a MiVoice Pulse Survey in FY18.

78%

Employee engagement index in 2017 as compared to 76% in 2016

Employee Experience

Today, associates look forward to not just engagement, but overall involvement. We believe in creating lasting experiences in the minds and hearts of our associates, and extending this to their families through celebrations such as OneCipla family day, birthdays, work anniversaries, festivals like Dussehra, Christmas, and Halloween, and important days like Women's Day, Nelson Mandela Day, World Asthma Day and World Autism Day, amongst others.

9938

Associates were vaccinated on World Hepatitis Day

Cipla Unplugged

Launched in May 2017, Cipla Unplugged is our half-hour bi-monthly corporate radio broadcast live through the PA system. This helps us communicate the organisation's business plan and progress, new

developments from around the globe, showcase employee success stories, disseminate information about upcoming events, facilitate leadership connect, and allow time for some light-hearted entertainment and conversation. Given the diversity and geographical breadth of the organisation, Cipla Unplugged caters to this diversity whilst ensuring a common communication platform that brings the entire organisation together. Cipla Unplugged touched 100% of Cipla's workforce.

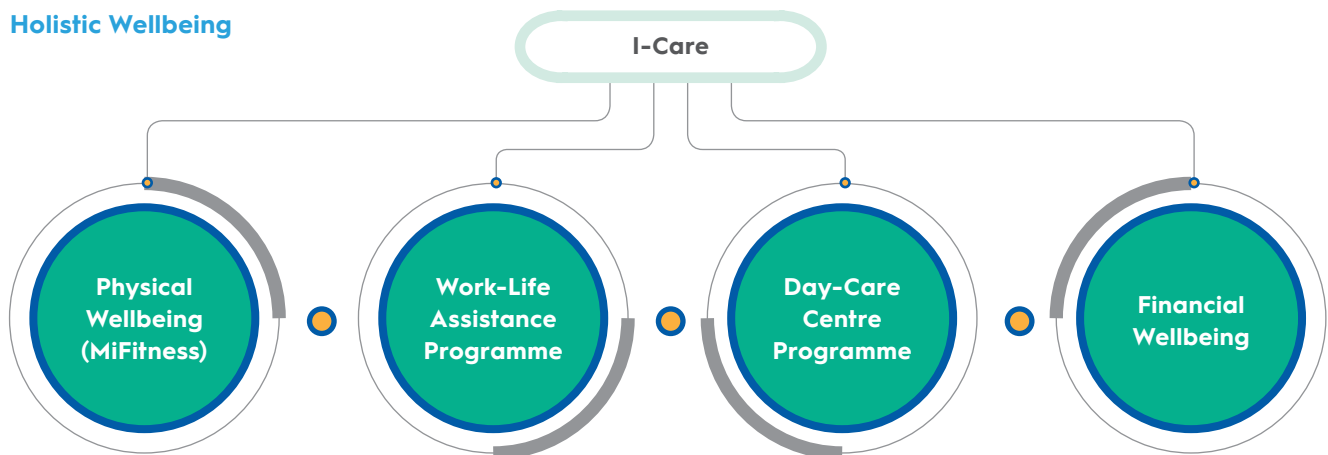
Joy of Giving

Cipla believes that supporting social causes is an important facet of its employee engagement activities. Volunteering benefits the local communities and is an opportunity for employees to make a meaningful impact in the society.

5000

Ciplaites participated in 40+ social events.

Holistic Wellbeing



Physical Well-being (MiFitness)

8200+

Colleagues enrolled

5485

participants opted for in-office yoga, Zumba and ergonomics sessions

1371

associates availed gym discounts

420

colleagues accessed the in-app guided meditation session

1241

colleagues availed personalised nutrition counselling

Work-Life Assistance Programme (WLAP)

WLAP, a confidential counselling service, has been introduced to equip and support our associates and their immediate family members to cope with stress.

Day Care Centre Programme

Cipla understands that balancing parenthood with full-time work can be challenging at times and we have extended day care facility across locations. The day

care centre can be accessed by both men and women associates.

Financial Well-being

Financial well-being programmes were conducted to help associates become financially prudent. The programme is structured to address the concerns on taxation and savings, and educates them on different avenues available for investment

Ensuring a healthy and safe working environment

Health and Safety aspects are an integral part of Cipla operations and the Company is committed towards providing a safe and healthy workplace for employees, contractors, visitors and the surrounding community. This commitment is top driven and is periodically monitored by the Investment and Risk Management Committee.

All employees and contractors undergo pre-employment and periodic health assessment to ensure good occupational health. Apart from medical plan benefits and regular screening, Cipla works on targeted health interventions followed by health coaching. The Company measure its interventions with a clear understanding that well-being is a measure of employee's happiness.

The importance of striking a good work-life balance is being recognised worldwide as a means to boost productivity. Cipla's policies make provisions for these situations and include the following leave options:

Employee welfare policies

1 Leave Policy

Quarterly leave balance for better holiday planning

2 Sabbatical leave

Leave up to 1 year to help employees pursue their interests/ other obligations

3 Paternity leave

Seven calendar days of paternity leave for male employees

4 Compassionate leave

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

5 Maternity leave

Six months of paid maternity leave to enjoy motherhood

6 Adoption leave

Six months of paid adoption leave

The Company has also introduced flexible working arrangements to ensure work-life balance for employees.

Cipla advocates EHS as a line function responsibility. Employees, Supervisors and Managers are directly responsible for ensuring their own safety, safety of colleagues, promoting a safe and healthy workplace and protecting the neighboring community. The management systems are implemented through equipment, procedures and people.

The Company follows a risk-based approach for management of hazards and its associated risks, primarily at source. All Cipla manufacturing sites and IPD (excluding Sikkim II) in India are BS OHSAS 18001 certified. The unit at Sikkim II, being a new formulation plant has initiated its journey to obtain certification.

Positive initiatives to enhance safety at sites

Cipla firmly believes that workplace injuries and illnesses are preventable. To support this, the Company lays great emphasis on training its employees on EHS matters and follows a structured approach in ensuring that all employees and contractors undergo EHS training. These trainings are conducted by internal and external subject matter experts. Employees in operations are assessed on their EHS performance.

99470⁶

Man-hours of formal EHS training to its employees

66607⁶

Man-hours of formal EHS training to its contractors



EHS induction programme for Employees & Contractors



Near miss reporting and appreciation



EHS Trainings at all levels including contractors



Counselling based on EHS observations



Internal & External Audit Programme



External EHS expert management



Reviews and trainings by Corporate EHS



Focused drives such as Road Safety, Office Safety and Home safety



Observation of National Safety week, World Environment day, Fire service day, World No tobacco day



Sharing of EHS learnings, including those from incidents across the sites

The Company has developed an IT platform to capture and track all incidents including near misses (learning incidents), EHS surveillance and EHS audits for its operations. The incidents and learnings derived are shared across the organisation.

⁶ Information in line with BRR Principle 3 Question 8

EHS audits during the year included cross-site audits; regulatory compliance audits at Patalganga and Virgonagar, water audit at Goa and electrostatic discharge survey at Kurkumbh by external specialists. In addition, few sites were audited on EHS aspects by the customers.

All sites have safety committees duly represented by management and staff. The committees meet at regular intervals to review the safety performance. In addition, the EHS performance is also reviewed regularly at Corporate level. These also provide a forum for improvements.

An all time emergency preparedness is ensured through regular table-top and mock drills across operating sites and offices.

Ethical practices and human rights

The Company ensures protection of human rights and upholds the dignity of every individual associated with it. This is supported by a robust Corporate Responsibility Policy and a Code of Conduct, which highlights our zero-tolerance approach to unethical behaviour.⁷

All employees and stakeholders can express their grievances and report genuine concerns about unethical behaviour or violation of the Code of Conduct through a Whistle-blower mechanism. The Audit Committee oversees the functioning of this mechanism and receives periodical reports from the Ethics Committee.

In FY18, the Company received thirty three complaints pertaining to unethical business practices and all of them stand closed as on the date of this report after due investigation⁸. A total of five cases were reported under the Prevention of Sexual Harassment Policy during FY18, and all of them have been investigated satisfactorily and closed.⁹ There were no instances of any child labour, forced/involuntary labour or discriminatory employment during the year.¹⁰

Cipla has always respected the right to freedom of employees to join any employee association. Currently, Cipla has three employee associations, each at Patalganga, Kurkumbh and Bengaluru, with employee participation of 9.94%, 4.48% and 10.79% respectively.¹¹

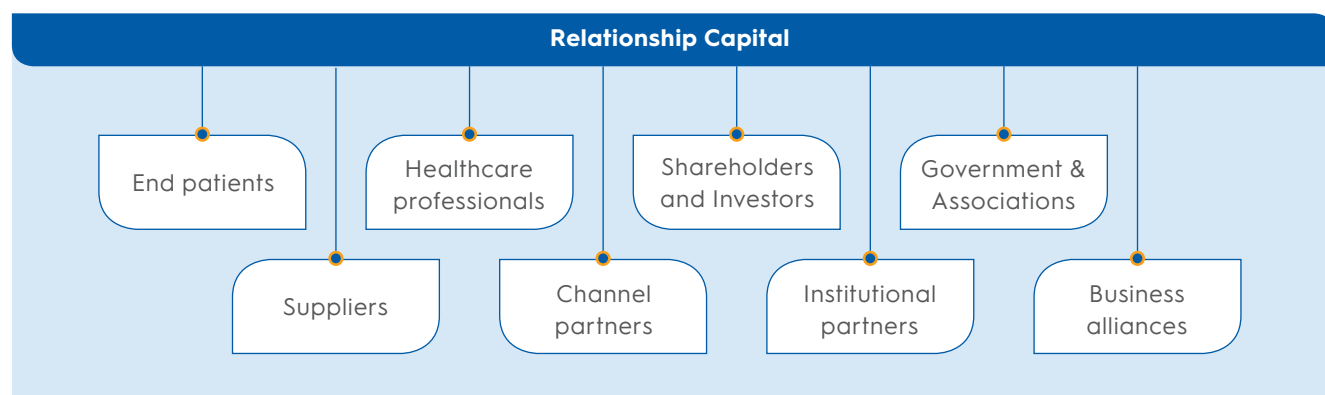
⁷ Information in line with BRR Principle 5 Question 1 / ⁸ Information in line with BRR Principle 1, Question 2

⁹ Information in line with BRR Principle 5 Question 2 / ¹⁰ Information in line with BRR Principle 3 Question 7

¹¹ Information in line with BRR Principle 3 Question 5 & 6

Social and Relationship Capital

Cipla's commitment to growing our social and relationship capital is demonstrated through our patient-centricity, community initiatives and our focus on creating shared value with key stakeholders. This is an expression of the way Cipla consistently fulfils our purpose of 'Caring for Life'.



Cipla's Relationship Capital

Cipla's philosophy towards our Relationship Capital is based on conducting business in a transparent and ethical manner with focus on the triple bottom line (people, planet and profits). The Company has identified End patients, Healthcare professionals, Investors, Government & Associations, Suppliers, Channel partners and B2B customers as its key stakeholders. Cipla has institutionalised a structure of stakeholder engagement to ensure timely, accurate, consistent and relevant information exchange with each of the stakeholder groups. This streamlined approach towards stakeholder value creation over the years has resulted in a corresponding rise in intangibles associated with the brand and reputation.

Meeting End Patient Needs

As a responsible organisation with a market-leading R&D set up, Cipla works to improve affordability of medicines worldwide through initiatives for cost optimisation, product portfolio enhancement and complexity rationalisation. We have consistently focused on increasing access to medicines, improving affordability, accessibility and enhancing patient experiences, and have assigned dedicated resources towards this.

Enhancing access of medicines

The Company's tender based institutional business unit Cipla Global Access (CGA) works with globally renowned agencies to provide accessible and essential treatment to people in developing countries who face life-threatening diseases such as HIV/AIDS, malaria, multi drug resistant tuberculosis, reproductive health and oncology. Below are some of Cipla's key initiatives for increasing access:

CHAI: In 2001, Cipla collaborated with Clinton Health Access Initiative (CHAI) for providing HIV treatment to countries in Sub-Saharan Africa for USD 1 a day. During FY18, CHAI approached Cipla for a three-way collaboration with the American Cancer Society (ACS), in order to provide life-saving cancer treatments in twenty countries in Sub-Saharan Africa. The partnership will help these African countries gain access to 16 essential cancer medications, including chemotherapies. It will also reduce the reliance on middlemen and private distributors, stabilise prices, streamline registration of products, and promote the entry of international suppliers with quality-approved products. The implementation of such programmes will help African governments to gain greater access to cost-competitive and quality-approved medicines while substantially reducing current costs.

Q-TIB: Cipla's Q-TIB, a global breakthrough, is a single-tablet fixed dose combination for TB prophylaxis in HIV. During FY18, Q-TIB received WHO approval and gained global recognition. By May 2018, the Stop TB Partnership, which has a presence in over 100 countries and a network of 1500 partners, listed Q-TIB in their catalogue. As a result, an estimated 11 million HIV patients may benefit from Cipla's Q-TIB.

Improving patient experiences

Berok Zindagi: As a pioneer in the field of respiratory medicine in India, Cipla works towards enhancing patient experience. During FY18, we launched Berok Zindagi, a mass awareness campaign to educate patients, caregivers and the general population on the smartest ways to manage asthma. The campaign aims to make people aware that:

- Asthmatics can lead a fulfilling life
- Inhalation is a smart choice to manage asthma
- It is socially acceptable to be asthmatic and use inhalation as treatment



Har saans ko zindagi se bhar do.

Saans ki takleef? Inhaler hai sabse smart tareeka.

#BerokZindagi

Apne doctor se inhalers ke baare mein zaroor poochiye. Visit breathefree.com

Launched in FY18, the campaign has had a television reach of 30 million views in West Bengal and 47 million views in Andhra Pradesh and Telangana. It has had a digital reach of more than 9 million views and has received wide coverage in national and regional media. The campaign has garnered over 100 doctor testimonials and as many patient testimonials appreciating and acknowledging the positive impact of the initiative.

Breathefree: Cipla launched Breathefree, a comprehensive patient-centric support system for respiratory care in India. Breathefree aims to increase awareness about asthma and other respiratory diseases and provide counselling and help in disease management and patient adherence. During FY18, the Company conducted several awareness programmes through camps, clinics and screenings and reached out to over 15 lakh patients. Cipla was also instrumental in extending patient support through 120+ chain pharmacy outlets in association with Apollo pharmacy to build awareness amongst patients. These outlets add to the existing Breathefree Chemist network of 4,000 support points across the country. We have joined hands with the Chest Research Foundation to launch a unique initiative called 'CORD Programme' (Certificate course in Obstructive airway Diseases). This programme sets new standards in respiratory counselling and care, and has helped to provide advanced skills to over 400 Breathefree Educators.



Learn more about Breathefree at <https://www.breathefree.com/>

Cipla's patient stories¹

Sakshi² and her daughter

Pune, Maharashtra

Sakshi's daughter has asthma, and her parents had tried every kind of treatment.

Then we got reckless. We started home remedies, we went to homeopathy. We started behaving like totally uneducated, unaware people. We would do whatever people suggested ... we even started believing in lucky stones. My dressing table was covered with medicines for her. But now, all of that is in the bin! All she takes is two inhalers. One preventer, and one reliever whenever she needs it. That's it. Now she has that confidence in her – running around, cycling, and playing with friends. Now I can tell everyone around me how easy life has become.

Interactions with Healthcare Professionals

At Cipla, we believe that supporting continuous development for healthcare professionals is part of our responsibility for the medicines we develop. We have designed best in class knowledge platform and e-learning programme – CiplaMed – to help healthcare professionals across the country stay abreast of the latest developments in medicine. With Ciplamed, we are providing the most updated content to almost 50,000 HCPs across 18 specialities in India. Through our Patient Support Programmes, especially in Oncology and Cardiology, we support HCPs to involve and educate patients on treatment, and recovery process, thereby not only improving the patient experience but also creating a more engaged and empowered patient community.

Through our Breathefree network in Respiratory we generate over 2 million patient touchpoints every year. Our 600 Breathefree counsellors support HCPs in conducting more than 20,000 screening camps/ spirometry clinics, providing 200 standalone counselling centres along with patient education material in over 18 localised languages in order to generate awareness on respiratory diseases.

Focus on Investor Relations

Cipla regularly connects with investors through a range of engagement mechanisms such as earnings calls, presentations, meetings and conferences. The Company provides transparent and open communication to all investors and shareholders to assist them in understanding Cipla's business strategy as an aid to informed decision making. We have also adopted an Investor Grievance Redressal Policy to provide speedy solutions for grievances.



Learn more about Cipla's relationship with investors in the Corporate Governance Report Page 132 to Page 166

Relationship with Government and Associations³

Cipla believes in building transparent engagement and advocacy platforms with the Government on various regulatory and policy issues while ensuring compliance to ethical corporate governance practices. The Company actively engages with various Government departments in India both at the Centre (including Ministry of Health and Family Welfare, Drug Controller General of India, Department of Pharmaceuticals, National Pharmaceutical Pricing Authority and Ministry

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

³ Information in line with BRR Principle 7, Question 1 and Question 2

of Chemicals & Fertilisers among others) and at State level (including Chief Ministers Office, Food and Drug Administration, Pollution Control Board and various state industrial development corporation among others). Cipla also interacts with Government agencies in ensuring fair drug price approvals in various countries outside India.

Cipla actively engages with Indian Government agencies such as the Drug Controller General of India (DCGI) and National Pharmaceutical Pricing Authority (NPPA) to demonstrate the attributes of new drugs and emerging technologies that will benefit the Indian customer. We regularly interact with various state Governments across India for participation in awareness initiatives for COPD, AIDS, cancer and diabetes.

The Company is an active member of industry associations like:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indian Pharmaceutical Association
- Federation of Pharma Entrepreneurs (FOPE)
- Pharmaceutical Export Promotion Council (PHARMEXCIL)

and is part of several pharmaceutical/ healthcare related committees and sub-committees of above associations. The Company has submitted recommendations for key policies like Pharmaceutical Policy, Drug Price Control Order, Clinical Trial Rules, OTC products & gelatine capsules. Our proactive approach towards maintaining and enhancing these relationships has helped us stay aligned with impending policies and regulations, thus making Cipla a future-ready organisation.

The Company is on the board of the Association for Affordable Medicines of Indian Pharmaceutical Companies in the US and is a member of the Indian Pharmaceutical Alliance in India.

Collaborating to combat Anti-Microbial Resistance

Anti-Microbial Resistance (AMR) is the ability of microorganisms (bacteria, viruses, parasites) to stop antimicrobials (such as antibiotics or antivirals) from working effectively, and is an issue of global concern as it reduces the effectiveness of treatment. Cipla is signatory to the Davos Declaration of January 2016 on fighting AMR. We are also a member of the AMR Alliance, which has 130+ members and Cipla is on the Board of IFPMA (International Federation of Pharmaceutical Manufacturers and Associations).

Cipla is an active player of the 13-member Industry Alliance Manufacturing Workgroup formed to address the manufacturing aspects of AMR. As a part of the Workgroup, we made contributions to the development of the Antibiotic Manufacturing Framework which provides a methodology and set of minimum requirements needed to conduct a site risk evaluation of both macro and micro controls in supply chains. In line with the commitments of this framework, Cipla has assessed the antibiotic footprint of its manufacturing facilities and has developed a plan for assessing and monitoring the antibiotic supply chain.

The Company also represents IDMA (Indian Drug Manufacturers Association) as part of an expert committee formed by the Central Pollution Control Board for development of standards for antibiotic residues in pharmaceutical industry effluents, an initiative under the India National Action Plan on combating AMR.

Customer value creation

Over last few years, Cipla has been expanding its global foot print through strategic partnerships with channel partners, business alliances and institutional partners. The Company's support to its partnerships extend to product development, sourcing of materials and manufacturing finished products for distribution. In addition to being continuously engaged with its partners to provide operational support, Cipla actively establishes new partnerships and strengthens

the existing partnerships through regular face to face meetings, facility/site visits and other global partnership forums like Convention on Pharmaceutical Ingredients, American diabetes Association 78th Scientific Sessions, Stop TB Partnership and others.

The Company ensures that all product quality related complaints received from customers are acknowledged, investigated and responded as per the Standard Operating Procedures prescribed by Corporate Quality Assurance (CQA). These SOPs have been developed to ensure necessary actions are taken to prevent the recurrence of similar complaints. During the course of the year, Cipla has successfully resolved 86%⁴ of the 2,603 complaints⁵ received.

Cipla also has in place a SOP for providing facts about its products which covers aspects of creating awareness with respect to dosage compliances and guidance on taking complete course of prescribed treatment. Cipla has a dedicated website www.ciplamed.com, which is aimed at meeting the needs of any stakeholder. The Company follows the packaging and labelling standards, regulations and guidelines for producing any promotional material⁶. There is no significant case filed or pending as on the end of FY18 against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour⁷.

Cipla's Supplier Initiatives

Through effective value chain management, we work closely with all suppliers to ensure superior

quality products. We extend our Code of Conduct to all suppliers and contractually obligated business partners; this ensures that they form a part of the global Cipla family, which believes strongly in patient centricity.

Cipla's continued focus on innovation can be witnessed in our initiatives towards digitising our supply chain. The Company implemented the eSourcing and eAuction platform during FY18, which uses auction events to enable online negotiations with multiple suppliers. Through automation, we have been able to attain overall cost reduction, better the transparency and visibility to the negotiation process and better price discovery. Cipla conducted over 807 eSourcing / eAuction events during FY18.

To enhance efficiency across the supply chain, Cipla implemented catalogue-based procurement for contracted items. This process allows requesters to directly order through the platform. The initiative has not only provided enhanced visibility to requestors but also led to a reduction in manual effort and increased efficiency.

Cipla's supply chain strategy emphasises sustainable procurement and the Company puts in dedicated efforts towards encouraging local sourcing of materials. This move has led to a reduced carbon footprint of our products⁸. We also work with small and local producers and provide on-site training towards improving process quality and enhancing their awareness on compliance⁹.

⁴ Information in line with BRR Principle 9, Question 1 / ⁵ This number includes complaints from any person in contact with Cipla's product, experiencing dissatisfaction. (E.g., complaints received from patients, physicians, medical reps, regulators, stockists, etc.)

⁶ Information in line with BRR Principle 9, Question 2 / ⁷ Information in line with BRR Principle 9, Question 3

⁸ Information in line with BRR Principle 2, Question 3 / ⁹ Information in line with BRR Principle 2, Question 4

Cipla's Social Capital

At Cipla, our work is not just about making medicines, it is about making a difference. We care for patients and communities, for partners and stakeholders, for people and their families. It is this commitment to caring that has been driving us since 1935. We begin each day at Cipla focused on our commitment of 'Caring for Life'.



CSR Policy

Our CSR policy is aligned to our vision of being a socially responsible corporate citizen. In line with Companies Act, 2013, our governance structure, CSR activities, and mechanism for executing, monitoring and reporting are encapsulated in the CSR policy.

Governance structure

Cipla has a Board constituted Corporate Social Responsibility (CSR) Committee which identifies the thematic areas for CSR projects; recommends expenditure to be incurred on CSR activities; and devises a robust mechanism for implementing and monitoring the CSR projects. The detailed charter of the CSR Committee forms part of the Corporate Governance section of this Annual Report.

Cipla's CSR initiatives are mainly undertaken through Cipla Foundation. These initiatives were put in place long before the CSR law came into effect. The Foundation works with credible institutions, NGO's, government agencies, individuals, visionaries, domain experts and other foundations to further enhance the outreach of its CSR initiatives.¹⁰ Ms Rumana Hamied, CEO of Cipla Foundation, is a permanent invitee at the CSR Committee meetings. She apprises and facilitates the CSR committee in monitoring of the projects.

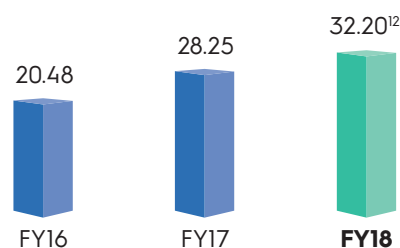
Selection and monitoring process

In order to ensure robust execution and monitoring of CSR projects we have invested considerable amount of time in strengthening the Cipla Foundation team, and building strong governance processes.

We have developed and implemented an operations manual and an online project monitoring system. The Operations Manual details the standard operating procedures for partnership and project management, including due diligence, and project approvals based on the background, experience and expertise of the CSR partner.

The online project monitoring system helps in measuring and monitoring deliverables as agreed to by partner organisations. It is continuously being upgraded to ensure effective utilisation of funds, monitoring and reporting.¹¹

CSR Spend (₹ in crs)



¹⁰ Information in line with BRR Principle 8, Question 2 / ¹¹ Information in line with BRR Principle 8, Question 3 and Question 5

¹² Information in line with BRR Principle 8, Question 4

CSR activities

Our CSR efforts are aligned across the three focus areas of Health, Education and Skilling.¹³ Our projects across these focus areas aim to improve the quality of life of marginalised and vulnerable communities who are unable to realise their rights and leverage their opportunities.¹⁴

Health - Enabling last mile reach of preventive and primary health services in communities

We aim to provide affordable and accessible quality healthcare solutions to communities through various initiatives.

Cipla Palliative Care and Training Centre (CPC)

Our flagship initiative, the CPC, was launched in 1997 in Warje, Pune to provide free-of-cost holistic care for cancer patients and their families. The centre provides physical, social, psychological and spiritual counselling to patients suffering from life-threatening diseases. It is focused on improving the quality of life of patients and their caregivers by helping them to effectively deal with distress.

The Centre has a unique design that offers an atmosphere of peace and serenity. The CPC's multi-disciplinary approach is supported by a competent team of doctors, nurses, pain specialists, nutritionists, physiotherapists and medical social workers. This integrated team works closely to influence the experience of care and to maximise the quality of lives for patients and their families. The multi-disciplinary approach includes OPD Care, In-patient Care and Home Care.



Photo Courtesy Amit Pasricha

CPCs journey of 20 years.

1997 - inauguration by Dr Y. K. Hamied. Welcomed the first patient

2004 - Began home care services

2016 - Extended support to organisations in palliative care (including paediatric palliative)

1998 - Welcomed the first set of volunteers

2007 - First external OPD

2018 - Welcomed 14000th patient

CPC Multi-Disciplinary Approach

- **OPD Care** - Counselling, information and palliative care treatment advice is provided to patients and families.
- **In-patient Care** - Patients and family members stay at the Cipla Palliative Care and Training Centre.
- **Home Care** - Patients in and around Pune can avail of home care services. CPC multi-disciplinary team visits them regularly.

Highlights of FY18:

Reached out to
4300+
patients

Empowered
1000+
care givers

3000+
home visits
undertaken

¹³ Information in line with BRR Principle 8, Question 1

¹⁴ Information in line with BRR Principle 4, Question 2 and Question 3

Trainings

The unique model of family care, in-patient facilities and multi-disciplinary team makes CPC the preferred site for several training programmes at state, national and international levels. Doctors, nurses, social workers and volunteers interested in palliative care have undergone the following courses offered by CPC:

- End of Life Nursing Education Consortium (ELNEC)
- Nursing Assistant training
- 'Essentials of Palliative Care' under the aegis of Indian Association of Palliative Care (IAPC)
- Certificate course in Palliative medicine and Palliative nursing in collaboration with Indo-American Cancer Association and Pallium India, Trivandrum

Palliative care with other partners

Homecare

We collaborated with partners to support home care programmes in Delhi NCR and Mumbai for people from low income groups suffering from cancer.

3300+

home visits undertaken

Paediatric palliative care

We supported various organisations in enhancing their paediatric services so that children can receive the highest standard of treatment, care and support. We also support awareness programmes for caregivers and children, and training and capacity building of nursing staff and doctors.

Support to

2000+

children, parents and professionals

Palliative services for people with disabilities

We supported the setting up of the first of its kind long-term residential care for people with cerebral palsy in Kolkata. This 20 bed facility also acts as a training and demonstration centre, and provides practical training for caregivers and patients.

Key Health Initiatives

We also focus on promoting awareness and self-sufficiency in healthcare through community involvement, health education and medical assistance.

Doorstep health services

We bring primary healthcare services within the reach of communities through mobile health vans at Indore, Baddi and Patalganga. Free services include diagnostics, counselling, awareness and follow up services.

OPD services to

96000

community members covering 66 sites



Maternal health services¹⁵

We are strengthening the primary healthcare services focusing on improving maternal health outcomes in seven municipal corporations in and around Mumbai.

Reached out to

97000+

pregnant women

58000+

women attended health talks

Disability detection, treatment and management

We have created a 'Centre of Influence for Developmental Disabilities' to focus on designing, implementing and disseminating training programmes for parents, community workers, teachers and professionals. We provided trainings to 1500+ participants.

¹⁵ Information in line with BRR Principle 4, Question 3

Hepatitis

We partnered with a super speciality government medical institute in New Delhi to train nurses and primary care physicians in timely diagnoses of treatment and management of viral hepatitis. We also extended equipment support to a specialised hospital providing subsidised treatment for patients with liver diseases. We reached out to more than 3500 patients under this initiative.

Managing Thalassaemia

We partnered with credible organisations to support patients suffering from Thalassaemia. We supported 24 bone marrow transplants; provided financial support to 130 patients; and provided infrastructure support to a government institute reaching out to 740 patients at Mumbai.



Sanitation

We have supported the construction of 53 sanitation blocks for communities in and around Cipla's units, for 270 households.

Setting up an Eye-way Helpdesk

As a part of the Eye-way network, we helped establish a helpdesk in Mumbai for visually impaired individuals.

4300
individuals assisted

Cipla Foundation South Africa has partnered in following initiatives

Miles for Smiles

Miles for Smiles ignites hope, creates awareness and raises funds for Operation Smile to facilitate corrective surgery on children born with cleft lip or cleft palate. For these children, a relatively quick, simple operation results in a life-changing smile. We strive to ensure that every child with a cleft lip or cleft palate has access to this level of surgical care.



Owethu clinics

Owethu focuses on providing a broad range of primary healthcare services. The clinics use highest quality, purpose-built pods for the delivery of a variety of services, including dental care, primary care, social services, maternal and child health, healthcare education and trainings.

Sha'p Left

Sha'p Left is a patient-centred, population-focused, cost-aware, nurse-driven primary healthcare service. We provide infrastructure, systems and support to highly qualified Sha'p Left nurses to enable the delivery of accessible, quality, affordable care in a dignified setting. We treat people closer to home, in their communities, and help reduce the impact of common illnesses and chronic diseases.

Education – Providing a platform and opportunities to students and teachers for creative learning.

To help underprivileged children and young people of our country realise their potential, we support various programmes in the spheres of primary and elementary education and vocational training among others.

Sparking curiosity and learning

We support mobile science vans to promote science education for children and teachers through interactive sessions and hands-on science experiments. Each van travels to remote schools and communities with over 100 science models that cover a wide range of topics in physics, chemistry and biology for Class 5 through 9.

Reached out to

12000

students from 85 schools in Patalganga, Goa, Indore, Bangalore and Kurkumbh



Balvatika initiative¹⁶

Our pre-school Balvatika project provides support in the form of free education, health awareness initiatives, nutrition, immunisation, check-ups and linkages with formal schooling and government welfare schemes. We reached out to 220+ children between age group of 3-6 years in Baddi and Vikhroli.

Science education

We are supporting the setting up of a state-of-the-art undergraduate chemistry research laboratory in collaboration with an institute dedicated to research and training in pure sciences.

School improvement programmes

We provided support to various school improvement programmes by supporting medical health check-ups, building sanitation blocks, setting up libraries, and provision of sports kits and computers. Orientation and motivation sessions were also facilitated. We also reached out to 440 students in government schools by supporting them with computer learning stations to spread computer literacy.

Scholarships

We provided educational scholarships to 529 meritorious students in 116 schools/colleges, helping those from economically weaker socio economic backgrounds to pursue higher education. These included 40 differently abled students.

Cipla Foundation South Africa has partnered in following initiatives

Ajuga: Fire resistant learning centres for children

Ajuga provides high-quality infrastructure to create an environment that helps enhance quality of care, nutrition and education that a child needs. Through partnerships with non-profit organisations, the project provides training and support for teaching staff to ensure that children are well developed in social, cognitive and motor skills.

Skilling – Supporting skill building to strengthen employability and build community enterprises

We supported institute enrichment and skill building programmes that provide holistic training to help strengthen employability of students from remote villages and economically weaker backgrounds.

Support and training

We support financially weaker students with academic merit and professional ambition for a 4-year B.Sc. (Medical) programme at Baddi University. The students also undergo on-the-job training in this programme.

¹⁶ Information in line with BRR Principle 4, Question 3

Vocational training

We established a skill development center at Nalagarh (Himachal Pradesh) in partnership with other foundations to provide job-oriented vocational training along with placement services. 230 students from 20 villages in Nalagarh secured jobs through this initiative.



Training for children with special needs

In order to provide education and vocational training to children with special needs aged from 2.5 years to 20 years, we have set up a skill development and rehabilitation center in Ropar, Himachal Pradesh. The center helps the older students to learn skills and become employable.

Disaster response

We respond to communities affected by natural disasters towards rebuilding lives. We work with organisations that have the expertise to identify and respond to critical needs of affected communities by way of providing relief items, medical support and education support for children. We also support in repair and reconstruction of homes as well as skilling for livelihood restoration specifically for people living with disability as part of the flood relief and rehabilitation work.



We are committed to advancing Cipla's socially conscious legacy. Together with like-minded partners, we will strive to take forward Cipla's credo of 'Caring for Life' to empower communities and build a world of hope and opportunities.

Natural Capital

At Cipla, we understand that natural capital is intrinsically linked to the well-being of the eco system in which we operate. Our ethos is based on the idea that nature is a precious endowment to humanity. We are committed to protecting and preserving the environment, and follow the principle of doing more with less.

As a responsible corporate citizen, we systematically evaluate our operational efficiencies and believe that enhancing these will further reduce our ecological footprint. To benchmark the Company's environmental management systems, Cipla has been progressively adopting international environmental protocols, adhering to leading certifications and abiding to applicable environmental legislations.¹



35%
of water was recycled
during the year

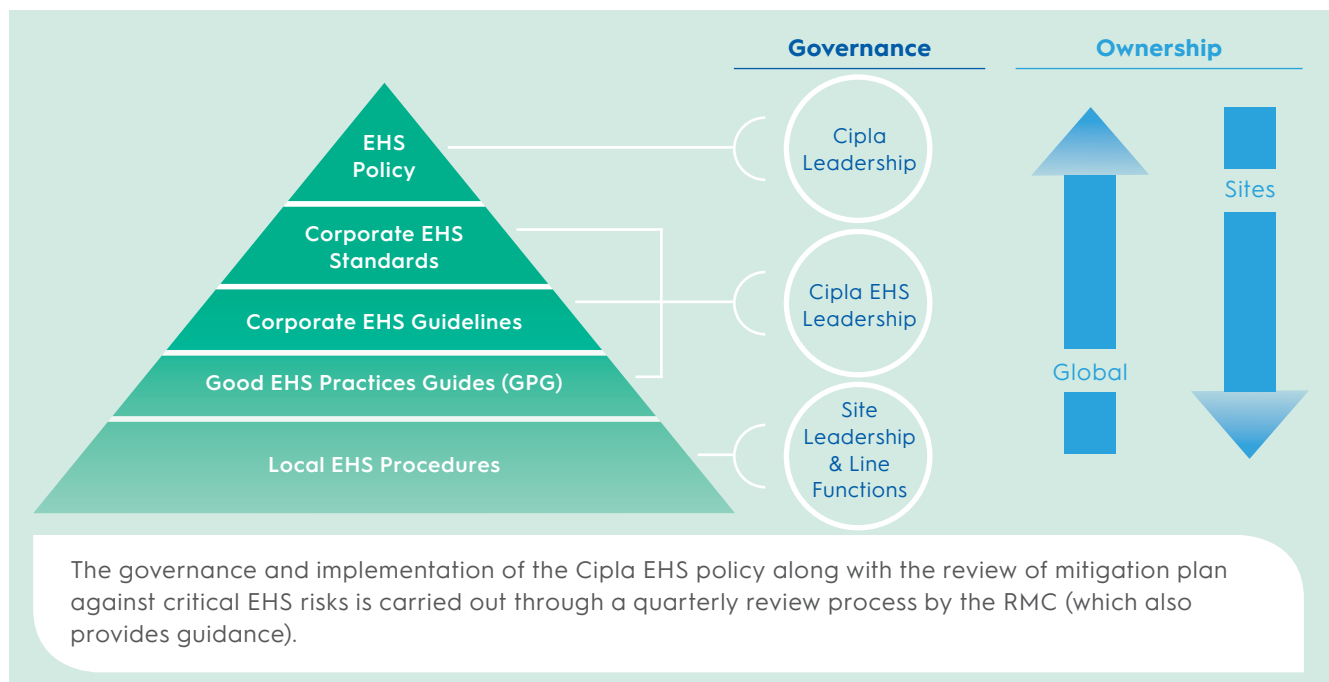


6000+ GJ
of energy conserved

Governance for natural capital management:

In accordance with our commitment, our Environment, Health and Safety (EHS) policy lays out our intent on EHS matters relating to our global operations². At Cipla, the governance and the implementation of the policy follows a top-down and bottom-up approach respectively.

Figure 1. Cipla's top-down, bottom-up approach to EHS management



¹ Information in line with BRR Principle 6 Question 2

² Information in line with BRR Principle 6 Question 1

The Environment Management System (EMS) at all the Company's manufacturing sites in India (excluding Sikkim II) are certified in accordance with ISO 14001. The unit, Sikkim II, being a new formulation plant, has initiated its journey to obtain certification. As required in Cipla's EMS, the Company regularly conducts risk assessments, and its actions are initiated against all identified material aspects.³

Cipla understands the responsibility to develop an environmentally conscious organisation and hence believes in enhancing its awareness amongst the employees and other stakeholders. Complying with the applicable legal requirements for the reporting

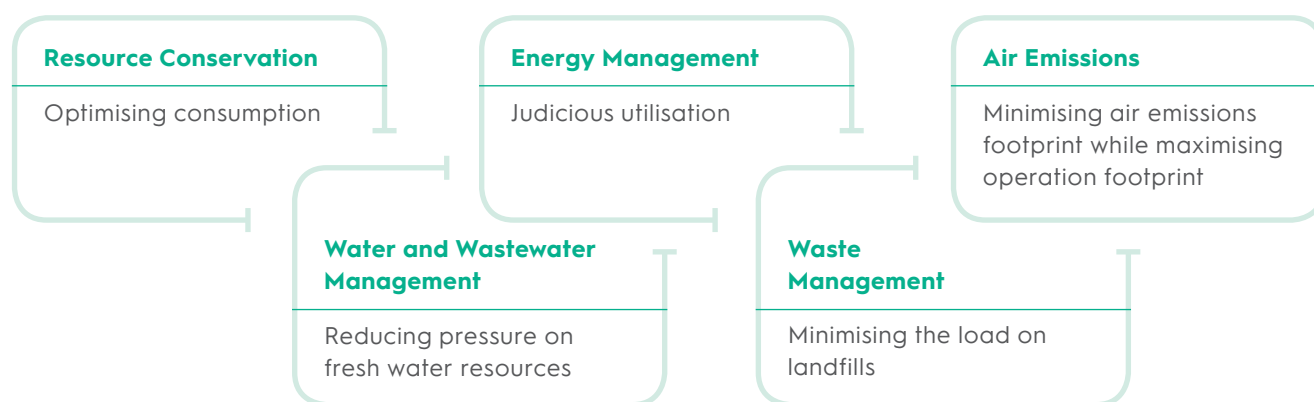
period, air emissions and waste generation levels were well within the permitted limits.⁴ The Company does not have any open show cause / legal notices, and no penalties were levied from environmental regulators.⁵ Our operations do not impact environmentally sensitive zones, as all our manufacturing / R&D operations are conducted in notified industrial areas.



Internal and External audits were conducted in the reporting period to enhance environmental management practices

Our approach towards Natural Capital management is best described in our response to the five material aspects, as shown in Figure 2.

Figure 2. Key aspects of environmental performance



Resource Conservation

We are committed to design, construct, operate and maintain all our facilities through judicious consumption of all natural and man-made resources, including water and energy. Cipla's Resource Conservation Programme is guided by the following basic principles:

- Beneficial and efficient use of all resources
- Employing principles of Green Chemistry
- Energy conservation through optimum use and procurement of energy-efficient equipment
- Water conservation, including recovery and reuse
- Waste reduction

³ Information in line with BRR Principle 6 Question 3 / ⁴ Information in line with BRR Principle 6 Question 6

⁵ Information in line with BRR Principle 6 Question 7

Energy Management

We understand the larger purpose and necessity of energy efficiency for a sustainable future. Our manufacturing sites in Goa, Indore, Kurkumbh, Bommasandra, Virgonagar and Patalganga have Energy Management Systems certified to ISO 50001.

The Company fulfills all energy requirements through sources such as natural gas, furnace oil, high-speed diesel and purchased electricity. In an effort to reduce

the use of fossil fuel, Cipla has installed bio-briquette fired boilers at its Kurkumbh site.

Below are the energy savings achieved at Bommasandra, Goa, Patalganga and Kurkumbh Unit II, as a result of initiatives such as replacement of conventional CFL lamps and sodium vapour lamps with LED light fittings, replacement of old equipment with energy efficient new equipment and installation of motion sensors for industrial illumination. Cipla's energy conservation performance for FY18 is shown in Figure 3.

Figure 3: Energy Conservation⁶



468 GJ

Bommasandra



2761 GJ

Goa



1555 GJ

Patalganga



1537 GJ

Kurkumbh

Renewable energy

Aligning with the ambitious national goals for renewable energy, Cipla is also on the path of increasing the use of renewable energy for operations. We have launched the following initiatives.

Adoption of Solar and Wind energy⁷

The Company has also made the following investments in renewable energy installations:

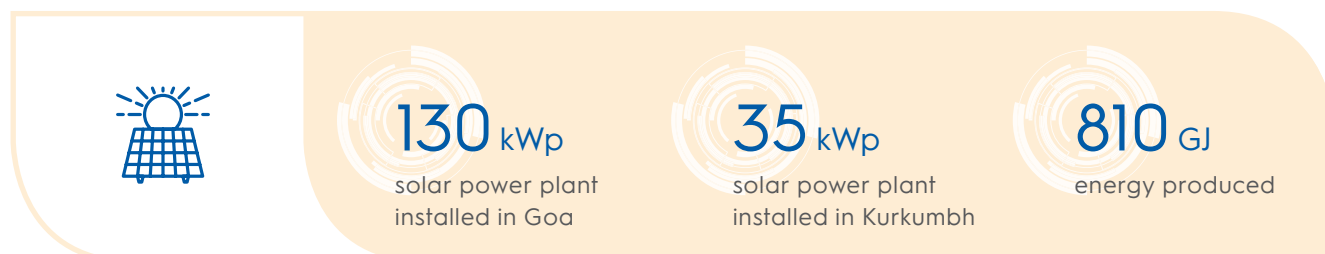
- 71% of electricity is procured from wind energy at Virgonagar

- Solar light pipe for natural illumination in Acid Store at Kurkumbh
- Solar-power plants in Goa Unit V, Kurkumbh Unit III and Patalganga II to supplement the utilisation of electricity for pre-heating boiler feed water
- Solar power system in Patalganga Unit I for hot water generation using evacuated tube-type solar collector (panel). This has helped in saving thermal (steam) energy

⁶ Information in line with BRR Principle 6 Question 2 / ⁷ Information in line with BRR Principle 6 Question 5

The solar installation details are shown in Figure 4.

Figure 4: Energy produced from Solar Installations



The Company plans to enhance the renewable energy portfolio in FY19 by increasing solar and wind energy generation and purchase at our sites. Cipla has signed a power purchase agreement to procure power generated from solar energy for consumption at our sites.

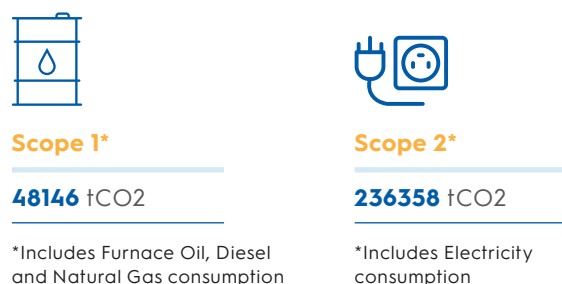
Emission Reduction

Cipla recognises the need for decoupling emissions and economic growth. In our endeavour to align with India's Intended Nationally Determined Contributions, we aim to minimise our emission footprint.

GHG Emissions

Cipla monitors Scope 1 and Scope 2 GHG emissions (direct and indirect) generated by the use of fuels and electricity respectively from the manufacturing operations. The Company strives to minimise GHG emissions through initiatives such as increasing the portfolio of renewable energy sourcing, better energy management and energy conservation initiatives. Details of GHG emissions generated through Cipla's operations during the reporting year are shown in Figure 5.

Figure 5. GHG emissions generated



Control of Air Pollution

In the US facility and the Indore plant in India, clean fuel (natural gas) is used, thus eliminating the need for installation of air pollution control devices (APCDs). During the year, at Kurkumbh, the Company commissioned a bio-briquette fired boiler, offsetting environmental emissions due to uncontrolled burning of crop stubs. The site has installed efficient dust collectors to control particulate matter emission from the boiler.

API plants are equipped with well-designed, engineered and operated scrubbing systems to effectively treat acid gases and fumes generated from the manufacturing processes. The indoor air quality in the pharmaceutical powder handling area is maintained using HEPA filters. The Volatile Organic Compounds (VOCs) emissions are prevented through:

- Underground solvent storage tanks with nitrogen blanketing and breather valves
- Solvents with lower boiling points stored in cold conditions in insulated tanks
- Closed handling of liquid chemicals and solvents
- Secondary vent condensers with chilled brine / chilled water installed on reactors and distillation facilities

Additionally, Cipla R&D has undertaken a unique initiative of switching, where practicable, from solvent to aqueous-based manufacturing of Oral Solid Dosages (OSD).

Water management

We consider water to be a critical natural resource.

Details of water consumption during the reporting year are provided below in Figure 6

Figure 6 Water consumption



Total water consumption:

1743783 KL

In line with the EHS policy, Cipla has adopted the 5R approach of Reduce, Recover, Reuse, Recycle and Rethink for effective water management. During the year, 611,471 KL of water was recovered and recycled using water treatment technologies such as reverse osmosis. At the Company's API sites, wastewater is treated in a conventional biological process, and also subjected to tertiary treatment, which includes Ultra-Filtration and Reverse Osmosis (RO). The RO rejects are fed to thermal systems that include Multiple Effect Evaporators (MEE) and Agitated Thin Film Dryers (ATFD). The treated water from these systems is recycled in the cooling tower as make-up & other utilities like boiler feed water thus helping to further conserve this valuable natural resource. All of Cipla's API manufacturing sites are 'zero liquid discharge sites'.

During the reporting year, 812,029 KL of wastewater was generated, of which 127,988 KL was discharged from Cipla's operations at Patalganga, IPD and overseas sites to Common Effluent Treatment Plants (CETP)/Publicly Owned Treatment Works (POTW), in compliance with the consent/ permit conditions.

We conduct rainwater harvesting at our manufacturing sites in India through 24 rainwater harvesting structures.

The water conservation initiatives that showed major impact include:

- **Increasing water recovery from effluent using reverse osmosis (RO) at Kurkumbh Unit- I:** With the installation of a double stage RO plant, water recovery from effluent increased from 75% to 90% leading to reduction of MEE and VTFD treatment cost, and increase in RO permeate
- **Reduction in Cooling Tower Blowdown Goa Cipla-I Utility:** The cooling tower blowdown reduced from 30 KLD to 17 KLD by increasing the cycle of concentration from 6 to 8. This led to the reduction of water consumption by 3,900 KL/annum
- **Utilisation of autoclave drain water in Goa Cipla Unit – V:** The water recirculation scheme was implemented, resulted in water saving of 16,200 KL/ annum
- **Optimisation of steam condensate recovery at Goa Cipla II utility:** Steam condensate recovery improved from 30% to 74% by re-engineering of condensate recovery piping, resulting in annual saving of approximately 8,000 KL / annum

Waste management

Cipla's operations generate hazardous (including battery and e-waste) as well as non-hazardous waste. Figure 7 below represents the hazardous waste generated from Cipla's operations.

Figure 7 Hazardous waste disposal

Waste Disposal – Hazardous waste



Incineration

1813 MT



Hazardous waste*

1607 MT

*Includes ETP sludge

The Company ensures effective management of waste through responsible waste collection, storage and disposal mechanisms. Waste solvents generated in the API manufacturing processes are recovered and partially reused, while the remaining is sold to authorised recyclers in line with the hazardous waste authorisations. Formulation waste primarily consists of packaging waste and materials that are either rejected, and shelf life expired products. These are either sent for disposal to Treatment, Storage, and Disposal Facilities (TSDF) or subjected to thermal destruction in external incinerators. Other waste

such as e-waste, battery waste and waste oil are sent to authorised re-cyclers/re-processors. Process improvements have been implemented to minimise the generation of hazardous waste from operations.⁸

Non-hazardous waste (scrap) such as metal, paper, fibre board, glass, wood and drums are sold to authorised/approved vendors/recyclers. Biodegradable waste such as food and gardening waste is sent for composting, and serves the dual purpose of reducing waste as well as generating compost. In FY18, 226 MT of waste was sent for composting.

Environmental awareness and employee engagement

Employee engagement in environmental protection initiatives is ensured through various awareness programmes. Each year, we celebrate 5th June as 'World Environment Day' across all locations, and conduct initiatives such as planting saplings, signing an environmental pledge on a board and initiating quiz competitions.



Bommasandra



Kurkumbh

⁸ Information in line with BRR Principle 2 Question 5

Management Discussion and Analysis

Overview

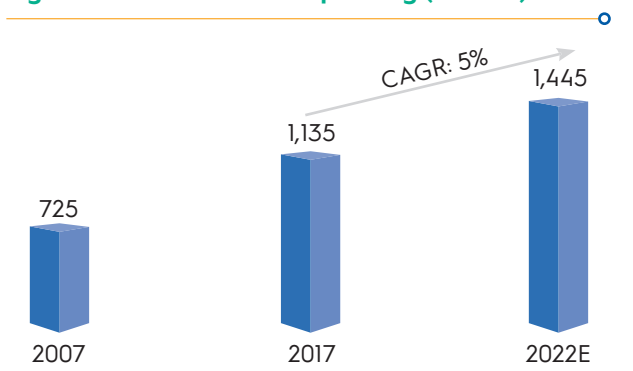
In the last 82 years since its inception, every day Cipla has proudly lived up the promise of 'Caring for Life'. With patient centricity at the core, the Company has expanded the portfolio offering to include high quality branded and generic medicines to patients in over 80 countries globally.

With the relentless efforts of teams spread across the globe, the Company is successfully leveraging on market opportunities and building up on its strengths to create integrated value across geographies; making a healthy difference to the lives of people.

Global pharmaceutical industry structure and developments

Access to affordable and diverse healthcare solutions, affordable price point, and technology-enabled treatment mechanisms are driving the spending growth across the globe. The global medicine spending is expected to reach nearly USD 1.5 trillion by 2022¹, representing 5% CAGR over the next five years. Increased spending in Oncology, Autoimmune and Diabetology treatments is expected to drive a large part of the spending growth. These therapeutic areas are also a key component of the Company's growth story along with a global franchise of Respiratory and HIV drugs.

Figure 1: Global medicine spending (USD Bn)¹



Generics pharmaceutical manufacturers are playing an increasingly important role across the world in driving access and affordability of drugs. Over the years, generic pharmaceutical players have helped economies and patients save billions of dollars in healthcare spending and have facilitated the world population become healthier.

The global regulatory framework has been evolving rapidly with interventions across multiple fronts. Pharmaceutical markets across the US, India and other geographies are experiencing various new and proposed regulatory interventions requiring pharmaceutical companies to innovate and reinvent their business, operational, marketing and product development strategies. Companies across the globe are investing towards their portfolio offerings and expanding their value chains with a focus on

Figure 2: Expected global pharmaceutical scenario in years to come¹

FDA expected to Issue framework for expansion of use of real-world evidence in the regulatory process	In next 5 years, 20 percent of New Active Substances (NAS) are expected to be from Next Generation Biotherapeutics	New Specialty drug to drive growth in branded medicines spending	Telehealth engagement to witness growth as a patient engagement mechanism in the coming years
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¹ IQVIA Institute - 2018 and Beyond: Outlook and Turning Points (March 2018)

complex and difficult-to-develop products, creating manufacturing differentiators, investing in innovative technology platforms and deepening their presence in focused markets.

Regulatory developments and government initiatives in India:

The Indian regulatory environment has also been in a state of dynamism with several announced and expected interventions which could have an impact on how pharma companies operate and price & market their products in the country.

- The expansion of National List of Essential Medicines (NLEM) to cover increasingly higher number of drugs under price control in the country
- Ongoing discussions around the rationale and potential ban of Fixed Dose Combinations (FDCs)
- Potential regulatory intervention on mandating generic prescription by doctors, may have a significant impact on the business model of pharmaceutical companies
- Stringent compliance requirements under Uniform Code of Pharmaceutical Marketing Practices (UCPMP)
- Expected regulation of trade margins can have a significant impact on the generics-generics trade channel
- Reports of a pharma pricing index [in place of the Wholesale pricing Index currently used] to guide the annual price increases allowed for medicines covered under NLEM or otherwise

The Union Budget 2018 addressed critical social sector priorities such as healthcare, education and agriculture – a progressive move that will help improve rural economy, encourage entrepreneurship and trigger future growth. Cipla also welcomes the world's largest government-sponsored healthcare scheme – Ayushman Bharat Programme which will extend the benefits of health insurance to 100 million families, ensuring access & affordability of healthcare products and services to a larger section of the society. While there is no immediate impact on the industry, the move could trigger a rise in demand for medicines.

Regulatory developments in the US:

The US continues to remain the world's largest pharmaceutical market with increasing number of Indian pharmaceutical companies expanding their market presence in the country.

- Over the years, Indian manufacturers have become an extremely important element of the US pharmaceutical chain and supply significant volume to the US and hence have witnessed heightened scrutiny from the US regulatory authority
- Under the Generic Drug User Fee Act (GDUFA), the US FDA has increased its focus to accelerate approval cycle of generics. While this has acted as a support for the sector overall, various product categories have seen the impact of increased competition as well
- US FDA has been working towards clearer guidelines for complex generics including drug-device combination products
- The new US administration has proposed several healthcare related changes which could potentially alter the way companies operate in the country
- Company's US based subsidiary, Exelan received a notice for additional data from the Government agencies regarding country of origin issues related to manufacturing. The information request pertains to ongoing issues with several manufacturers and suppliers to Veterans Affairs administration. The company believes it has met all criteria for compliance and believes that its grounds are similar to recent court verdicts granted for other manufacturers

Other global regulatory developments:

In South Africa, the South African Health Products Regulatory Authority (SAHPRA) replaced the erstwhile Medicines Control Council (MCC), with a renewed scope and focus on medicines and medical devices as well as to accelerate approval process. This move will enhance opportunity for the pharmaceutical companies to expand their portfolio offerings and bring more innovative and first to market products in the country.

In the European region, Brexit contributed to the complexity of dual authorisation for companies having presence in the UK and rest of Europe, resulting in increase in challenges for the pharmaceutical industry.

We continue to review and comply with these regulatory changes across the global through our agile business model. The Company endeavours to stay ever relevant in the evolving & dynamic market situations through meaningful engagement with the regulatory authorities across the globe and staying vigilant about the regulatory trends.

Financial performance

During FY18, Cipla's relentless focus on strengthening the portfolio, deepening presence in priority markets and driving a culture of cost consciousness helped the Company deliver significant progress on key priorities:

1 Growth in key markets:

Key markets continued to deliver strong growth. The India business delivered adjusted growth of ~11% with both prescription and generic businesses showing strong momentum. South Africa, API, Europe and Sub-Saharan markets continued their strong momentum. The US business saw the launch of key products which will see increased market traction in FY19.

2 Core margins (quality of earnings):

The underlying gross margin profile for various businesses remains solid and healthy. The EBITDA margin expanded by 165 bps to 18.6% of sales.

3 Balance sheet health:

Cipla continued its focus to improve the balance sheet health. In FY18, we invested ₹816 crore on capital expenditure, over ₹300 crore lower than last year. Healthy margin improvement and strong cash generation helped reduce Net Debt to Equity ratio from 0.20 in March 2017 to 0.14 in March 2018 and Net Debt to EBITDA ratio from 1.07 in March 2017 to 0.72 in March 2018

4 Filing trajectory:

Cipla maintained a strong filing run-rate during the year with 24 new filings including 7 NCE-1s.

5 Quality and compliance:

Cipla continued its strong focus of maintaining compliance and control across its manufacturing facilities.

The Company's consolidated income from operations during FY18 amounted to ₹15,219 crore as against ₹14,630 crore in the previous year, registering growth of 6% when adjusted on a like-to-like basis for GST. EBITDA for the year stood at ₹2,826 crore or 18.6% of sales. Profit after tax for the year stood at ₹1,411 crore.

Figure 3: FY18 financials

Revenue

₹15,219_{Cr}

6% Y-o-Y (GST Adjustment) ↑

EBITDA*

₹2,826_{Cr}

14.2% Y-o-Y ↑
18.6% to Sales

PAT

₹1,411_{Cr}

40% Y-o-Y ↑
9.3% to Sales

*Without considering the impact of exceptional item

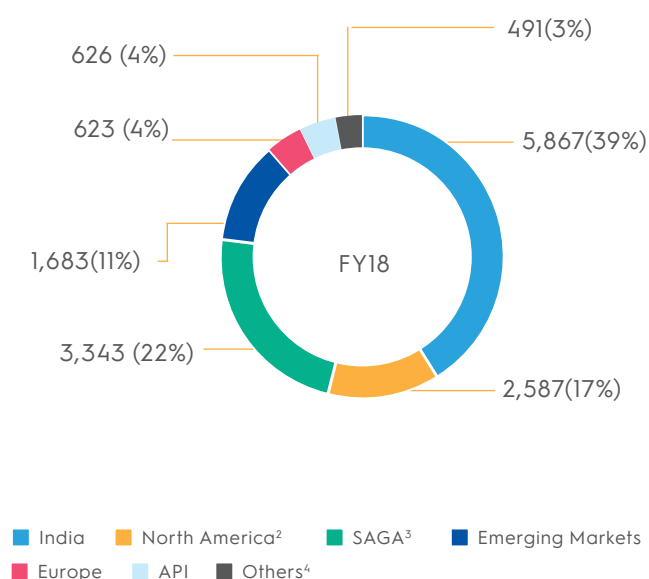
Total income from operations

Total income from operations for FY18 stood at ₹15,219 crore registering growth of 4% on reported basis and 6% when adjusted for GST. This was driven by strong performance in India, South Africa, Sub-Saharan Africa and API businesses. During the reporting year:

- India business delivered growth of 11% [on a like-to-like basis adjusted for GST classification] with both prescription and generic businesses showcasing a strong momentum from the second quarter post GST implementation.
- South Africa business continued to deliver above market performance with 14%¹ reported growth in FY18 in local currency terms.
- The US business saw approval and launch of key differentiated products but recorded moderate growth due to pricing pressure on the base business and certain supply disruptions.

Figure 4: Revenue from various markets

Revenue split (in ₹ Crore)



Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

EBITDA for FY18 was ₹2,826 crore, an increase of 14.2% over the previous year. The EBITDA margin was 18.6% for FY18. EBITDA margin expanded by 165 bps driven by top line growth, favourable product and geography mix and focus on cost optimisation in procurement and manufacturing. A strong focus on cost control through Project Eagle: Cipla's initiative to drive efficiency in procurement, operations and supply chain, helped reduce operational costs thereby helping margin improvement.

Employee expenses

Employee expenses for FY18 stood at ₹2,690 crore, an increase of 2% over the previous year. The increase is majorly attributable to yearly increments and has been partly offset by efficiencies arising out of the Europe remodelling exercise.

Other expenses

The other expenses which include R&D, quality, sales & marketing, regulatory, manufacturing and others stood at ₹4,264 crore and grew by -1.4%. This marginal increase was driven by increase in sales and marketing costs to support increased sales base which has majorly been offset by effective cost control initiatives.

R & D investments

The Company has been investing towards building a strong internal pipeline for the future. The R&D investments in the financial year was ₹1,074 crore corresponding to 7.1%⁵ of sales. The absolute investment is marginally below last year on reported basis due to Company's decision to discontinue its investment in Cipla BioTec. Considering this, the absolute investment is in line with the expectations and will drive focus on developing complex and high-value products. In the past two years, Cipla has stepped up R&D investments targeting the US, with several assets such as gAdvair, gProventil and gAbraxane in the pipeline. As on 31st March, 2018, Cipla had cumulative pipeline of 249 ANDAs of which 145 ANDAs are approved, 26 ANDAs are tentatively approved and 78 ANDAs are under approval process.

¹ Adjusted for animal health business / ² Excluding the one-time income in Q4 for US; included in others

³ Includes South Africa, Sub-Saharan and Cipla Global Access business, excludes SA Animal Health

⁴ Includes CNV business, Vet (India and SA Animal Health), US one-time in Q4 and other elements of revenue

⁵ R&D OPEX including Depreciation as % to revenue

Finance cost

During FY18, finance expenses declined by 28% to ₹114 crore. Strong cash generation leading to reduction in average outstanding short-term borrowings in India and repayment of long term debt in South Africa resulted in the decline in finance expenses.

Income Tax

The effective tax rate for the full year, excluding the adjustments related to the write-back of Deferred Tax Liabilities against the impairment charge for InvaGen and restatement of Deferred Tax Liabilities on account of the US tax reforms was ~25%.

Profit After Tax

The Profit After Tax for the financial year was ₹1,411 crore or 9.3% of total income from operations. The year saw the impact of impairment of assets amounting to ₹230 crore (net of tax). There was an additional provisioning

of ₹77.5 crore (disclosed as exceptional item) for 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 (DPCO), 1995.

Debt-Equity

The total debt as on 31st March, 2018 stood at ₹4,098 crore including USD550 million which was used to fund InvaGen and Exelan acquisitions. The Company also has working capital loans amounting to USD66 million which act as natural hedges towards the receivables. The net debt to equity ratio saw a significant improvement from 0.20 in March 2017 to 0.14 in March 2018. No material changes and commitments have occurred after the close of the year till the date of this report, which may affect the financial position of the Company.

Outlook

The Company successfully delivered on the financial and non-financial business priorities during FY18 despite multiple challenges around volatile regulatory environment, ever-evolving competitive landscape and continued pricing pressure across the globe.

The Company recognises the need to stay ahead of the curve by focusing on key markets to drive superior revenue growth and driving a culture of cost consciousness. Strategic initiatives across the Company's businesses are targeted towards strengthening the global footprint and improving overall margin profile.

Figure 5: Business imperatives for FY19

For FY19, the Company has set key priorities as follows: -

India	US	South Africa	RoW / Emerging Markets
<ul style="list-style-type: none"> Targeting domestic revenue of USD 1 billion 	<ul style="list-style-type: none"> Key differentiated launches to ramp up growth Focus on 'Value Play' to drive profitability 	<ul style="list-style-type: none"> Targeting above market growth across private market Developing OTC portfolio Stable tender business 	<ul style="list-style-type: none"> Continue market leadership in key regions In-licensing efforts to ramp-up Biosimilar efforts across various markets
EBITDA  FY18 ↑ Margin expansion over FY18	R&D investment  7-8% ↑ Continued investments to ramp-up US portfolio Respiratory Investments	Planned filings  20+ ANDAs ↑ Continue filing momentum for US with over 20 planned filings	Quality & Compliance Ensuring compliance at all our facilities will remain a bedrock of our operations and a non-negotiable agenda

Business performance

India

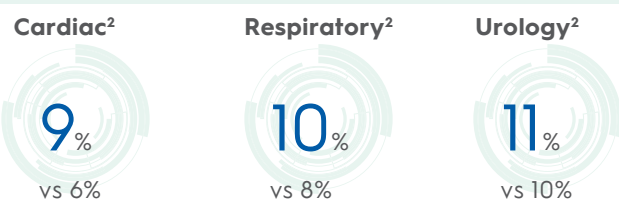
The Indian pharmaceutical industry has been a significant contributor to the growth of the economy. India is expected to become the 9th largest medicine spending country in 2019 through 2022¹. Key interventions across regulatory and policy framework on health insurance are targeted to drive access to medicines and healthcare services across the country.

In FY18, we continued our position as one of India's largest pharmaceutical companies catering to patient health needs across various therapeutic areas. The India business continues to be the Company's largest business with 39% revenue share.

In FY18, Cipla's India business grew at 11% (on a like-to-like basis adjusted for GST) to ₹5,867 crore. During the year, Cipla recorded strong growth momentum in the domestic business aided by healthy prescription growth, therapy strengthening, launch of new products including in-licenced ones and improving sales force productivity.

Key highlights for the year

Key therapeutic areas which delivered above market performance include



- Launched various initiatives and programmes to spread awareness and improve diagnosis and compliance.
 - Breathefree, was started as a public service initiative from Cipla for patients with chronic airway diseases. Today it has become a comprehensive patient support system for respiratory care benefitting more than 2 million patients and with a growing network of ~640 educators and 4,000 Breathefree chemists
 - The focus on respiratory care strengthened during the reporting year with launch of a mass awareness campaign *Berok Zindagi* to provide education on dealing with Asthma and eradicating the social stigma attached to it. For a detail on these initiatives, refer to Cipla's Social and Relationship Capital on Page 61

Cipla is committed to providing access to innovative medicines and newer drug delivery systems to patients. As per the International Diabetes Federation, India has 73 million diabetes patients. To cater to the unmet needs of the patients, the Company entered into an exclusive marketing and distribution agreement with the US-based MannKind Corporation for Afrezza® in India. Afrezza® is the only USFDA approved inhaled insulin available for patients suffering from diabetes (once approved). This innovative drug delivery system will revolutionise diabetic care in India and the Company is hopeful of making the lives of diabetic patients more convenient.

Partnerships

Cardiology, Diabetology and Oncology have been Cipla's preferred partnering segments in the Indian market. During the year, we leveraged our commercial strengths to build strategic partnerships with global pharma companies and launched 5 in-licenced products. The Company keeps evaluating meaningful partnership proposals for furthering the cause of providing focused patient care by bringing innovative medicines in the Indian market.

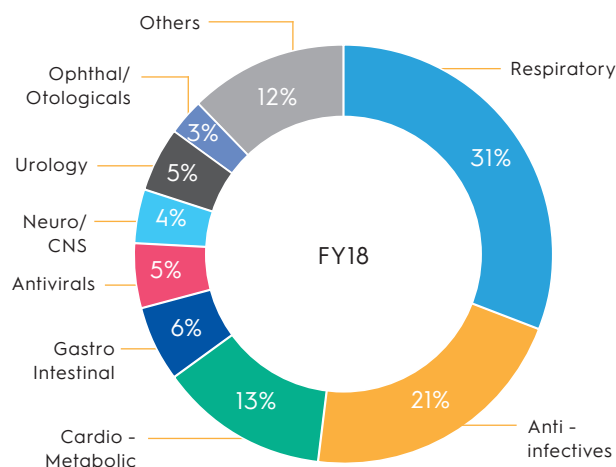
¹ IQVIA Institute - 2018 and Beyond: Outlook and Turning Points (March 2018)

² IQVIA (IMS) MAT March 2018

Focused partnering segments for in-licencing

Therapy	Product
Cardiology	Launched Azmarda (Sacubitril + Valsartan) in partnership with Novartis and the product is making rapid penetration in eligible patient population in India
Diabetes	Launched Vysov / Vysov M (Vildagliptin) in partnership with Novartis and Prominad (Canagliflozin) in partnership with Janssen to serve over 65 million people suffering from Diabetes in India
Oncology	Partnered with Roche for distribution and sale of Actemra (Tocilizumab) and Avastin (bevacizumab) Launched Onco-BCG in partnership with Serum Institute of India to improve product portfolio in Oncology / Urology

Figure 6: India Branded – Therapy wise revenue breakup



India generics business:

During FY18, the Company's India generics business contributed ~21% of the domestic business revenues. Over FY18, various products saw movement across the branded and generics business portfolio to drive synergies.

The Company is focusing on strengthening its presence in Tier 3 and Tier 4 towns along with expanding the product portfolio to cater to the needs of the patients. The generics business continues to operate in a challenging regulatory environment with uncertain policies governing trade margins, branded generics, FDC ban, and DPCO.

The Company maintained its growth momentum in the Indian market through in-licensing deals, focus on identified therapeutic segments, and sales force productivity optimisation and expects to maintain its market leading position exceeding the industry average growth for both branded and generics business.

North America

USA continues to be the world's largest pharmaceutical market and the net total medicine spending growth is expected to be between 2–5% over the next five years¹. Generics accounted for 89% of prescriptions dispensed with 26% of total drug costs in the US and helped achieve USD 1.67 Trillion of savings in the last decade due to the availability of low-cost generics equivalents². Generic drugs offer relief to patients from rising prescription drug costs and this affordability leads to decreased healthcare cost pressure, at the same time enhancing general health and well-being of patients.

During FY18, Cipla continued to be ranked amongst the top 10 most dispensed companies in the US, building successfully on the commercial front end acquired through InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. The Company expanded its portfolio offering to patients with differentiated products and strengthening its relationship with channel partners. The operating environment remained challenging with increased competition across critical product categories and continued price erosion. The

¹ IQVIA – Medicine Use and Spending in the US A Review of 2017 and Outlook to 2022 / ² AAM – Access Savings Report 2017

Company is focusing on developing a differentiated product pipeline to mitigate some of these challenges and deliver future growth.

During FY18, North America contributed 17% to the Company's revenues, a total of USD 412 million registering a growth of 5% over FY17.

Driving towards a 'value play' in the market:

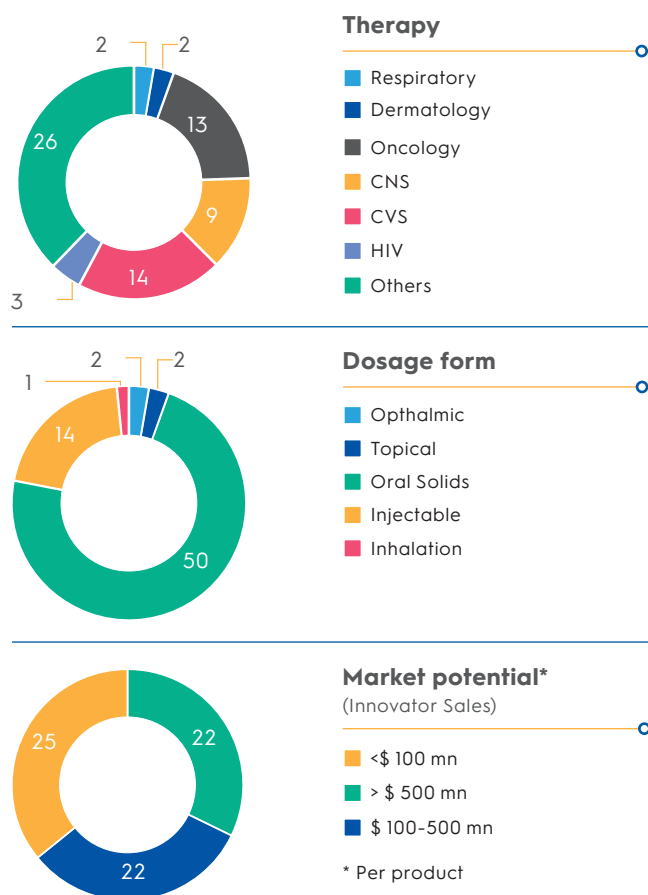
To mitigate the impact of the ongoing challenges in the US

operating environment further, the Company has taken a conscious decision to drive a value conscious play in select product categories and rationalise select low-margin SKUs to help build a healthy margin profile and also release strategic capacity within the manufacturing and supply chain infrastructure. This capacity can help the Company focus on de-risking key assets and ensure reliability of supplies. Hence, recorded sales in FY19 may get impacted marginally.

Figure 8: Future growth plan

Pipeline Update: Under-Approval ANDAs

Split of 69 under - approval products
[Cipla / Invagen ANDAs]



Going forward, the strategy is to significantly grow overall contribution from US revenues through continued traction on filings and product launches as well as partnerships.

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

The pharmaceuticals market in Africa is expected to reach USD 45 billion¹ by 2020, propelled by a convergence of changing economic profiles, rapid urbanisation, increased healthcare spending and investment, and increasing incidences of chronic lifestyle diseases. Africa continues to remain a key component of the Company's global strategy with strong presence across various markets including South Africa.

During the year, South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA) region contributed 22% to the Company's overall revenues, a total of USD 522 million growing 6.3% on a Y-o-Y basis.

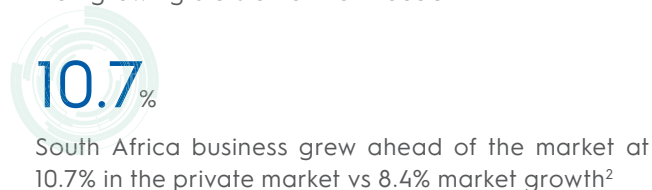
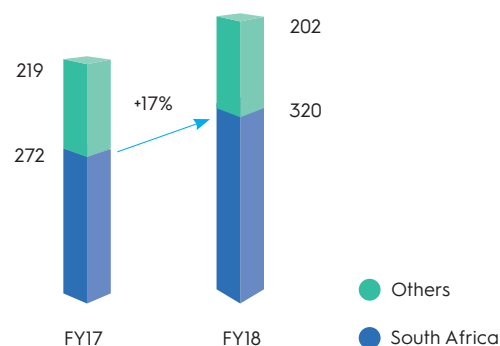


Figure 9: SAGA Revenue Split (USD Million)



¹ Frost & Sullivan: African Pharmaceuticals Market, Forecast to 2020

² IQVIA (IMS) MAT March 2018

South Africa and Sub-Saharan Africa region

South Africa is one of the key home markets for the Company. We are the 4th largest private market player (3rd overall including tender business) and one of the fastest growing companies among the top 10 in South Africa¹. In FY18 South Africa recorded a strong revenue growth of 14%² in local currency terms (ZAR) over the previous year. During the year, Cipla South Africa closed the divestment of 100% stake in animal health subsidiaries, namely, Cipla Vet Pty Ltd. and Cipla Agrimed Pty Ltd. to Ascendis Pharma, South Africa.

Key highlights for the year

Portfolio expansion

Product Launch

Launch of Pregablin from the Teva portfolio with a focus to continue on delivering similar offerings to patient in the near future.

Partnerships

- Agreement with Adcock Ingram to commercialise their comprehensive over the counter portfolio in Uganda and expand footprint in Sub-Saharan Africa
- New launches from Anmarate acquisition and a deal with iNova (Valeant)

Respiratory segment in South Africa

- The respiratory therapeutic area is a key differentiator for the Company in South Africa. Cipla South Africa is the leader in obstructive airway disease (Asthma and COPD) in private sector (46% volume market share) as well as the government sector (69% volume market share)¹
- Synchrobreathe™, Cipla's proprietary breathe actuated pressurised metered dose inhaler, was launched in South Africa
- To serve the purpose of educating both healthcare professionals and patients, the Company has cultivated strong partnerships with the South African Thoracic Society, Allergy Society of South Africa, international specialists and various local interest groups
- The strategy has been to ensure highest level of access to a range of differentiated products that are aligned to all stages of the disease in both the private and government sector, underpinned with strong investment in education

Cipla South Africa is an important partner to the government, with the tender business contributing 37% of the total revenue. While a large part of the tender business is driven by ARVs, other key therapeutic areas include Respiratory and Oncology. Our BBEE (Broad-Based Black Economic Empowerment) score and local manufacturing capabilities have given a sustainable competitive advantage to the Company and helped us deliver strong Y-o-Y momentum to the business. Cipla South Africa has stepped up to deliver higher than awarded quantities versus the contract and hence established a position of a reliable supplier with strong local manufacturing capabilities. These locally manufactured ARV's contributed to the national economy and demonstrated the ability of South Africans to strive towards self-sufficiency.

¹ IQVIA (IMS) MAT Nov 2017

² Normalised for the Animal Health business divested during FY18

The Cipla brand continues to inspire trust among consumers, pharmacies, prescribers and key opinion leaders in South Africa.

Cipla Global Access (CGA)

Whilst delivering a long-term sustainable business, we recognise our duty to provide affordable medicines. Cipla's emphasis on access for patients was recognised globally for the pioneering role played in HIV/AIDS treatment as the first pharmaceutical Company to provide a triple combination anti-retroviral (ARV) in Africa at less than a dollar a day and thereby treating many millions of patients since 2001.

Cipla Global Access is a tender-based institutional business. It is dedicated to providing accessible and affordable early and essential treatment to patients facing life-threatening diseases in developing countries. CGA focuses on five therapy areas: HIV/AIDS, Malaria, Multi Drug-Resistant Tuberculosis, Reproductive health and Oncology. During the year, the business saw a decline driven largely by continued pricing pressure and challenges in the funding environment.

Sub-Saharan Africa

Cipla has a clear commitment to provide access to Africa and other LDCs (Least Developed Countries). As a step in this direction, way back in 2005, a joint venture was established between Cipla and Quality Chemicals Ltd (QCL) of Uganda, known as Cipla Quality Chemical Industries Limited (CiplaQCIL), which is a state of the art pharmaceutical plant that manufactures the latest Anti-retroviral (ARVs), Anti-malarial (ACTs) and Hepatitis B medicines.

CiplaQCIL's World Health Organisation (WHO) approved facility stands as a testament to the possibilities of pharmaceutical manufacturing in Africa. This establishment is also in line with the Pharmaceutical manufacturing Plan of Action for Africa, the East African Pharmaceutical Manufacturing Plan of Action and the Millennium Development Goals and seeks to take advantage of the flexibilities provided by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), for access to affordable, newer and safer medicines for the poor.

The plant supplies the Ugandan market and exports to East Africa, Cameroon and various markets in southern Africa.

Future ahead

The Company is committed to expand the market reach in SAGA with continual advancement through private market expansion, strategic portfolio selection in Biosimilars, OTC and Specialty segments along with institutional partnerships with MNCs. As a future growth area, Cipla will gain market access to critical drugs in underpenetrated areas of Africa. The Company plans to target first-to-market products in the geography; at the same time it is also looking at unlocking potential in Vaccines through global partnerships. For Cipla Global Access, the Company's strategy is to gain market share in a profitable and sustainable manner through vertical integration of core APIs and through strategic partnerships. Continuous engagement with major stakeholders in planning of the molecules of the future, also remains a priority.

Emerging markets

Emerging markets and developing economies are expected to see an accelerated growth of 4.7%¹ in FY20 as oil and other commodity prices firm up and the effects of the earlier commodity price collapse dissipates. Countries across the world are now adjusting their healthcare policies as a result of the volatility in economic growth in these markets, ultimately leading to an uptick in demand.

Emerging markets for Cipla include all markets outside of India, North America, South Africa / Sub-Saharan Africa, Europe and includes North Africa and Australia amongst others. Cipla has a growing presence in 52 countries including 13 countries via direct-to-market model.

Revenue from Emerging market for the Company stood at USD 261 million (₹1,683 crore), with an 11% contribution to the total revenue for FY18, registering a growth of 7.5% over the previous year.

¹ World Bank – Global Economic Prospects – January 2018

Key highlights for the year

Fluticasone Propionate Salmeterol (FPSM) franchise

Launched

the flagship respiratory product, Fluticasone Propionate Salmeterol (FPSM) in Australia, the first generic in the market reinforcing Cipla's developed market respiratory franchise; targeted to increase Company's market share in years to come

Key filings

Brazil & China

- First product filing done in Brazil
- First CTA filed for China (FPSM)

The Company is focusing on deepening its presence in Australia and Colombia through Respiratory portfolio and into markets of China, Brazil and Indonesia through combination of in-house pipeline products and partnerships. Three products for China and 13 products for Brazil are in the development stage. These filings, approvals, products and partnerships will help drive significant growth in emerging markets over the medium- and longer term.

Europe

The Company has a presence in 31 countries in the European region including DTM presence in Germany, Norway, Spain and the UK. Last year's change in the business model for the European countries, moving from an investment-heavy DTM model to a partnership-led B2B model, has improved profitability significantly. The experience of Cipla's in-market partners will drive stronger and profitable growth in the future.

Europe market recorded a revenue of USD96.6 million (₹623 crore) in FY18 contributing 4% to the overall Company revenue, with significant improvement in operating margins over the previous year.

Key highlights for the year

Franchise Development	<ul style="list-style-type: none"> • Respiratory franchise in the UK - Fluticasone Propionate Salmeterol (FPSM), Ipratropium Bromide • Europe witnessed a strong growth in brands like Dymista and Seroflo
FPSM	Launch of FPSM in 8 European countries

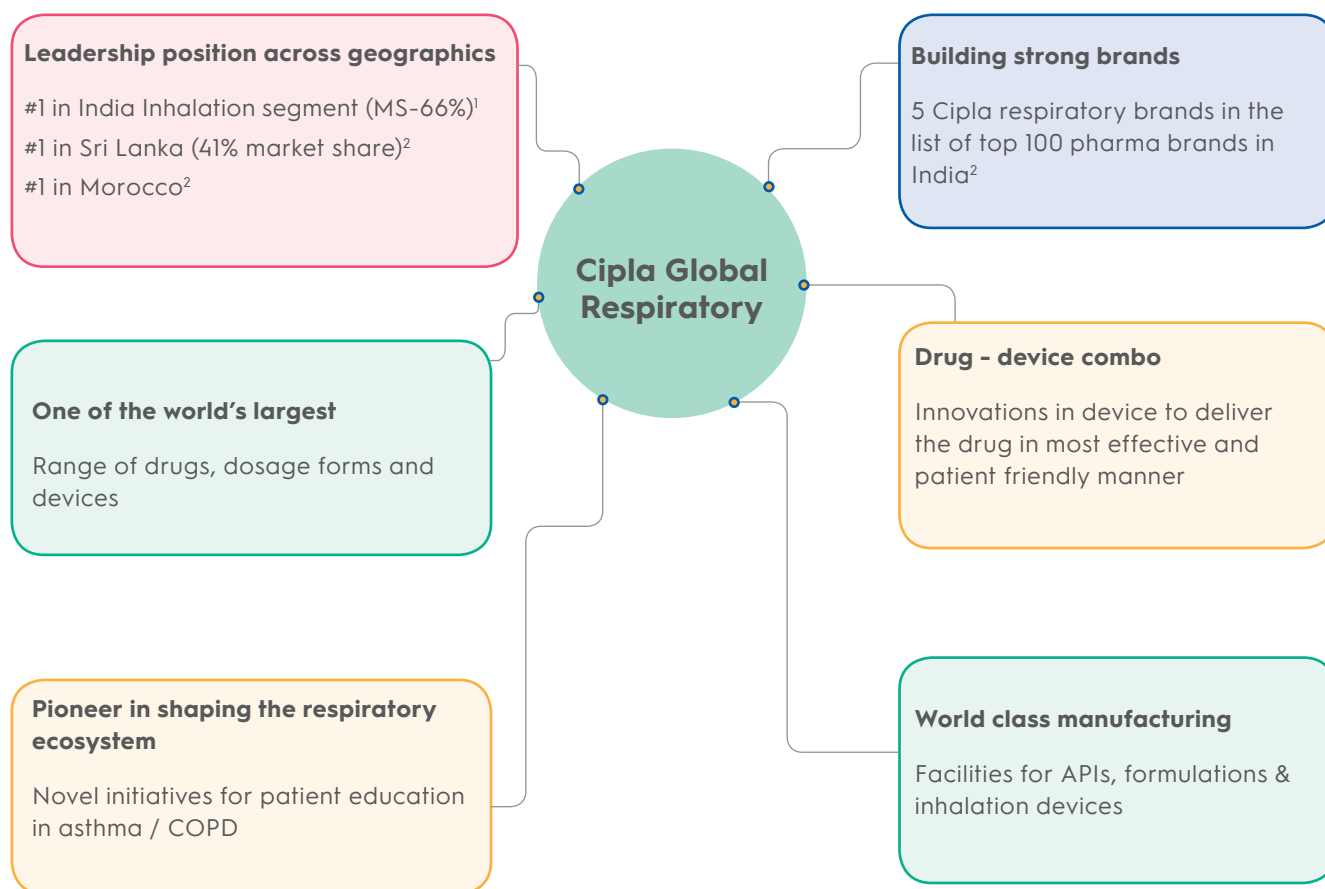
We intend to focus on the UK, Germany and Spain markets with our established capabilities and comprehensive product portfolio. Cipla would adopt a partnership model to gain access in France, Italy, the Netherlands, Poland and Romania. While Respiratory will continue to remain a focus area, Oncology and complex injectables will be a part of the differentiated product portfolio strategy of the Company.

Strategic business units

Respiratory

Cipla offers one of the world's largest portfolio of inhalation products, with 27 molecules and combinations across a range of devices to cater to diversified patient needs. The Company has five manufacturing facilities dedicated to respiratory products. Cipla now has end-to-end capability across respiratory care covering the value chain from API, formulation, device development and manufacturing to medical and patient education.

During FY18, the overall revenue from Respiratory unit stood at ₹1,464 crore, and the ex-India revenue for the year stood at USD 212 million.

Figure 12: Cipla's respiratory strategy

Cipla is on a mission to 'Make the World Breathe Better' with an expanded range of drugs and devices and targeted patient-centric initiatives. Our commitment to mitigate Respiratory diseases dates back to 1970s with introduction of Salbutamol and Salbutamol inhaler in 1978 in India. Consistent investments has helped the Company introduce new products for asthma, Chronic Obstructive Pulmonary Disease (COPD), Allergic Rhinitis (AR) and more recently in other diseases such

as Pulmonary Arterial Hypertension (PAH), lung cancer and Idiopathic Pulmonary Fibrosis (IPF). Respiratory will continue to remain an area of innovation for the Company and it is committed to making investments for strengthening its position. The R&D investment on Respiratory is slated to increase from 12% of the total R&D investments of the Company in FY18 to above 30% for the next year.

¹IQVIA (IMS) MAT March'18; Respiratory inhalation (including nebulisation)

²IQVIA (IMS) MAT March'18

Respiratory in India

As a pioneer in the field of respiratory medicine in India, Cipla connects with patients, providing more than just medicines. As a company that cares, we believe it is our responsibility to make relevant and credible information available to the public to erase the stigma around the illness and educate patients about the benefits of inhalers in asthma management. With this in mind, Cipla rose to the challenge last year and launched Berok Zindagi, a mass awareness campaign to educate patients, caregivers and the general population on the smartest ways to manage the illness. For more details on Berok Zindagi, refer to page 62 of the report.

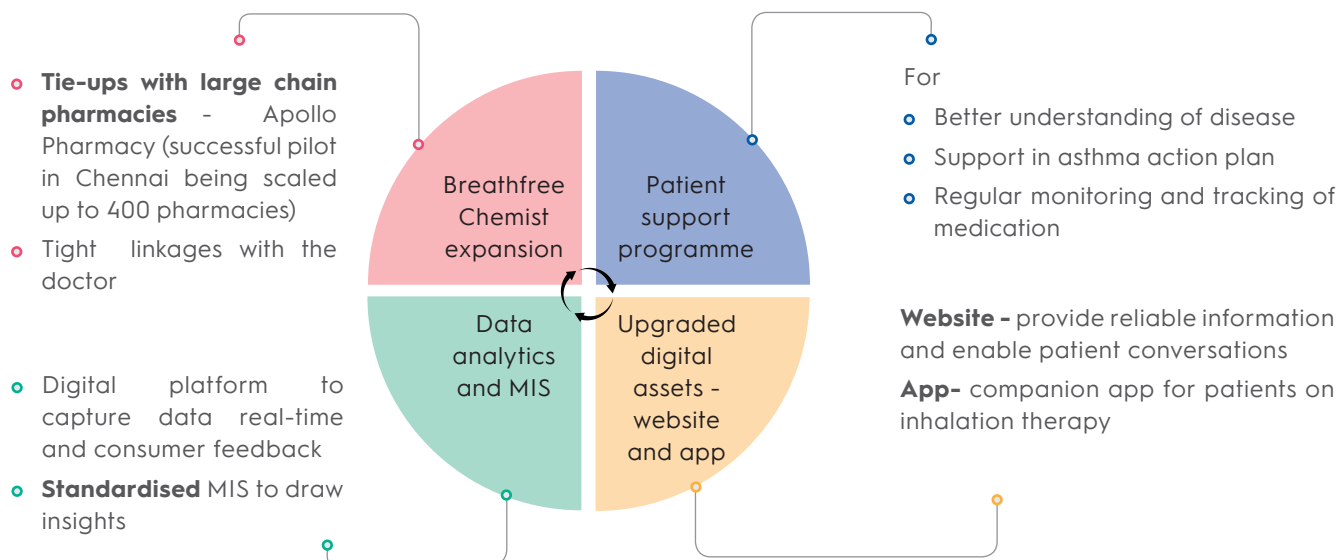
The Company founded the Chest Research Foundation (CRF) in Pune, with twin objectives of promoting respiratory research and training in India. It is one of

the few such independent Institutes in the world which collaborates with leading institutions around the world for research purposes. In line with its objective, the Chest Research Foundation partnered with Imperial College of London to investigate non-smoking COPD in a unique Indo-British venture.

Over the last few years, Cipla has established itself as a market leader in Respiratory and recognises the responsibility that comes along. An array of patient awareness, education and support programmes are run by the Company to create acceptance and usage by educating patients on asthma, COPD, allergic rhinitis and other respiratory diseases. 'Breathe Free' initiative continues to gain force with more dedicated efforts being poured in to make lives easy for patients.

Figure 13:

Breath free - Patient Engagement initiatives



Central Government has recognised chronic obstructive pulmonary disease (COPD) in its Non-Communicable Diseases (NCD) programme. The Company is working with Central and State governments for grass root mobilisation and has submitted a proposal for developing training modules to enhance understanding the disease and its management. The focus is on enhancing the offerings for pulmonologists with streamlined efforts on profiling and segmentation and monitoring of patients.

The Company is also building key account management capabilities to focus on corporate chains and medical colleges. Continuous innovation in drugs and devices like Synchrobreathe, Multihaler and partnership with MNCs for new molecules will remain the core for securing further market share.

Beyond making drugs and devices available, Cipla has been involved in conducting and supporting research

to generate real-world data that will lead to deeper insights into disease patterns and patient's response to drugs.

The Company entered into a partnership with the large diagnostic chain, Metropolis, to improve access to Spirometry to all patients. At the same time, the Company is also developing its own hand held Spirometer as point-of-care diagnostic device.

Cipla's state of the art scientific programmes are aimed at enhancing knowledge of doctors across the spectrum, from the general practitioner to the specialist. This has helped in improving the quality of care that patients receive, at Cipla, this is called as 'Partnership in Practice'.

Respiratory franchise in the US

Cipla's vision is to replicate the success of India Respiratory segment in the US market and gain a respectable market share. In order to pursue this vision, the Company is working towards development of respiratory products under various categories like ICS, ICS + LABA and LAMA especially focused on US market, to cater to the need of bringing affordable medicines to the patients.

Respiratory in South Africa

The respiratory therapeutic franchise is a key area of focus in South Africa as a value differentiator for the business as well as meeting the high disease burden within the country.

The Company's strategy for respiratory therapy in South Africa has been to ensure the highest level of access to a range of differentiated products that are aligned to all stages of disease in both the private and government sector underpinned with strong investments in education.

Currently Cipla South Africa is the #1 Company in obstructive airway disease (Asthma and COPD) in both the private sector (46% volume market share) as well as the government sector (69% volume market share)¹.

The Company launched a breath actuated inhaler-Sereflo Synchrobreathe™ to address the challenge of disease control. The launch of this patient-friendly inhaler allowed Cipla to compete in the total fixed dose

combination (FDC) market gaining a 600 bps (basis points) volume share from 8% to 14% with the Sereflo brand volume growth finishing at +48% vs the total market of +8.2% equating to a brand revenue growth of +61%.

Active Pharmaceutical Ingredient (API)

A pioneer in API manufacturing in India for over five decades, Cipla currently manufactures more than 200 generic and complex APIs. Cipla's API business has presence in more than 60 countries in Europe, North America, Latin America and Asia Pacific. Our focus on niche molecules and quality has made us a preferred partner to some of the largest generic formulators globally. With a dedicated team of over 300 scientists, the Company differentiates itself with the capability to handle wide range of chemistries and complex molecules.

Our APIs cover a broad spectrum of therapeutic categories with over 350 Drug Master Files (DMFs) filed till date of which 40 DMFs were filed in FY18 in various countries. Cipla is also ramping up filings for regulated markets with a robust pipeline of over 50 APIs in various stages of development.

API Manufacturing Capabilities

Cipla has a total capacity of over 1,000 MT across four sites with dedicated facilities for high potent APIs, corticosteroids, polypeptides, hormones, and steroids. All facilities are cGMP compliant and approved by the major international regulatory agencies including the US FDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea). From an EHS viewpoint, Cipla's plants have zero liquid discharge waste water treatment facilities that include, ETP with Multi Effect Evaporators (MEE), Agitated Thin Film Dryer (ATFD), Vertical Thin Film Dryer (VTFD) and Reverse Osmosis (RO) facilities.

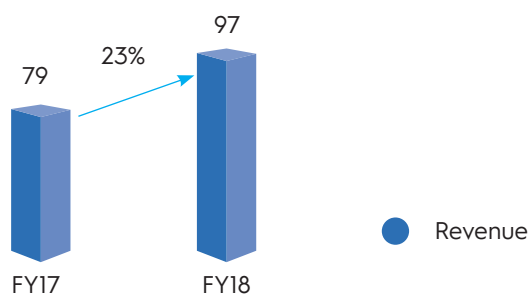
The Company has three API R&D Centres, one pilot plants, two process safety screening labs and advanced technologies.

¹ IQVIA (IMS) MAT Nov'17

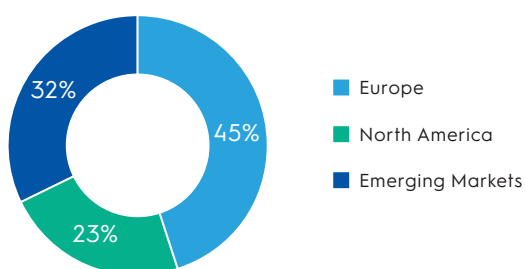
Business Highlights for API

Figure 14: FY18 API performance

Global API Revenue (in USD Million)



Global API Revenue, By Region



During FY18, revenue from commercial API business was USD 97 million (₹626 crore) of which Europe accounted for 45% followed by emerging markets at 32%, while North America shared 23% of the revenue. Respiratory, Gastroenterology, and Anti-retroviral (ARV) segments were major contributors to the business. This growth is a result of successful deliveries of products launched for chosen customers, differentiated product mix, improved traction in seedings and lock-ins with major customers.

We share a strong partnership with the world's largest generic pharmaceutical companies and expects to ramp-up business with these accounts. The Company aims to become a preferred supplier to companies working on 505(b) (2) projects. Cipla is also expanding the customer base across markets that provide better realisations, higher number of seedings and lock-ins for achieving sustainable growth. In order to provide complex APIs at affordable prices, the Company achieved cost optimisation through process/yield

improvements and alternate vendor developments, ultimately benefitting the patients.

Cipla is keen to identify new opportunities in markets such as Japan, China, the Commonwealth of Independent States (CIS) countries and partner with leading generic companies for their new products. The Company plans to enhance its API R&D and manufacturing capacities in therapeutic areas such as Respiratory and Oncology and conduct backward integration for manufacturing of KSMs and critical API intermediates to gain a spot at the forefront.

Cipla Health Limited (CHL)

CHL is the consumer health focused subsidiary of Cipla, with a vision to offer simple and consumer-centric innovative solutions for everyday health needs of families across India. Nearly a million people in India die every year due to tobacco-related diseases. Nicotex, the flagship brand, a leader in its category is strengthening its hold as a life-changing solution to quit smoking and aims to create a healthy and smoke-free India.

During FY18, revenues for Cipla Health Limited stood at ₹120 crore, registering a growth of 26% (GST adjusted) over the previous year.

Key highlights for the year

Cipla commands over 95% market share in Nicotex (Nicotine Replacement Therapy) in the Chemist channel

Cofsils is the 3rd largest brand in chemist channel with 8% market share in its category

Activkids Immuno booster was launched to help build immunity in kids towards common diseases. In order to find acceptance with children, it comes in a unique choco bite format

Nicogum is a nicotine gum that helps people quit smoking using the proven principle of NRT

ActivStart Fibocare is a natural isabgol husk used to treat constipation

Cipla Technologies (CipTec)

CipTec - Cipla's initiative to create a Branded Specialty business in the US, focused on meeting critical unmet medical needs in the areas of CNS and Respiratory, through clinically useful improvements in known drugs. Some of the diseases within CNS include epilepsy and its rare sub-types, musculoskeletal indications such as Spasticity, Parkinson's disease and ALS. In Respiratory, the focus is on Asthma, COPD, IPF and CF and CF related complications.

Our flagship programme, CPN 101, is a Tizanidine Patch for the management of Spasticity - a condition affecting almost 80% of patients with Multiple Sclerosis. Some of the other conditions causing Spasticity include Spinal Cord Injury (SCI), Traumatic Brain Injury (TBI), Stroke, encephalitis, ALS etc. This is licensed from MEDRx Company Limited, Japan and is expected to be the first transdermal muscle relaxant worldwide and is expected to provide sustained efficacy, while reducing adverse events like drowsiness, dry mouth and others. The US alone has about 1.5 million cases of Spasticity that require drug treatment and result in over 60 million prescriptions. The Company is also exploring an injectable formulation of a benzodiazepine for a rare epilepsy indication and is currently in discussions with the FDA for its development strategy. There are limited treatment options available today for this indication which are either very inconvenient or are used off-label.

Key highlights for the year

The Phase 1A study of CPN 101 was completed and is now preparing to conduct an additional PK study and a Phase 2 PD study during FY19

CipTec established its headquarters in San Diego, California, a city that is an important biotech and life science innovation hub in the US

Numerous licensing opportunities were evaluated across CNS and Respiratory, and continue to be in various stages of diligence

Stempeutics

Stempeutics, a joint venture between Cipla and Manipal Group is a collaboration towards bringing cutting edge Stem Cell Science to discover transformative therapeutics that meet critical medical needs.

Key highlights for the year

Stempeutics entered into an agreement with Alkem Laboratories to licence its Phase 2 completed Stempeucel programme on Osteoarthritis (OA). As part of this agreement, Alkem will conduct Phase 3 studies and will launch the product in India, upon approval. This will provide an alternative to about two lac knee replacement surgeries done every year in India

The Manipal manufacturing site was approved for commercial manufacture

The Company got the requisite approvals to initiate a 50 patient Phase 4 PMS for Burgers disease, based on the conditional marketing approval it had received

Human resource management and industrial relations

Cipla believes that its human resource function is of strategic significance and works towards building a strong employee value proposition for its employees. It provides channels for exceptional career growth, superior leadership development, modern day HR practices, transparent communication, opportunities for continual learning, enhanced well-being and safety and engagement. Over the years Cipla has improved on its engagement score and compared to the previous year there has been an increase in engagement levels. Townhalls allow for transparent communication between the employees and management on Cipla's strategy, plans, achievements and setbacks during the quarter. In FY18, a total of 4 global Townhalls were conducted. Cipla Engage is another initiative based on 5 pillars and definition of an engaged associate that is targeted towards overcoming challenges such as attrition. The MiRole project launched in 2017 has helped in streamlining roles and responsibilities across the

organisation and the first ever grade linked promotion cycle was conducted in January 2018. MiDNA, a newly launched performance management system covered over 25,000 associates across the organisation.

In 2018, band aligned pay scales were developed by Cipla India to benchmark the worth of the roles in particular bands and market positioning of similar roles. Hence, the 3P rewards policy was put in place to reflect Positioning, Performance and Proficiency (Role Maturity). Health, safety and well-being of employees is of paramount importance at Cipla and initiatives including medical plan benefits, targeted health interventions, health screening, health coaching and awareness have been implemented during the year. Employee training and development forms a crucial part of human resource development agenda at Cipla and various interventions including Cipla University, trainings on plant safety, pharmacovigilance and POSH have been undertaken. For more details on Cipla's approach towards Human Resources, refer to page 54 of the report.

Threats, risks and concerns

Due to the inherent risks in the Company's business activities, it is vital that the Company effectively manage risks faced across the entire organisation through informed strategic and business decisions so that it can continue to deliver value to its varied stakeholders. During the reporting period, the Company enhanced its risk management capabilities by establishing a formal structure for ERM governance, engaging with senior management to garner a comprehensive view of critical risks, defining priorities for risk management, and familiarising key employees of critical risks along with their risk mitigation responsibilities.

Refer page 36 for a detailed account of Cipla's Risk Management Framework.

Internal control and its adequacy

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

- Effectiveness and efficiency of operations
- Prevention and detection of frauds and errors
- Safeguarding assets from unauthorised use or losses
- Compliance with applicable laws and regulations
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls are routinely tested and corrective and preventive actions are taken for any weakness. The Company has an independent internal audit function supported by dedicated outsourced teams. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and the actions taken on issues highlighted in the previous reports. The Company continues efforts to align all processes and controls with global best practices.

Adherence to accounting standard

The Company adopted standard accounting policies under the Indian Accounting Standards ('Ind AS') since 1st April, 2016 as prescribed under section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Changes in policies, if any, are approved by the Audit Committee.

Board's Report

Dear Members,

The Board of Directors hereby submits its report on the performance of the Company along with the audited Standalone as well as Consolidated financial statements for the year ended 31st March, 2018.

Financial Summary and State of Affairs

₹ in Crore

Year ended 31 st March, 2017		Particulars	Year ended 31 st March, 2018	
Standalone	Consolidated		Standalone	Consolidated
10974.58	14630.24	Gross total revenue	11444.81	15219.25
1186.94	1222.17	Profit before tax and exceptional item	1911.40	1746.98
974.94	1006.39	Profit for the year (after tax and attributable to shareholders)	1468.52	1410.53
6.93	7.46	Other comprehensive income for the year (not to be reclassified to P&L)	1.77	24.30
-	123.89	Other comprehensive income for the year (to be reclassified to P&L)	0.47	369.23
7145.00	6953.84	Surplus brought forward from last balance sheet	7933.29	7774.11
8126.87	7967.69	Profit available for appropriation	9403.58	9188.05
(160.87)	(160.87)	Appropriations:	(160.94)	(160.94)
(32.71)	(32.71)	Dividend	(28.33)	(28.33)
7933.29	7774.11	Tax on Dividend	9214.31	8998.78
		Surplus carried forward		

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

The Standalone as well as the Consolidated financial statement have been prepared in accordance with the Indian Accounting Standards ('Ind AS') under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value.

Share Capital

During the year under review, the Company cancelled the unsubscribed issued equity share capital of 10,03,395 equity shares of ₹2 each, aggregating to ₹20,06,790. Upon cancellation, such unsubscribed capital became a part of the unissued share capital of the Company and is available for re-issue at a future date. 6,09,090 equity shares were issued and allotted under Employee Stock Option Schemes. The issued, subscribed and paid up share capital of the Company as on 31st March, 2018 stood at ₹ 161,02,38,328 divided into 80,51,19,164 equity shares of ₹2 each.

Dividend

In line with the Dividend Policy of the Company, we recommend a final dividend of ₹3 per equity share

(i.e. 150% of Face Value) for the FY18. The dividend, if approved at the Annual General Meeting (AGM), will be paid to those members whose names will appear in the Register of Members on 14th August, 2018. The total dividend pay-out will amount to approximately ₹ 241.54 crore (excluding dividend distribution tax) resulting in a pay-out of 16.45% of the Standalone profit after tax of the Company.

Reserve

The Company has not transferred any amount to the Reserve for the financial year ended 31st March, 2018.

Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

Corporate Social Responsibility (CSR)

At Cipla, we consider it as our responsibility to support people facing challenges to live a life with dignity and

quality. Cipla undertake its CSR activities primarily in quality health, education and skilling. A detailed report on Cipla's various CSR initiatives has been provided in a separate Section 'Corporate Social Responsibility'. The Corporate Social Responsibility Report also contain the Annual Report on CSR initiatives as required under section 135 of the Companies Act, 2013 (Act) is annexed as Annexure I to this report.

The Company's CSR Policy is available on the website of the Company at https://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf

Business Responsibility Report

As mandated by the Securities and Exchange Board of India (SEBI), the Business Responsibility Report (BRR) forms part of the Annual Report. Since the Company is publishing Annual Report under International Integrated Reporting Council (IIRC) framework this year, report on the nine principles of the National Voluntary Guidelines on social, environmental and economic responsibilities of business as framed by the Ministry of Corporate Affairs is provided in relevant sections of the IR with suitable references in the BRR.

Corporate Governance

Pursuant to the Listing Regulations, the Report on Corporate Governance for the year under review, is presented in a separate section, forming part of the Annual Report.

A certificate from M/s. BNP & Associates, confirming compliance of conditions of Corporate Governance, as stipulated under the Listing Regulations, is annexed as Annexure II to this report.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) of the Act it is confirmed that the Directors have:

- i. Followed applicable accounting standards in the preparation of the annual accounts and there are no material departures for the same;
- ii. Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profit of the Company for the year ending 31st March, 2018;
- iii. Taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Company and for preventing and detecting fraud and other irregularities;

- iv. Prepared the annual accounts on a going concern basis;
- v. Laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. Devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed to this report as Annexure III.

Employee Stock Option Scheme

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

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March, 2018 are available on the Company's website at <https://www.cipla.com/en/investor-information/annual-report-and-chairman-s-speech.html>

Details of the Employee Stock Option Scheme 2013-A have been provided under Note No. 43 of the Standalone financial statement.

Human Resources

Details of remuneration as required under section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure IV.

Particulars of employee remuneration as required under section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this

report. In terms of the provisions of the first proviso to section 136(1) of the Act, the Annual Report is being sent to shareholders excluding the aforementioned information. The information will be available on the Company's website www.cipla.com and is also available for inspection at the registered office of the Company during working hours 21 days before the Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments under section 186 of the Act are provided in Note No. 45 to the Standalone financial statements.

Extract of Annual Return

As required under sections 92(3) and 134(3)(a) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form MGT-9 forms part of this report as Annexure V.

Vigil Mechanism

The Company believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has formulated a Whistle-Blower Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The vigil mechanism consists of a dedicated email-id. Any director or employee who becomes aware of an unethical behaviour or fraud or violation of code shall report to the Ethics Committee either through email or by post. In case where directors or employees believe that such issue cannot be resolved by Ethics Committee or in exceptional cases, can be addressed directly to the Chairman of Audit Committee. An Ethics Committee consisting of the Global Chief People Officer (GCPO), Global Chief Financial Officer (GCFO), General Council (GC) and Chief Internal Auditor has been constituted to look into and investigate on the whistle-blower complaints. The complaints, reports and action taken are presented to the Audit Committee on a quarterly basis. The details of the Whistle-Blower Policy are available on the Company's website at https://www.cipla.com/images/cipla_pdf/Whistle-Blower.pdf

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

Contracts and Arrangements with Related Parties

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties is provided in the Report on Corporate Governance, which forms part of this Annual Report.

All contracts, arrangements and transactions entered by the Company with related parties during FY18 were in the ordinary course of business and on an arm's length basis. During the year, the Company did not enter into any transactions, contracts or arrangements with related parties, that could be considered material in accordance with the Company's policy on related party transactions. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, detailed disclosure on related party transactions as per IND AS-24 containing name of the related party and details of the transactions have been provided under Note No. 42 of the Standalone financial statements on Page No. 211.

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

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

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

Significant and Material Orders

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

Internal Financial Controls and its Adequacy

We have adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding our assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures and reporting mechanism. The current systems of internal financial controls are aligned with the requirement of the Act, in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Risk Management

In terms of the provisions of Section 134 of the Act a detailed note on Risk Management has been provided on page no. 36 of this report.

Deposits

During FY18, the Company did not accept any deposit within the meaning of sections 73 and 74 of the Act read together with the Companies (Acceptance of Deposits) Rules, 2014.

Board Evaluation

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

Subsidiaries and Associate

At the beginning of the year, the Company had 53 subsidiaries and 1 associate. As on 31st March, 2018, it has 49 subsidiaries and 1 associate.

During FY18, Anmaraté (Pty) Limited was acquired in South Africa as a part of strategy to strengthen OTC portfolio and Cipla Technologies LLC was incorporated in USA to build speciality product portfolio for Cipla.

During FY18, two non-operating companies viz., Meditab Specialities New Zealand Ltd and Cipla Pharma Nigeria Ltd were deregistered. As a part of strategy, the Company has divested its entire stake in Cipla Croatia d.o.o., Croatia, Al Jabal For Drugs And Medical Appliances Company Ltd, Yemen, Cipla Agrimed Proprietary Ltd and Cipla Vet Proprietary Ltd., in South Africa.

Details of these subsidiaries and associate are set out on Page 250 of the Annual Report. Pursuant to section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statement of the subsidiary and associate companies is given on Page 300 of the Annual Report. The statement also provide details of the performance and the financial position of each of the subsidiaries and associate. The Consolidated financial statements presented in this annual report include financial results of the subsidiary and associate companies.

Copies of the financial statement of the subsidiary and associate companies will be available on the Company's

website www.cipla.com and will also be available for inspection by the members at the registered office of the Company during business hours. Copies of the said financial statements will be made available to any member of the Company and those of the respective subsidiary companies upon request.

The Policy for Determining Material Subsidiaries is available on the Company's website at https://www.cipla.com/uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf

Directors and Key Managerial Personnel

Mr Adil Zainulbhai was designated as the Lead Independent Director w.e.f 11th August, 2017 for a period of two years from the date of appointment, with an authority to the Board of Directors to renew his appointment for a further term of two years.

Ms Punita Lal was designated as the Chairperson of the Nomination and Remuneration Committee in place of Mr Adil Zainulbhai, who relinquished the Chairmanship of the Committee to take charge as Lead Independent Director.

Mr S. Radhakrishnan completed his term as a Whole-time Director on 11th November, 2017 and w.e.f 12th November, 2017, he continues as a Non-Executive Director of the Company, liable to retire by rotation, in terms of re-appointment approved by the Members at the 81st Annual General Meeting (AGM) held on 11th August, 2017.

Pursuant to the recommendation of the Kotak Committee, the SEBI has recently amended the Listing Regulations. The amended Listing Regulations *inter alia* require every listed entity to seek consent of its members by way of special resolution for appointment / continuation of the non-executive directors on attaining the age of 75 years. In case of existing directors such consent is required to be taken before 1st April, 2019. Since both Dr Y. K. Hamied, Non-Executive Chairman and Mr M. K. Hamied, Non-Executive Vice-Chairman have attained the age of 75 years, consent of the shareholders by way of special resolution is required for their continuation as non-executive directors. The Board recommends the resolutions regarding continuation of Dr Hamied and Mr Hamied as the non-executive directors of the Company for approval of the shareholders.

Ms Samina Vaziralli retires by rotation and, being eligible, offers herself for re-appointment. The Board recommends the re-appointment of Ms Samina Vaziralli as Director liable to retire by rotation.

A brief resume of the Directors seeking re-appointment / continuation is provided in the Notice of AGM.

The criteria for determining qualification, positive attributes and independence of a Director is given under Nomination, Remuneration and Board Diversity Policy.

Neither the Managing Director and Global CEO nor the Whole-time Directors, received any remuneration or commission from any of the Company's subsidiaries during the previous year.

The Nomination, Remuneration and Board Diversity Policy has been disclosed as Exhibit A to the Report on Corporate Governance.

Declaration by Independent Directors

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

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

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

During the year under review, the Board met five times. A detailed update on the Board, its composition, detailed charter including terms of reference of various Board Committees, number of Board and Committee meetings held during FY18 and attendance of the Directors at each meeting is provided in the Report on Corporate Governance, which forms part of this report.

Auditor and Auditor's Report

Walker Chandiok & Co LLP, Chartered Accountants was appointed as the Statutory Auditor of the Company at the AGM held on 28th September, 2016 to hold the office till the conclusion of 85th AGM of 2021. The Company has received a certificate from the Statutory Auditor confirming their appointment continues to be in accordance with the provisions of section 141 of the Act.

The Auditor's Report for FY18 does not contain any qualification, reservation or adverse remark.

Secretarial Auditor and Secretarial Audit Report

The Board, on the recommendation of the Audit Committee, had appointed M/s BNP & Associates, Company Secretaries, Mumbai as the Secretarial Auditor for FY18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed to this report as Annexure VI. The Report does not contain any qualification, reservation, disclaimer or adverse remark

Cost Auditor

The Board, on the recommendation of the Audit Committee, had appointed Mr D. H. Zaveri, practising Cost Accountant (Fellow Membership No. 8971) as cost auditor to conduct the audit of Company's cost records for the financial year ended 31st March, 2018. The Cost Auditors will submit their report for the FY18 on or before the due date.

The Cost Audit Report, for the year ended 31st March, 2017, was filed with the Central Government within the prescribed time.

In accordance with the provisions of section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors for FY19 is required to be ratified by the shareholders, the Board recommends the same for approval by shareholders at the ensuing AGM.

Acknowledgements

We wish to place on record our appreciation to the Government of various countries where the Company has its operations. We thank the Ministry of Chemicals & Fertilizers, Central Government, State Government, and other regulatory bodies / authorities, banks, business partners, shareholders, medical practitioners and other stakeholders for the assistance, co-operation and encouragement extended to the Company. We also like to place on record our deep sense of appreciation to the employees for their contribution and services.

On behalf of the Board

Date: 22nd May, 2018
Place: Mumbai

Y. K. Hamied
Chairman

Annexure I

Annual Report on CSR Initiatives (Particulars required as per Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time)**I Overview of Corporate Social Responsibility**

Cipla believes in the philosophy of "Caring for Life". Social responsibility is integral to Cipla's corporate ethos. Cipla through its CSR arms continues to work in the areas of health, education, skilling among others in order to minimise the gaps in accessibility and affordability across geographies. Cipla takes forward and grows its socially conscious legacy commitments to the communities. These initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation and its implementing partners.

Cipla engages with credible institutions, NGO's, government agencies, individuals, visionaries, domain experts and other foundations to leverage their expertise, networks and relationships in implementing the CSR initiatives. Cipla's CSR work is anchored around supporting communities in and around its units in health, education and skilling.

Cipla is committed to projects which are national priorities in Health and Skilling. Cipla has laid down a strong foundation to build and scale up future long term projects and partnerships. A considerable amount of time was spent by the Company in strengthening the foundation's team, planning and building strong governance processes and bandwidth to execute and monitor the CSR projects.

The foundation has developed an online Project management system along with an operations manual aimed at measuring and monitoring the deliverables and strengthened its financial and due diligence processes. The Company has witnessed a consistent 3 years growth trajectory and met the prescribed CSR expenditure in the FY18.

Cipla has been undertaking CSR programmes in line with the requirements of the Section 135 of the Companies Act, 2013. Since then the Company has instituted a CSR policy duly approved by the Board. In order to achieve its vision and fulfil its commitment to be a socially responsible corporate citizen, the CSR policy was formulated with the following objective:

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

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

https://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf

The Board through the CSR Committee closely monitors the progress of the CSR initiatives.

II Composition of CSR Committee

The Composition of the CSR Committee as on the date of the Director's Report is as follows:

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

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

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

₹1552.75 Crore

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

₹31.05 Crore

V Details of CSR spent during the financial year 2017-18

- a) Total amount to be spent during the financial year - ₹ 31.05 Crore
- b) Amount unspent, if any. - Nil
- c) Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹ Crore)							
S. No.	CSR project or activity identified	Sector in which the Project is covered (As per Schedule VII of the Companies Act, 2013, as amended)	Projects or Programmes (1) Local area or other (2) State and district	Total Amount outlay	Amount spent in FY18 on the projects or Programmes Sub heads: (1) Direct expenditure on projects or Programmes (2) Overheads	Cumulative expenditure upto the reporting period FY18	Amount spent: (1)Direct or (2) through implementing agency
1	Cipla Palliative Care And Training Centre	Promoting healthcare including preventive healthcare	1. Warje, Pune 2. Maharashtra	21.40	1) 6.22 2) 0.37	21.40	Cipla Foundation
2	Promoting Healthcare addressing issues around affordability and accessibility of quality healthcare including palliative care and sanitation (Healthcare services to the community, Infrastructure support to hospitals, Medical support to Individuals, Mobile Health care services, Awareness for Hepatitis, Construction of Sanitation blocks, Developmental Disabilities, Pain and Palliative Care, Research studies and education on Public Health & Promoting Healthcare including Preventive Healthcare)	Promoting healthcare including sanitation and eradicating malnutrition	1. Baddi, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli, Delhi, East Sikkim, Pune 2. Himachal Pradesh, Goa, Madhya Pradesh, Maharashtra, Delhi, Sikkim	31.56	1) 15.04 2) 0.92	29.74	Cipla Limited & Cipla Foundation
3	Promoting Education including special Education (Mobile Science Van, Education of underprivileged children from troubled background, Infrastructural support to School, Meritorious Awards, Promoting Education, Hole in the wall, Promoting Education in govt. schools, Sponsorship to Economically weaker Students, Sponsorship to Students, E- Learning & pre-school education, Awareness programme for Road Safety Rules for local Taxi drivers)	Promoting education including special education	1. Baddi, Bangalore, South Goa, Indore, Kurkumbh, Mumbai, Patalganga, Vikhroli, Rangpo, East Sikkim 2. Himachal Pradesh, Karnataka, Goa, Madhya Pradesh, Maharashtra, Sikkim	7.44	1) 3.75 2) 0.23	7.15	Cipla Foundation
4	Training and Skill Enhancement (Skill development and entrepreneurship programmes)	Promoting special education, and employment enhancing vocation skills especially among children, women, and the differently abled and livelihood enhancement projects	1. Mumbai, Baddi 2. Maharashtra, Himachal Pradesh	4.09	1) 1.19 2) 0.07	3.82	Cipla Foundation

(Amount in ₹ Crore)							
S. No.	CSR project or activity identified	Sector in which the Project is covered (As per Schedule VII of the Companies Act, 2013, as amended)	Projects or Programmes (1) Local area or other (2) State and district	Total Amount outlay	Amount spent in FY18 on the projects or Programmes Sub heads: (1) Direct expenditure on projects or Programmes (2) Overheads	Cumulative expenditure upto the reporting period FY18	Amount spent: (1) Direct or (2) through implementing agency
5	Disaster Relief (Medical relief, Basic assistance material, Medical camps, Child friendly spaces)	Promoting health, sanitation and eradicating hunger and poverty	1. Morigaon, Launglei, Sitamarhi 2. Assam, Mizoram, Bihar	0.29	1) 0.28 2) 0.01	0.29	Cipla Foundation
6	Others						
i.	Contribution to Cipla Foundation towards undertaking CSR activities as per the focus areas and programme areas listed in Schedule VII, Section 135 of the Companies Act, 2013	Promoting healthcare including preventive healthcare Promoting education including special education Promoting special education, and employment enhancing vocation skills especially among children, women, and the differently abled and livelihood enhancement projects	1. Mumbai 2. Maharashtra	4.00	1) 4.00 2) Nil	4.00	Cipla Foundation
ii.	Support of old age and community hall for socially and economically backward groups,	Promoting setting up homes for reducing inequalities faced by socially and economically backward groups	1. Taloje (Mumbai) 2. Maharashtra	0.04	1) 0.033 2) 0.002	0.04	Cipla Foundation
iii.	Environmental Sustainability, ecological balance and conservational of natural resources	Ensuring Environmental Sustainability	1. Indore, Mumbai, Patalganga 2. Madhya Pradesh, Maharashtra,	0.08	1) 0.08 2) 0.004	0.08	Cipla Foundation
Sub Total of Others				4.12	4.12	4.12	
Grand Total (1+2+3+4+5+6)				68.89	32.20	66.52	

Note: The above mentioned cumulative total includes only the above mentioned projects. There were additional projects which are not included in the total. The grand total may not match because of the rounding off numbers.

VI CSR Expenditure for the FY18

During the FY18, the Company spent ₹32.20 Crore on various CSR initiatives, which is equivalent to 2.07% of its average net profit of the last three financial years.

of Cipla in line with the CSR Objectives and Policy of the Company. The CSR Committee has prepared a CSR plan, apprised the Board of the same and monitored the status reports of the projects/programmes submitted to them on a periodic basis.

VII Responsibility Statement

Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, it is confirmed that the CSR Committee has implemented and monitored the CSR initiatives

Chairman
CSR Committee

Date: 22nd May, 2018
Place: Mumbai

Managing Director and Global
Chief Executive Officer

Annexure II**Certificate on Compliance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To
The Members of
Cipla Limited

We have examined the compliance of conditions of corporate governance by Cipla Limited (the 'Company') for the year ended 31st March, 2018, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures adopted and implementation thereof, 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 stipulated in the aforesaid provisions of Listing Regulations.

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]

Place: Mumbai
Date: 22nd May, 2018

Avinash Bagul
Partner
FCS No.: 5578 / C P No.: 19862

Annexure III

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

The information under section 134(3) (m) of the Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2018 is given here below and forms part of the Board's Report.

A. Conservation of Energy**(I) The steps taken or impact on conservation of energy**

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

i. **Renewable energy utilisation:** Installation of additional roof top **20 kWp** Solar power plant at Goa.

ii. **Lighting system performance improvement programme:** Retrofitting of LED lights in existing light fixture at Baddi, Bommasandra, Goa, Indore, Kurkumbh, Patalganga, Sikkim and Virgonagar has resulted in saving of **Approx. 5.77 Lakhs of kWh.**

iii. **Variable Frequency Drive (VFD) system:** Continuation of Installation of variable frequency drive for various process and utility equipments across sites.

iv. Process area equipment's usage optimisation: -

- Revised the Relative Humidity (RH) limit of Heating Ventilation & Air Conditioning (HVAC) from 40-50 % to 30-50 % - widen the RH limit which has reduced the running of Air Chilling Device and humidifier in Indore.
- Conveyor of packing is interlocked in such a way that the conveyor will run only when the product is on the conveyor to avoid idle running of conveyor. It was implemented for 04 nos. of conveyor in Indore.
- API store circulation fan interlocked with DX unit to avoid idle running of DX unit.
- Replacement of centrifuge bag with suitable material of construction and required porosity resulting into batch time cycle reduction in Kurkumbh.
- Heating and maintaining of reaction mass was done by using hot water system modified to use steam and resulted in batch time reduction.

- Replacement of existing Vacuum Tray Dryer (VTD) by new higher capacity VTD to reduce drying cycle time in finishing area.

v. Energy Efficiency improvement programme:**At Goa**

- (1) Synchronisation of 5 DG sets in Utility II to optimise loading pattern.
- (2) Warm water pump demand optimisation using Variable Frequency Drive (VFD) and pressure feedback.

At Indore

- (1) Air compressor upgraded by incorporating ON/OFF facility during longer unload run of an air compressor. It has reduced no load running of air compressor.
- (2) Optimisation of running of air compressors by modifying compressed air line for better utilisation resulting in stopping of one of the air compressor. Currently one air compressor is running instead of two air compressors.

At Kurkumbh

- (1) PLC based temperature RH control system installed to AHU in finishing area- This has reduced load on chillers.
- (2) Modification and Automation of warm water generation for HVAC system. This is saving steam usage by using available warm water from chilling plant condenser.
- (3) Decongestion in the area to facilitate natural ventilation in API intermediate area resulting into elimination need for force ventilation.

At Baddi

- (1) Switching ON/OFF of AHU for store area based on achievement of desired conditions.
- (2) Interlocking of chilled water supply valve with AHUs operation resulting in reduced load on chillers.

(3) Substitution of Electrical heating with steam: Steam Heating used in place of Electrical Heating in aerosol area dehumidifiers, stopped the electrical heaters.

(4) Optimisation of running of air compressors by modifying compressed air line for better utilisation resulting in stopping of one of the air compressor. Currently one air compressor is running instead of two air compressors.

At Sikkim

(1) ETP Treated water for flushing in Toilet and Cooling Tower Makeup water reducing potable water consumption.

vi. Internal Modification:

- Feed for Solvent stripper from collection tank pump is removed from facility and modified the feed line directly to solvent stripper feed pump at Virgonagar.
- Water cooler of canteen are removed and installed RO system with heat exchanger by using return line chilled water for cooling of drinking water.
- Common plate heat exchanger was installed for heating and cooling the VTD. It was not giving proper performance. Removed that and new PHE installed for heating only and cooling water circulation line provided for cooling, this has reduced heating and cooling time.
- Replacement of Cassette Air conditioner by enhancing the capacity of existing AHU in HVAC section at Baddi.
- Segregation of RH and non-RH area of building which has reduced loading on dehumidifiers

vii. New technology absorption:

- Highly efficient Electronic Commutating permanent magnet motors used for Air Handling Unit
- Energy efficient chilled water refrigerator compressor at Goa with magnetic bearing.
- Internal parts of utility pump are coated for reducing erosion, resulting in sustained efficiency.

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

ix. Most of the Cipla Units are certified & awarded Energy Management System (ISO 50001) by reputed Accreditation body.

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

b. Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods:

The adoption of the above energy conservation measures has helped to curtail the proportionate increase in total energy usage consequent to overall increase in production. This has made it possible to maintain cost of production at optimum levels.

(II) The steps taken by the company for utilising alternate sources of energy:

Installation of additional roof top **20 kWp** Solar power plant at Goa

(III) The capital investment on the energy conservation equipments:

The Capital investment on energy conservation equipment is ₹ **1.80** Crore during the FY18.

B. TECHNOLOGY ABSORPTION

(I) The efforts made towards technology absorption:

- i. Development and scale-up of new formulations for existing and newer active drug substances using innovative and advanced processing equipment's.
- ii. Projects to develop APIs and formulations jointly with overseas companies.
- iii. Patenting of newer processes/newer products/newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.
- iv. Development of new products, both in the area of APIs as well as formulations, specifically, for export. These include development of complex technologies such as finished products which are drug-device combinations to maximise patient benefit and compliance.

- v. Development of complex generic formulations based on Nanotechnology such as Nanoparticle solids & injections, liposomal injections, long acting depot injections, Intra-vaginal contraceptive dosage forms, multi particulate extended release oral systems specifically for US market.
- vi. Development of new drug delivery systems and new medical devices for Respiratory, Nasal, Vaginal rings, depot injections, drug-device combinations, Transdermal dosage forms.
- vii. Development of new innovative technology for the manufacture of existing APIs and their intermediates.
- viii. Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.
- ix. Development of methods to improve safety procedures, effluent control, pollution control, etc.
- x. Development of products related to the indigenous system of medicines.
- xi. Incorporation of software based simulations to reduce experimental work (for example: CFD, Gastroplus, PKPB modeling etc).

(II) The benefits derived like product improvement, cost reduction, product development or import substitution:

- i. Successful commercial scale up of several new APIs and formulations, including complex generics, differentiated products and drug device combination products.
- ii. Development of new drug delivery systems and devices to improve patient benefit.
- iii. Improved processes and enhanced productivity in both APIs and formulations.

- iv. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
- v. Meeting norms of external regulatory agencies to facilitate more exports.
- vi. Development of products for import substitution.
- vii. Maximum utilisation of indigenous raw materials.

(III) The details of Imported Technology (imported during the last three years reckoned from the beginning of the financial year) – No expenditure have been incurred on import of new technology during the financial years 2015-16, 2016-17 and 2017-18.

(IV) The expenditure incurred on Research & Development (Standalone):

	₹ in Crore
a. Capital	63.28
b. Recurring	916.94
Total	980.22

The total R&D expenditure as a percentage of total turnover is around 8.10%.

C. Foreign Exchange Earnings and Outgo

The Exports Sales were ₹4988.27 Crore for FY18. The Company earned ₹47.89 Crore towards technical know-how & licensing fees and ₹132.93 Crore for other services.

During the year, the foreign exchange outgo was ₹ 2103.33 Crore and earnings in foreign exchange were ₹ 5169.09 Crore.

On behalf of the Board,

Date : 22nd May, 2018
Place : Mumbai

Y. K. Hamied
Chairman

Annexure IV

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18:

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY18
Dr Y. K. Hamied	Chairman	63:1	0.50%
Mr M. K. Hamied	Vice-Chairman	65:1	0.48%
Ms Samina Vaziralli	Executive Vice-Chairperson	177:1	46.15%
Mr S. Radhakrishnan	Non-Executive Director ⁽²⁾	191:1	50.74%
Mr Umang Vohra (Appointed as Managing Director w.e.f. 1 st September, 2016)	Managing Director and Global Chief Executive Officer ⁽³⁾	587:1	46.08%
Mr Ashok Sinha	Independent Director	15:1	(7.13%) ⁽⁴⁾
Dr Peter Mugenyi	Independent Director	13:1	1.19%
Mr Adil Zainulbhai	Independent Director	11:1	(13.22%) ⁽⁵⁾
Ms Punita Lal	Independent Director	12:1	4.09%
Ms Naina Lal Kidwai	Independent Director	12:1	(6.98%) ⁽⁶⁾
Ms Ireena Vittal (Appointed w.e.f. 1 st December, 2016)	Independent Director	13:1	203.70% ⁽⁷⁾
Mr Peter Lankau (Appointed w.e.f. 10 th January, 2017)	Independent Director	14:1	319.05% ⁽⁸⁾
Mr Kedar Upadhye (Appointed w.e.f. 1 st August, 2016)	Global Chief Financial Officer	Not applicable	(20.04%)
Mr Rajendra Chopra (Appointed w.e.f. 9 th February, 2017)	Company Secretary		604.52% ⁽⁹⁾

- ii. The percentage increase in the median remuneration of employees in the financial year: 3.41%
- iii. Number of permanent employees on the rolls of the Company as on 31st March, 2018: 23610.
- iv. The average annual increase excluding the managerial personnel in the financial year 2017-18 was 4.68%. The increase in the average managerial remuneration for the financial year 2017-18 was 6.34% excluding ESOP exercised value.⁽¹⁰⁾
- v. It is affirmed that the remuneration is as per the Nomination, Remuneration and Board Diversity Policy of the Company.

Notes:

- (1) There has been no change in the criteria for payment of remuneration to independent directors. The variation reflected in the column “% increase in remuneration in FY18” is either due to the tenure of directorship, change in the committee composition or payment of sitting fees for attendance at meetings.
- (2) Mr S. Radhakrishnan completed his term as a whole-time director on 11th November, 2017 and continues as a non-executive director of the Company w.e.f 12th November, 2017. The % increase in the remuneration in FY18 includes perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options (which were granted in earlier years but exercised during FY18) not been considered, the % increase in the remuneration in FY18 would have been (18.23%).

- (3) Mr Umang Vohra was appointed as Global Chief Financial and Strategy Officer w.e.f. 1st October, 2015. He was elevated to the position of Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016 after serving as Global Chief Operating Officer for a brief period in the interim. At the time of elevation as Managing Director and Global Chief Executive Officer, his remuneration was revised. Since the revision in remuneration was due to change in his roles and responsibilities, the % increase in his remuneration was not comparable in FY17. Had the actual remuneration paid in FY17 as Managing Director been compared to the actual remuneration for full year in FY18, the % increase in remuneration would have been 66.36%. However, if the actual remuneration paid in FY17 as Managing Director had been annualised for the whole year, the % increase in remuneration would have been 6.73%.
- (4) The % increase in remuneration is negative since Mr Ashok Sinha ceased to be member of Nomination and Remuneration Committee since 11th August, 2017.
- (5) The % increase in remuneration is negative since Mr Adil Zainulbhai ceased to be Chairman of Nomination and Remuneration Committee and continued as member since 11th August, 2017.
- (6) The % increase in remuneration is negative mainly due to lower number of board / committee meetings attended in FY18 vis-à-vis FY17.
- (7) Ms Ireena Vittal was appointed as Director w.e.f. 1st December, 2016 and received remuneration only for part of the year in FY17. The % increase in remuneration is appearing high because the remuneration amount for FY18 is for full year vis-à-vis FY17.
- (8) Mr Peter Lankau was appointed as Director w.e.f. 10th January, 2017 and received remuneration only for part of the year in FY17. The % increase in remuneration is appearing high because the remuneration amount for FY18 is for full year vis-à-vis FY17.
- (9) Mr Rajendra Chopra was appointed as Company Secretary w.e.f. 9th February, 2017 and received remuneration only for part of the year in FY17. The % increase in remuneration is appearing high because the remuneration amount for FY18 is for full year vis-à-vis FY17. The remuneration for FY18 also includes tranches of joining bonus paid in July, 2017 and August, 2017.
- (10) The % increase in the average managerial remuneration for FY18 does not include perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options (which were granted in earlier years but exercised during FY18) been considered, the % increase in the average managerial remuneration for FY18 would have been 47%.

Annexure V

Extract of Annual Return

FORM NO. MGT-9

as on the financial year ended 31st March, 2018[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details

i)	CIN	L24239MH1935PLC002380
ii)	Registration Date	17 th August, 1935
iii)	Name of the Company	Cipla Limited
iv)	Category	Public Company
	Sub-Category of the Company	Limited by shares
v)	Address of the Registered Office and Contact details	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013 Tel: (022) 2482 6000 Fax: (022) 2482 6120 Email: cosecretary@cipla.com Website: www.cipla.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar & Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana Tel: (040) 6716 2222 / 6716 1511 Fax: (040) 2300 1153 Email: einward.ris@karvy.com

II. Principal business activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
i)	Pharmaceuticals	210	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
Subsidiaries (held directly)					
1	Cipla FZE Office No. LOB17132, Jebel Ali Free Zone, Dubai, U.A.E.	NA	Subsidiary	100.00	2(87)
2	Goldencross Pharma Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U24239MH2000PTC123766	Subsidiary	100.00	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
3	Cipla (Mauritius) Ltd. C/o. SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius	NA	Subsidiary	100.00	2(87)
4	Meditab Specialities Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U23240MH1996PTC104442	Subsidiary	100.00	2(87)
5	Cipla Medpro South Africa (Pty) Ltd. 1474 South Coast Road, Mobeni, Durban, Kwa-Zulu Natal, 4052	NA	Subsidiary	100.00	2(87)
6	Cipla Holding B.V. Cipla Eurla, Antonie Van Leeuwenhoeklaan 9, Building A8, 2 nd Floor, 3721 MA Bilthoven, The Netherlands	NA	Subsidiary	100.00	2(87)
7	Cipla BioTec Pvt. Ltd. L - 147/B, Verna Industrial Area, Verna, Goa - 403 722, India	U24239GA2008PTC007374	Subsidiary	100.00	2(87)
8	Cipla (EU) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00	2(87)
9	Saba Investment Ltd. P.O. Box 124600, Suite # 516, Sultan Business Centre, Oud Metha, Dubai, U.A.E.	NA	Subsidiary	51.00	2(87)
10	Jay Precision Pharmaceuticals Pvt. Ltd. Government Indl Estate, Plot No. 40/41 ABCD, Charkop, Kandivali (West), Mumbai - 400 067, Maharashtra, India	U33111MH2012PTC234037	Subsidiary	60.00	2(87)
11	Cipla Health Ltd. Tower B, 7 th Floor, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013	U24100MH2015PLC267880	Subsidiary	70.20	2(87)
Subsidiaries (held indirectly)					
12	Medispray Laboratories Pvt. Ltd. Plot No.344/345, Kundaim Industrial Estate, Kundaim, Goa - 403 115, India	U52311GA1992PTC002801	Subsidiary	100.00	2(87)
13	Sittec Labs Pvt. Ltd. C1-Pooja Apartment, 17, Hariyali Estate Vikhroli (West), Mumbai - 400 083, Maharashtra, India	U74999MH2000PTC129210	Subsidiary	100.00	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
14	Cipla (UK) Ltd. Dixcart House, Addlestone Road, Bourne Business Park, Addlestone, Surrey, KT15 2LE, United Kingdom	NA	Subsidiary	100.00	2(87)
15	Cipla Australia Pty. Ltd. BSA Partnership Pty Ltd, Level 15, 461 Bourke Street, Melbourne, VIC, 3000, Australia	NA	Subsidiary	100.00	2(87)
16	Meditab Holdings Ltd. C/o. SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius	NA	Subsidiary	100.00	2(87)
17	Cipla İlaç Ticaret Anonim Şirketi* Fulya Hakkı Yeten Cad. Seleniun, Plaza No: 10C Kat:6 Beşiktaş - İstanbul, Turkey	NA	Subsidiary	100.00	2(87)
18	Cipla USA Inc. 251 Little Falls Drive, Wilmington, DE 19808, New Castle County, Wilmington, DE 19801, USA	NA	Subsidiary	100.00	2(87)
19	Cipla Kenya Ltd. 5 th Floor, Avocado Towers, Muthithi Road, Westlands, P.O. Box 45669 - 00100, Nairobi	NA	Subsidiary	100.00	2(87)
20	Cipla Malaysia Sdn. Bhd. Suite 1005, 10 th Floor, Wisma Hamzah-Kwong Hing, No. 1, Leboh Ampang, 50100, Kuala Lumpur, Wilayah Persekutuan, Malaysia	NA	Subsidiary	100.00	2(87)
21	Cipla Europe NV, De Keyserlei 58-60, Box 19, 2018 Antwerpen Belgium	NA	Subsidiary	100.00	2(87)
22	Cipla Quality Chemical Industries Ltd.** Plot 1-7, First Ring Road, Luzira Industrial Park, P.O. Box 34871, Kampala, Uganda	NA	Subsidiary	51.05	2(87)
23	Galilee Marketing Proprietary Ltd. 1474, South Coast Road, Mobeni-4052, South Africa	NA	Subsidiary	100.00	2(87)
24	Inyanga Trading 386 Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
25	Xeragen Laboratories Proprietary Ltd. 1474, South Coast Road, Mobeni-4052, South Africa	NA	Subsidiary	100.00	2(87)
26	Cipla Medpro Holdings Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
27	Cape to Cairo Exports Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
28	Cipla Dibcare Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
29	Cipla Life Sciences Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
30	Cipla-Medpro Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
31	Cipla-Medpro Distribution Centre Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
32	Cipla Medpro Botswana Proprietary Ltd. P.O. Box 40185, Gaborone, South Africa	NA	Subsidiary	100.00	2(87)
33	Cipla Nutrition Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
34	Medpro Pharmaceutica Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)
35	Med Man Care Proprietary Ltd. Parc du Cap, Building 9, Mispel Street Bellville, Western Cape, 7530, South Africa	NA	Subsidiary	100.00	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
36	Breathe Free Lanka (Private) Ltd. No. 47, Alexandra Place, Colombo 07, Sri Lanka	NA	Subsidiary	100.00	2(87)
37	Medica Pharmaceutical Industries Company Ltd. Al-Jabal Group building, Noakshot Street, Behind Canada Dry Factory, Sanaa, Yemen	NA	Subsidiary	50.49	2(87)
38	Cipla Pharma Lanka (Private) Ltd. No 345- 4/1, Galle Roads, Colombo 03	NA	Subsidiary	60.00	2(87)
39	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda. City of Vargem Grande Paulista, State of Sao Paulo, at Estrada da Lagoinha, No. 489, block 2, Bairro da Lagoa, CEP 06730-000	NA	Subsidiary	100.00	2(87)
40	Cipla Maroc S.A. Casablanca-Bureau no.1, 7ème étage, 33 Avenue Hassan Sghir, Morocco	NA	Subsidiary	60.00	2(87)
41	Cipla Middle East Pharmaceuticals FZ-LLC Dubai Technology & Media Free Zone, Dubai, U.A.E.	NA	Subsidiary	51.00	2(87)
42	Quality Chemicals Limited Quality Chemicals House, Plot 64/65 Katwe Road, P.O. Box 3381, Kampala, Uganda	NA	Subsidiary	51.00	2(87)
43	Cipla Philippines Inc. Level 40, PBCom Tower, 6795 Ayala Avenue Corner V. A., Rufino Street, Makati City, Metro Manila, 1226, Philippines	NA	Subsidiary	100.00	2(87)
44	InvaGen Pharmaceuticals Inc. Site B, 7 Oser Avenue, Hauppauge, New York, 11788, USA	NA	Subsidiary	100.00	2(87)
45	Exelan Pharmaceuticals Inc. Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801	NA	Subsidiary	100.00	2(87)
46	Cipla BioTec South Africa (Pty) Limited Building 2, Maxwell Office Park, Magwa Crescent West, Waterfall City Midrand, Gauteng	NA	Subsidiary	100.00	2(87)

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section of the Companies Act, 2013
47	CIPLA Algérie 18, Rue de Zone Industrielle, Route De La Gare, Haouche Mahieddine, Reghala, Algeria	NA	Subsidiary	40.00	2(87)
48	Anmaraté (Pty) Limited 6 th Floor, George Medi-Clinic Building, 2 Gloucester Avenue, George, Western Cape 6529***	NA	Subsidiary	100.00	2(87)
49	Cipla Technologies LLC, USA 11526, Sorrento valley road, Suit A, San Digo, California - 92121	NA	Subsidiary	100.00	2(87)
Associate					
50	Stempeutics Research Pvt. Ltd. 3 rd Floor, #143, 212-215, EPIP Industrial Area Hoodi Village, K.R. Puram, Hobli Bengaluru Bangalore - 560 066	U73100KA2006PTC038256	Associate	48.99	2(6)

* Address changed to Merkez Mah. Prf. Dr Nurettin Mazhar Öktel Sok. Lale Palas Apt. No: 10/15 Şişli - İstanbul w.e.f. 1st June, 2018.

**Effective stake of Cipla Limited in Cipla Quality Chemical Industries Limited, Uganda is 62.30%.

***Address changed to Parc du capp, Building 9, Mispel street, Bell ville 7530 w.e.f. 21st June, 2018.

IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 st April, 2017)				No. of Shares held at the end of the year (As on 31 st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	111781000	-	111781000	13.89	111781000	-	111781000	13.88	(0.01)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	6022409	-	6022409	0.75	6022409	-	6022409	0.75	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	117803409	-	117803409	14.64	117803409	-	117803409	14.63	(0.01)
2) Foreign									
a) NRIs - Individuals	177682187	-	177682187	22.09	177682187	-	177682187	22.07	(0.02)
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	177682187	-	177682187	22.09	177682187	-	177682187	22.07	(0.02)
Total shareholding of Promoter (A) = (A)(1) + (A) (2)	295485596	-	295485596	36.73	295485596	-	295485596	36.70	(0.03)
B. Public Shareholding									
1) Institutions									
a) Mutual Funds / UTI	74524183	-	74524183	9.26	80006755	-	80006755	9.94	0.68
b) Banks / FI	2680710	7225	2687935	0.33	2179218	4100	2183318	0.27	(0.06)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	47725595	-	47725595	5.93	28099837	-	28099837	3.49	(2.44)
g) Foreign Institutional Investors	17112464	-	17112464	2.13	2438302	-	2438302	0.30	(1.83)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
• Foreign Portfolio Investors	142172115	-	142172115	17.67	189529677	-	189529677	23.54	5.87
• Alternate Investment Funds	-	-	-	-	308639	-	308639	0.04	0.04
Sub-total (B)(1)	284215067	7225	284222292	35.33	302562428	4100	302566528	37.58	2.25
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	29342718	246812	29589530	3.68	23681991	244062	23926053	2.97	(0.71)
ii) Overseas	414191	-	414191	0.05	32525	-	32525	0.00	(0.05)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 st April, 2017)				No. of Shares held at the end of the year (As on 31 st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	52780745	3903071	56683816	7.04	48153224	2901889	51055113	6.34	(0.70)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	57299789	30469724	87769513	10.92	60367781	21598799	81966580	10.18	(0.74)
c) Others (specify)									
i) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
ii) Trusts	4170579	-	4170579	0.52	5471194	-	5471194	0.68	0.16
iii) Non Resident Indians / Foreign Nationals	27991076	397575	28388651	3.53	27763891	397575	28161466	3.50	(0.03)
iv) Clearing Members	1651285	-	1651285	0.21	1609875	-	1609875	0.20	(0.01)
v) Overseas Corporate Bodies	375	-	375	0.00	375	-	375	0.00	-
vi) NBFCs Registered with RBI	56901	-	56901	0.01	54234	-	54234	0.01	-
vii) Investor Education and Protection Fund Authority Ministry of Corporate Affairs	-	-	-	-	3793129	-	3793129	0.47	0.47
Sub-total (B) (2)	173707659	35017182	208724841	25.94	170928219	25142325	196070544	24.35	(1.59)
Total Public Shareholding (B)=(B)(1) + (B) (2)	457922726	35024407	492947133	61.27	473490647	25146425	498637072	61.93	0.66
C. Shares held by Custodian for GDRs & ADRs	16077345	-	16077345	2.00	10996496	-	10996496	1.37	(0.63)
Grand Total (A+B+C)	769485667	35024407	804510074	100.00	779972739	25146425	805119164	100.00	-

ii) Shareholding of Promoter and Promoter Group

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 st April, 2017)			Shareholding at the end of the year (As on 31 st March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1)	Dr Y. K. Hamied	166742687	20.73	-	166742687	20.71	-	(0.02)*
2)	M. K. Hamied	39690000	4.93	-	31640000	3.93	-	(1.00)
3)	Farida Hamied	0	0	-	0	0	-	-
4)	Sophie Ahmed	45982000	5.72	-	45982000	5.71	-	(0.01)*
5)	Shirin Hamied	6363000	0.79	-	6363000	0.79	-	(0.00)*
6)	Kamil Hamied	10939500	1.36	-	10939500	1.36	-	(0.00)*
7)	Samina Vaziralli	9859500	1.23	-	17909500	2.22	-	0.99
8)	Rumana Hamied	9886500	1.23	-	9886500	1.23	-	(0.00)*
9)	MN Rajkumar Garments LLP	2601852	0.32	-	2601852	0.32	-	(0.00)*
10)	Shree Riddhi Chemicals LLP	2434970	0.30	-	2434970	0.30	-	(0.00)*
11)	Alps Remedies Pvt. Ltd.	492985	0.06	-	492985	0.06	-	(0.00)*
12)	Hamsons Laboratories LLP	492602	0.06	-	492602	0.06	-	(0.00)*
13)	Neo Research Labs Pvt. Ltd.	0	0	-	0	0	-	-
Total		295485596	36.73	-	295485596	36.70		(0.03)*

* The change in percentage of shareholding is due to increase in the overall paid-up share capital of the Company.

iii) Change in Promoter and Promoter Group's Shareholding

Sr. No.	Name	Shareholding		Date	Increase / (Decrease)	Reason	Cumulative Shareholding during the year (1 st April, 2017 to 31 st March, 2018)	
		No. of shares at the beginning (1 st April, 2017) / end of the year (31 st March, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	M. K. Hamied	39690000	4.93	01/04/2017		Inter-se transfer between immediate relatives by way of gift	39690000	4.93
				07/06/2017	(8050000)		31640000	3.93
		31640000	3.93	31/03/2018			31640000	3.93
2)	Samina Vaziralli	9859500	1.23	01/04/2017			9859500	1.23
				07/06/2017	8050000		17909500	2.22
		17909500	2.22	31/03/2018			17909500	2.22

iv) Shareholding Pattern of top ten Shareholders

(other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	ICICI Prudential Mutual Fund^				
	At the beginning of the year	41190092	5.12	41190092	5.12
	Bought during the year	9127922	1.13	50318014	6.25
	Sold during the year	19168774	2.38	31149240	3.87
	At the end of the year	31149240	3.87	31149240	3.87
2	Life Insurance Corporation of India^				
	At the beginning of the year	45325137	5.63	45325137	5.63
	Bought during the year	-	-	45325137	5.63
	Sold during the year	19202343	2.39	26122794	3.24
	At the end of the year	26122794	3.24	26122794	3.24
3	HDFC Mutual Fund^				
	At the beginning of the year	14367703	1.79	14367703	1.79
	Bought during the year	10469505	1.30	24837208	3.09
	Sold during the year	2079170	0.26	22758038	2.83
	At the end of the year	22758038	2.83	22758038	2.83
4	First State Investments ICVC-Stewart Investors Asia Pacific Leaders Fund				
	At the beginning of the year	9243918	1.15	9243918	1.15
	Bought during the year	12888157	1.60	22132075	2.75
	Sold during the year	-	-	22132075	2.75
	At the end of the year	22132075	2.75	22132075	2.75
5	Government Pension Fund Global				
	At the beginning of the year	12957400	1.61	12957400	1.61
	Bought during the year	5076575	0.63	18033975	2.24
	Sold during the year	3131307	0.39	14902668	1.85
	At the end of the year	14902668	1.85	14902668	1.85
6	First State Investments ICVC- Stewart Investors Global Emerging Markets Leaders Fund				
	At the beginning of the year	7345576	0.91	7345576	0.91
	Bought during the year	3848004	0.48	11193580	1.39
	Sold during the year	-	-	11193580	1.39
	At the end of the year	11193580	1.39	11193580	1.39
7	Reliance Capital Trustee Co. Ltd.^				
	At the beginning of the year	7486889	0.93	7486889	0.93
	Bought during the year	9022768	1.12	16509657	2.05
	Sold during the year	5494413	0.68	11015244	1.37
	At the end of the year	11015244	1.37	11015244	1.37
8	SBI Mutual Fund^^				
	At the beginning of the year	4923946	0.61	4923946	0.61
	Bought during the year	3275254	0.41	8199200	1.02
	Sold during the year	2350229	0.29	5848971	0.73
	At the end of the year	5848971	0.73	5848971	0.73

Sr. No.	Name of the Shareholder	Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Fund				
	At the beginning of the year	5625669	0.70	5625669	0.70
	Bought during the year	6145618	0.76	11771287	1.46
	Sold during the year	6068647	0.75	5702640	0.71
	At the end of the year	5702640	0.71	5702640	0.71
10	UTI Mutual Fund[^]				
	At the beginning of the year	2935859	0.36	2935859	0.36
	Bought during the year	3517255	0.44	6453114	0.80
	Sold during the year	815240	0.10	5637874	0.70
	At the end of the year	5637874	0.70	5637874	0.70
11	HDFC Standard Life Insurance Company Limited [^]#				
	At the beginning of the year	5518120	0.69	5518120	0.69
	Bought during the year	6088621	0.76	11606741	1.45
	Sold during the year	7044510	0.87	4562231	0.58
	At the end of the year	4562231	0.58	4562231	0.58
12	ICICI Prudential Life Insurance Company Limited [^]*				
	At the beginning of the year	5469390	0.68	5469390	0.68
	Bought during the year	1470867	0.18	6940257	0.86
	Sold during the year	2408610	0.30	4531647	0.56
	At the end of the year	4531647	0.56	4531647	0.56

[^] Shareholding is consolidated based on PAN irrespective of the schemes / sub-accounts.

[#] Ceased to be in the list of Top 10 shareholders as on 31st March, 2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 1st April, 2017.

^{*} Not in the list of Top 10 shareholders as on 1st April, 2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31st March, 2018.

Note: The above information is based on the weekly beneficiary position received from the depositories.

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date	Increase / (Decrease)	Reason	Cumulative Shareholding during the year (1 st April, 2017 to 31 st March, 2018)	
		No. of shares at the beginning (1 st April, 2017) / end of the year (31 st March, 2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1)	Dr Y. K. Hamied	166742687	20.73	01/04/2017	-	-	166742687	20.73
		166742687	20.71*	31/03/2018	-	-	166742687	20.71*
2)	Mr M. K. Hamied	39690000	4.93	01/04/2017	-	-	39690000	4.93
		-	-	07/06/2017	(8050000)	Inter-se transfer between immediate relatives by way of gift	31640000	3.93
		31640000	3.93	31/03/2018	-	-	31640000	3.93
		9859500	1.23	01/04/2017	-	-	9859500	1.23
3)	Ms Samina Vaziralli	-	-	07/06/2017	8050000	Inter-se transfer between immediate relatives by way of gift	17909500	2.22
		17909500	2.22	31/03/2018	-	-	17909500	2.22
		38125	0.00	01/04/2017	-	-	38125	0.00
		-	-	16/02/2018	49000	Allotment pursuant to ESOS 2013-A	87125	0.01
4)	Mr S. Radhakrishnan#	87125	0.01	31/03/2018	-	-	87125	0.01
		23761	0.00	01/04/2017	-	-	23761	0.00
		-	-	13/11/2017	113645	Allotment pursuant to ESOS 2013-A	137406	0.02
		137406	0.02	31/03/2018	-	-	137406	0.02
5)	Mr Umang Vohra	23761	0.00	01/04/2017	-	-	23761	0.00
		-	-	13/11/2017	113645	Allotment pursuant to ESOS 2013-A	137406	0.02
		137406	0.02	31/03/2018	-	-	137406	0.02
		-	-	-	-	-	-	-

* the change in percentage of shareholding is due to increase in the overall paid-up share capital of the Company. There is no change in the shareholding.

holding 38125 equity shares as joint-holder.

V) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	₹ in Crore			
	Secured Loans excluding deposits	Unsecured Loans*	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	324.39	-	324.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.16	-	0.16
Total (i+ii+iii)	-	324.55	-	324.55
Change in Indebtedness during the financial year				
•Addition	-	1,018.26	-	1,018.26
•Reduction	-	(1,167.81)	-	(1,167.81)
Net Change	-	(149.55)	-	(149.55)
Indebtedness at the end of the financial year				
i) Principal Amount	-	174.50	-	174.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.50	-	0.50
Total (i+ii+iii)	-	175.00	-	175.00

* The above unsecured loans includes interest free sales tax deferral loans.

VI. Remuneration of Directors and Key Managerial Personnel

i) Remuneration to Managing Director, Whole-time Directors and/or Manager

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			₹ in Crore
		Ms Samina Vaziralli (Executive Vice- Chairperson)	Mr Umang Vohra (Managing Director and Global Chief Executive Officer)	Mr S. Radhakrishnan (Whole-time Director)*	Total Amount
	Gross salary				
1)	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.45	6.01	1.18	10.64
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	0.00 [§]	0.01	0.03
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-	-
2)	Stock Option	-	7.10 [§]	2.80 [§]	9.90
3)	Sweat Equity	-	-	-	-
4)	Commission as % of profit	2.00	-	-	2.00
5)	-Employer contribution to provident fund and other funds	0.22	0.24	0.09	0.55
	-Variable Bonus	-	5.50	-	5.50
	Total (A)	5.69	18.85	4.08	28.62
	Ceiling as per the Companies Act, 2013 ("the Act") (being 10% of the net profit of the Company calculated as per section 198 of the Act)				191.83

* Since Mr S. Radhakrishnan was the Whole-time Director of the Company for the period upto 11th November, 2017, the above remuneration is for the period 1st April, 2017 to 11th November, 2017. He was re-designated as Non-Executive Director w.e.f. 12th November, 2017.

[§] Since the value of perquisite is only ₹ 28,800, the amount has been shown as ₹ 0.00 crore.

[§] Value of perquisites u/s 17(2) of the Income-tax Act, 1961 does not include perquisite value of stock options exercised during the year. The same has been shown separately in point no. (2).

ii) Remuneration to other directors

					₹ in Crore
Sr. No.	Name of the Director	Fee for attending board / committee meeting	Commission	Others	Total Amount
1)	Independent Directors				
	Mr Ashok Sinha	0.07	0.40	-	0.47
	Dr Peter Mugenyi	0.03	0.40	-	0.43
	Mr Adil Zainulbhai	0.04	0.32	-	0.36
	Ms Punita Lal	0.06	0.34	-	0.40
	Ms Naina Lal Kidwai	0.05	0.35	-	0.40
	Ms Ireena Vittal	0.05	0.36	-	0.41
	Mr Peter Lankau	0.04	0.40	-	0.44
	Total (1)	0.34	2.57	-	2.91
2)	Other Non-Executive Directors				
	Dr Y. K. Hamied	0.03	2.00	-	2.03
	Mr M. K. Hamied	0.10	2.00	-	2.10
	Mr S. Radhakrishnan ⁽¹⁾	0.05	2.00	-	2.05
	Total (2)	0.18	6.00	-	6.18
	Total (B) = (1+2)	0.52	8.57	-	9.09
	Ceiling as per the Act (being 1% of the net profits of the Company calculated as per section 198 of the Act)				19.18
	Total Managerial Remuneration (A+B)				37.71
	Overall Ceiling as per the Act (being 11% of Net Profits of the Company calculated as per section 198 of the Act)				211.01

Notes:

⁽¹⁾ Re-designated as Non-Executive Director w.e.f. 12th November, 2017.

iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTd

				₹ in Crore
Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr Kedar Upadhye (Global Chief Financial Officer)	Mr Rajendra Chopra (Company Secretary)	
	Gross salary			
1)	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.60	1.25	2.85
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.00 ^{&}	0.00 ^{&&}	0.00
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	-	-	-
2)	Stock Option	-	-	-
3)	Sweat Equity	-	-	-
4)	Commission	-	-	-
5)	Others (B)			
	-Employer contribution to provident fund and other funds	0.05	0.05	0.10
	-Variable Bonus	0.86	0.38	1.24
	Total (A+B)	2.51	1.68	4.19

[&] Since the value of perquisite is only ₹ 28,800, the amount has been shown as ₹ 0.00 crore.

^{&&} Since the value of perquisite is only ₹ 21,288, the amount has been shown as ₹ 0.00 crore.

VII. Penalties / Punishment / Compounding of Offences (under the Companies Act, 2013): None

On behalf of the Board,

 Date: 22nd May, 2018

Place: Mumbai

Y. K. Hamied
Chairman

Annexure VI

Secretarial Audit Report**For the financial year ended 31st March, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Cipla Limited
Cipla House
Peninsula Business Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cipla Limited having CIN No. L24239MH1935PLC002380 (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March, 2018 (the 'audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India related to board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have also examined, on test check basis, the relevant documents and records maintained by the Company according to the following laws applicable specifically to the Company:

- (i) Drugs and Cosmetics Act, 1940;
- (ii) The Narcotic Drugs and Psychotropic Substances Act, 1985;
- (iii) Drugs (Prices Control) Order, 2013

Based on such examination and having regard to the compliance system prevailing in the Company, the Company has complied with the provisions of the above laws during the audit period.

During the period under review, provisions of the following Regulations were not applicable to the Company:

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the audit period.

Adequate notice is given to all Directors to schedule the Board meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the

agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the year under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no specific event / action having a major bearing on the Company's affairs in pursuance to the laws, rules, regulation, guidelines etc. referred to above.

For **BNP & Associates**

Company Secretaries

[Firm Regn. No. P2014MH037400]

Avinash Bagul

Partner

FCS 5578 / CP No.19862

Date: 22nd May, 2018

Place: Mumbai

Note: This report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report

Appendix A to the Secretarial Audit Report for the financial year ended 31st March, 2018

To,
The Members
Cipla Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Cipla Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts are reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]

Avinash Bagul
Partner
FCS 5578 / CP No.19862

Date: 22nd May, 2018
Place: Mumbai

Business Responsibility Report

Social responsibility and community care are at the heart of Cipla. As the Company strongly believes in the philosophy of 'Caring for Life', every action it takes is driven towards realising this ideology. Cipla with its global presence is spreading care across communities in its vicinity and beyond. The Company intertwines care for the environment, social responsibilities (health, education skill advancement and disaster response) and governance aspects with its core philosophy of Caring for Life.

As a responsible corporate citizen, Cipla is focused on reaching more people with affordable healthcare

options; promoting sustainable livelihoods; and enhance the quality of life for the marginalised population.

This report illustrates Cipla's efforts towards creating enduring value for all its stakeholders in a responsible manner. The Business Responsibility Report (BRR) covers Cipla's India operations and is aligned with National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by Ministry of Corporate Affairs, and is in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India's (SEBI) Listing Regulations.

Cipla's business performance and impacts are disclosed based on the nine principles as mentioned in NVGs

PRINCIPLE 1 Ethics Transparency & Accountability	PRINCIPLE 2 Product Life Cycle Sustainability	PRINCIPLE 3 Employee Well-Being
PRINCIPLE 4 Stakeholder Engagement	PRINCIPLE 5 Human Rights	PRINCIPLE 6 Environment
PRINCIPLE 7 Policy Advocacy	PRINCIPLE 8 Inclusive Growth and Equitable Development	PRINCIPLE 9 Customer Value Creation

Section A: General Information about The Company

Corporate Identity Number (CIN) of the Company:
L24239MH1935PLC002380

Company's name: Cipla Limited

Registered address: Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013

Website: www.cipla.com

E-mail id: cosecretary@cipla.com

Financial year reported: 1st April, 2017 to 31st March, 2018

Sector(s) that the Company is engaged in: The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation.

List three key products/services that the Company manufactures/provides (as in balance sheet): Foracort, Asthalin and Seroflo.

Total number of locations, where business activity is undertaken by the Company: Cipla has presence in over 80 countries, globally.

- Number of international locations:** South Africa, USA, Uganda, Yemen, Europe, Sri Lanka and Australia.
- Number of national locations:** Cipla has over 44 state-of-the-art manufacturing facilities for API and formulations, across the states of Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh and Sikkim.

Markets served by the Company – local/state/national/international: The major markets that Cipla serves are India, South Africa, USA, Uganda, Yemen, Europe, Sri Lanka and Australia.

Section B: Financial Details of The Company

Sr. No.	Particulars	Details as on 31 st March 2018 (₹)
1.	Paid up capital	₹ 161.02 crore
2.	Total turnover (Revenue from operation)	₹ 11,004.44 crore
3.	Total profit after tax	₹ 1,468.52 crore
4.	Total spending on corporate social responsibility (CSR) by the Company	Cipla spent an amount of ₹ 32.20 crore on CSR through Cipla Foundation
5.	List of activities in which expenditure in 4 above has been incurred	Health, Education and Skilling

Section C: Other Details

As on 31st March, 2018, the Company had 7 Indian and 42 overseas subsidiary companies. Almost all the subsidiaries of Cipla are aligned with the Company's BR Initiatives. The Company encourage its other stakeholders i.e. suppliers, distributors and other stakeholders in the value chain to participate in its BR initiatives, however it does not track the actual participation and therefore for reporting purposes the percentage of such entities who participate in BR initiatives is less than 30%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director responsible for implementation of the BR policy:

- DIN: 02296740
- Name: Mr Umang Vohra
- Designation: Managing Director and Global Chief Executive Officer

b) Details of the BR Head:

- DIN Number (if applicable): Not applicable
- Name: Mr Rajendra Chopra
- Designation: Company Secretary
- Telephone No.: +91 22 2482 6951
- Email-id: cosecretary@cipla.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy /policies for....					Yes				
2.	Has the policy being formulated in consultation with the relevant stakeholders?					Yes				
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Cipla's Corporate Responsibility Policy is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011. Cipla's Environment Policy is as per the requirements of ISO 14001, Environment Management System.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director					Yes				
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?					Yes				
6.	Indicate the link for the policy to be viewed online?	http://www.Cipla.com/en/csr/overview.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to employees through the Intranet and external stakeholders through the Company's website (www.Cipla.com)								
8.	Does the Company have in-house structure to implement the policy/ policies?					Yes				
9.	Does the Company have a grievance redress mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?					Yes				
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies are evaluated internally								

Section E: Principle-Wise Performance
PRINCIPLE
1

Ethics Transparency & Accountability

Question 1:

Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Reference point Page 145, 153 of Corporate Governance Report

Question 2:

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Reference point Page 60 of Human Capital

PRINCIPLE
2

Product Life Cycle Sustainability

Question 1:

List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

Reference point Page 46 of Manufacturing Capital

Question 2:

For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Cipla has a multi-product, multi-facility production system and hence, it is not possible to determine product-wise resource consumption. Variations in resource consumption patterns have been observed in manufacturing units based on product mix, batch size and time cycle, among others. Further, as consumption of resource per unit depends on the product mix, it is difficult to set specific standards to ascertain reduction achieved at product level

Question 3:

Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Reference point Page 65 of Social and Relationship Capital

Cipla has a well-defined and documented procedure for vendor approval. The Company procures all raw materials only from approved domestic and overseas vendors. Cipla's procurement team along with its Vendor Quality Management Team conduct vendor audits. The audits serve to provide relevant quality checks; and statutory documents are arranged and recorded for the vendor approval procedure.

Question 4:

Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Reference point Page 65 of Social and Relationship capital

Question 5:

Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5 per cent, 5-10 per cent, >10 per cent). Also, provide details thereof, in about 50 words or so.

Reference point Page 77 of Natural Capital

PRINCIPLE

3

Employee Well-Being

Question 1:

Please indicate the Total number of employees.

Reference point Page 55 of Human Capital

Question 2:

Please indicate the Total number of employees hired on temporary/contractual/casual basis.

Reference point Page 55 of Human Capital

Question 3:

Please indicate the Number of permanent women employees.

Reference point Page 55 of Human Capital

Question 4:

Please indicate the Number of permanent employees with disabilities

Reference point Page 55 of Human Capital

Question 5:

Do you have an employee association that is recognized by management?

Reference point Page 60 of Human Capital

Question 6:

What percentage of your permanent employees is members of this recognized employee association?

Reference point Page 60 of Human Capital

Question 7:

Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Reference point Page 60 of Human Capital

Question 8:

What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Reference point Page 55, 59 of Human Capital

PRINCIPLE

4

Stakeholder Engagement

Question 1:

Has the Company mapped its internal and external stakeholders? Yes/No

Reference point [Page 35 of Stakeholder Engagement](#)

Question 2:

Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Reference point [Page 67 of Social and Relationship Capital](#)

Question 3:

Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Reference point [Page 67 of Social and Relationship Capital](#)

PRINCIPLE

5

Human Rights

Question 1:

Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Reference point [Page 60 of Human Capital](#)
[Page 153 of Corporate Governance Report](#)

Question 2:

How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Reference point [Page 60 of Human Capital](#)

PRINCIPLE

6

Environment

Question 1:

Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Reference point [Page 72 of Natural Capital](#)

Cipla's EHS Policy document applies to all operations of Cipla Limited, globally. Group companies, subsidiaries and joint ventures may either directly adopt it or develop their own policies aligned to the policy

Question 2:

Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Reference point [Page 72, 74 of Natural Capital](#)

Question 3:

Does the Company identify and assess potential environmental risks? Y/N

Reference point [Page 73 of Natural Capital](#)

Question 4:

Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Cipla currently does not undertake any project in line with the Clean Development Mechanism

Question 5:

Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

Reference point [Page 74 of Natural Capital](#)

Question 6:

Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Reference point [Page 73 of Natural Capital](#)

Question 7:

Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Reference point Page 73 of Natural Capital

PRINCIPLE**7**

Policy Advocacy

Question 1:

Is your Company a member of any trade and chamber or association? Name of them

Reference point Page 63 of Social and Relationship Capital

Question 2:

Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Reference point Page 63 of Social and Relationship Capital

PRINCIPLE**8**

Inclusive Growth and Equitable Development

Question 1:

Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Reference point Page 67 of Social and Relationship Capital

Question 2:

Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Reference point Page 66 of Social and Relationship Capital

Question 3:

Have you done any impact assessment of your initiative?

Reference point Page 66 of Social and Relationship Capital

Question 4:

What is your Company's direct contribution to community development projects? Amount in ₹ and the details of the projects undertaken.

Reference point Page 66 of Social and Relationship Capital

Question 5:

Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Reference point Page 66 of Social and Relationship Capital

PRINCIPLE**9**

Customer Value Creation

Question 1:

What percentage of customer complaints/consumer cases are pending as on the end of financial year?

Reference point Page 65 of Social and Relationship Capital

Question 2:

Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

Reference point Page 65 of Social and Relationship Capital

Question 3:

Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

Reference point Page 65 of Social and Relationship Capital

Question 4:

Did your Company carry out any consumer survey/ consumer satisfaction trends?

Reference point Page 63 of Social and Relationship Capital

Report on Corporate Governance

Cipla's Philosophy on Corporate Governance

The corporate governance philosophy at Cipla stems from the set of principles and framework embedded in its values.

Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, 'Caring for Life'. This purpose ultimately guides our organisational decisions and anchors our every action.

Creating Value

At Cipla we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision making. Cipla's corporate governance framework is founded on the following pillars:

Transparency

For us, transparency is key to healthy self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

Fairness

We practice fair play and integrity, in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of end-to-end ownership throughout the organisation. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our patients, employees,

shareholders, vendors, government agencies, society, medical community, customers and business partners, and supply chain participants.

Competent leadership and management

We believe that dynamic, diverse and experienced board with focus on excellence plays a pivotal role in Cipla's corporate governance aspirations. In view of this, we endeavour to maintain board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

Empowerment

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capability within the Company. Our leadership essentials focused on people, performance and health are strongly embedded in our *First Principles*. They define a common vocabulary and approach for building leadership within the Company.

Sustainability

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

Compliance and risk management

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks which potentially can impact our current and future earnings. The risk management function targets to maintain a live register of important risks along-with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

Governance Structure

With a strong governance philosophy, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system.

Board of Directors: The shareholders appoint the Board of Directors (the Board) for strategic supervision and governance of the Company. The Board exercises independent judgement in overseeing management performance on behalf of the shareholders and other stakeholders, and hence, plays a vital role in the oversight of the Company's management. The Board ensures highest standards of Corporate Governance and transparency in the Company's functioning.

Board Committees: To effectively discharge its obligations and comply with the statutory requirements, the Board has constituted six board committees. All the committees have a clearly laid down charter and are responsible to discharge the roles and responsibilities as per the charter. The details about these committees have been discussed in subsequent sections in the report.

Chairman: The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders. The primary responsibility is to ensure that collectively Board is effective in its task of setting and implementing the Company's strategy. He oversees the conduct of the Board and ensures that it adheres to the statutory requirements and good governance practices in letter and spirit. The Chairman is supported by the Executive Vice-Chairperson, who takes a lead role in managing the Board meetings & interactions, determining Board composition and facilitating effective communication among directors.

Executive Vice-Chairperson: The Executive Vice-Chairperson engages with the management to drive and monitor key initiatives in line with Cipla's corporate strategy and business objectives. She drives board engagement by setting agenda, facilitating critical discussions and the cadence for board meetings. She is also responsible for promoting the depth of Board conversations while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. She supports the Chairman for matters pertaining to governance, including Board composition, Board meetings and Board effectiveness. She continues to be the bridge between the management, promoters and the Board.

Managing Director and Global Chief Executive Officer (MD & GCEO): The day to day management of the operations rest with the MD & GCEO. He is responsible for the business performance, driving growth and implementation of strategic decisions taken at the Board level. As the MD & GCEO of the Company, his priorities include articulating Cipla's long-term strategy based on organic & inorganic initiatives, define innovation agenda

for the Company, balancing growth imperatives with the margin and return on capital thresholds, executing Cipla's roadmap to maintain momentum across the global markets in which it operates, augmenting the capabilities in operations and support functions, and building a strong talent focused organisation ready to take on the challenges. The MD & GCEO works under the supervision of the Board of Directors and is vested with the sufficient power of the management to undertake day to day affairs.

Management Council (MC): The MD & GCEO is supported by the Management Council to take informed business decisions. Beside MD & GCEO, who chairs the MC, Global Chief Financial Officer, Global Chief People Officer, Global Head - Quality, Global Head - Integrated Product Development and Global Head - Operations are the other members of the MC. The MC has been constituted to integrate the top leadership, to provide strategic direction leading to a stronger and healthier organisation, to drive company-wide processes, systems, policies, and to function as role models for leadership development. The MC provides cross-functional and cross-business perspectives on organisational issues. The MC leads multiple departments and business units across various facets of the Company's operations.

Operating Committees: We have various cross functional committees to ensure robust delivery of business objectives and maintaining growth momentum within the defined risk management framework. These committees include Portfolio Selection Committee, Capex Committee, Ethics Committee, Global Finance Committee, Operations Committee and others. These committees are headed by relevant Management Council members and effectively execute on the assigned area. Collectively, these committees facilitate the operationalisation of strategic plan and governance principles.

Shared Goals Process: When two or more functions/functional leaders share a goal, it is a shared goal. In a step to change from the past, our leaders have aligned on few shared goals with collectively ownership, instead of focusing on our individual functional goals. These shared goals focus on both performance and long-term health outcomes for the organisation. Shared Goals are defined on the basis of Cipla's FY22 Winning Aspiration and the MD and GCEOs objectives. For each of the shared goal, we have an aligned view on the Key Performance Indicators (KPIs) and related targets that we want to aspire for. This has been embedded into the goal sheets of all MC members and has also been cascaded to all the leaders and their teams who have significant amount of cross-functional overlap, to ensure that everyone is moving together in the same direction.

Board of Directors

Composition of the Board

We acknowledge the importance of diversity in the Boardroom as a driver of effectiveness. For the Board, diversity encompasses difference in perspective, experience, education, background, ethnicity, gender and other personal attributes.

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is also compliant with the Companies Act, 2013 (Act), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations), and is in line with best practices of Corporate Governance.

At present, the Board comprises of twelve Directors of which two are executive, three including the Chairman are non-executive, and seven are independent directors. There are four women directors, out of which three are Independent Directors.

With eminent leaders from around the world representing disciplines such as medicine, finance and economy, business and general management and corporate planning, the Company continues to set the pace for the industry.

Statutory details of the Directors, including the directorships held by them in other listed companies and their committee memberships/chairmanships in other public companies, is stated in Annexure A.

Board Membership Criteria and Selection Process

The responsibility for identifying and evaluating a suitable candidate on board is delegated to the Nomination and Remuneration Committee. While selecting a candidate, the Nomination and Remuneration Committee reviews and evaluates the Board composition and diversity to ensure that the Board and its committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness.

To ensure transparent election process, the guidance on eligibility criteria and attributes for individual's appointment on the Board, including the executive and independent directors, has been defined in the Nomination, Remuneration and Board Diversity Policy of the Company enclosed herewith as Exhibit A. Each candidate is, *inter-alia*, screened based on background, knowledge, skills, abilities (including their ability to exercise sound judgement), professional experience and functional expertise, and educational and professional background. The Nomination and Remuneration Committee recommends the appointment of a candidate to Board

only if he/she meets the defined criteria and attributes. The recommendation of Nomination and Remuneration Committee along with a brief profile of the candidate is then placed before the Board for its approval.

Profile of Directors

Dr Y. K. Hamied, Non-Executive Chairman

Dr Y. K. Hamied is the Non-Executive Chairman of Cipla, and represents the second generation of Cipla's founding family. A world-renowned scientist, Dr Hamied obtained his PhD in organic chemistry in 1960 from the University of Cambridge under the tutelage of the Nobel laureate Lord Alexander Todd. He joined Cipla in the same year as an R&D Officer. Dr Hamied was appointed as Managing Director of Cipla in 1976 and became Chairman of Cipla in 1989. He retired as Managing Director on 31st March, 2013 and has continued to be the Chairman in a non-executive role since 1st April, 2013.

For close to 60 years, Dr Hamied has been an insightful R&D leader, a courageous industry captain, and an outspoken statesman of global pharma. From affordable drugs in HIV to enabling one of the world's largest portfolio of drugs and devices in inhalation therapy, his pioneering work and immense contribution to healthcare have been celebrated around the world. For his distinguished service to the pharmaceutical industry, in 2005, Dr Hamied was awarded the Padma Bhushan by the Government of India. In 2013, Dr Hamied was named by NDTV as one of India's 25 Greatest Global Living Legends, and in 2014, the University of Cambridge awarded him a D.Sc, the highest honour that the University can bestow. In 2017, Columbia University's Mailman School of Public Health conferred the 'Public Health Hero Award' on Dr Hamied, and in 2018, the India Today publication named him one of '20 Global Indians' who have challenged convention and created history. Dr Hamied has been the recipient of several lifetime achievement awards, he is an Honorary Fellow of the Royal Society of Chemistry, and is a frequent presence on high-level international panels on healthcare.

Mr M. K. Hamied, Non-Executive Vice-Chairman

Mr M. K. Hamied is the Non-Executive Vice-Chairman of Cipla, and represents the second generation of Cipla's founding family. He is a science graduate from Bombay University. He has vast and varied experience in all functions of the Company including production, technical areas, quality management and general administration. He retired as the Executive Vice-Chairman of the Company on 31st March, 2014 and has continued to be Vice-Chairman in Non-Executive role effective 1st April, 2014.

Ms Samina Vaziralli, Executive Vice-Chairperson

Ms Samina Vaziralli is the Executive Vice-Chairperson of Cipla, and represents the third generation of the founding family of Cipla. An alumna of the London School of Economics, she has in the past worked in the UK and the US with leading global firms such as Goldman Sachs before joining the Cipla leadership team in 2011.

Ms Vaziralli joined Cipla as Executive Director and Global Head – Strategy, M&A and Cipla New Ventures. She has been instrumental in driving the Company's current transformation agenda. Ms Vaziralli played a key role in successfully incubating and shaping Cipla Health Limited, spearheaded Cipla's ambitious foray into the US market with strategic acquisitions, and is committed to building a top-class leadership pipeline for the Company as it continues to spread its wings globally.

As Executive Vice-Chairperson of Cipla, Ms Vaziralli focuses on board and governance issues, in addition to furthering Cipla's strategic priorities through key global partnerships, corporate culture and brand-building, hiring the right talent, and public advocacy.

Today recognised as the promoter face of Cipla, Ms Vaziralli has been feted for her diverse work experience and business knowledge. In 2017, Ms Vaziralli received the 'Most Powerful Women in Business' award from Business Today. In 2018, Forbes named Ms Vaziralli among the top 25 emergent women business leaders in Asia.

Mr Umang Vohra, Managing Director and Global Chief Executive Officer

Mr Umang Vohra has been Managing Director and Global Chief Executive Officer of Cipla since September 2016. After gaining degrees in engineering, marketing and finance, Mr Vohra worked with Eicher Motors, PepsiCo and Dr Reddy's. Through his previous roles in India and the US, he has built a distinguished career with deep understanding and experience in various aspects of the global pharmaceutical business such as finance, generics, sales and marketing, supply chain and operations, among others.

Having joined Cipla as its Global Chief Financial Officer in 2015, Mr Vohra became Global Chief Operating Officer in January 2016. As CFO, he successfully integrated Cipla's acquisitions in the US, thus paving the way for greater avenues of growth for Cipla in North America, and revamped Cipla's operations in Europe as COO thus enabling an improvement in profitability. Recognised as an action-oriented industry leader,

Mr Vohra is a firm believer in the power of agile business models, disruptive technologies, data-driven analytics and a future-ready workforce with a view to making a difference to the lives of patients.

Mr S. Radhakrishnan, Non-Executive Director

Mr S. Radhakrishnan is a qualified Chartered Accountant. He possesses rich experience in financial, commercial, legal and allied areas. He has been with Cipla for over 33 years and has played pivotal role in the overall journey and growth of the organisation. Mr S. Radhakrishnan relinquished the position of Whole-time Director on 11th November, 2017 and now continues as the Non-Executive Director of the Company with effect from 12th November, 2017.

Mr Ashok Sinha, Independent Director

Mr Ashok Sinha is an Independent Non-Executive Director of Cipla. He is an Electrical Engineer from Indian Institute of Technology (IIT), Kanpur and Post Graduate Diploma in Management from Indian Institute of Management (IIM), Bangalore with specialisation in Finance. He is recipient of Distinguished Alumnus Award from IIT Kanpur as well as from IIM Bangalore.

Mr Ashok Sinha has worked for 33 years in Bharat Petroleum Corporation Limited (BPCL), where he served on the Board of BPCL for 15 years – first as Director (Finance) for 10 years and then as its Chairman and Managing Director for 5 years.

Dr Peter Mugenyi, Independent Director

Dr Peter Mugenyi is an Independent Non-Executive Director of Cipla. Dr Mugenyi is the former Director and Co-Founder of the Joint Clinical Research Centre (JCRC) based in Kampala.

Dr Mugenyi is highly regarded globally for his courage and strength in helping Africa to battle its mounting AIDS epidemic. A pediatrician by training, Dr Peter Mugenyi is recognised as one of the worlds' foremost specialists and researchers in the field of HIV/AIDS.

Mr Adil Zainulbhai, Independent Director

Mr Adil Zainulbhai is an Independent Non-Executive Director and Lead Independent Director of Cipla. He is the Chairman of the Quality Council of India (QCI). He is also on the Board of Reliance Industries, Larsen & Toubro and Chairman of NW18 & TV18. He is involved in many philanthropic causes and is on the Board of Piramal Foundation.

Mr Zainulbhai has graduated in Mechanical Engineering from the Indian Institute of Technology. He also has an

M.B.A. from Harvard Business School. He retired as Chairman of McKinsey, India after 34 years at McKinsey, and the last 10 in India. Prior to returning to India, he led the Washington office of McKinsey and founded the Minneapolis office.

Mr Zainulbhai has co-edited the book, 'Reimagining India' which featured 60 authors including prominent businessmen, academics, economists, authors and journalists.

Ms Punita Lal, Independent Director

Ms Punita Lal is an Independent Non-Executive Director of Cipla. She is a B.A. (Hons.) Economics graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management, Kolkata. With over 25 years of experience in strategy, marketing and leadership in the corporate world across Asia, her experience spans multiple disciplines, geographies and cultures.

As a senior business leader, she has many accolades to her credit, including being chosen as one of India's top 20 Business Women by Business Today in 2006 and being awarded Corporate Woman of the Year in 2009 by the FICCI Women's Organisation. She is currently practising as an independent Strategy and Marketing Consultant.

Ms Naina Lal Kidwai, Independent Director

Ms Naina Lal Kidwai is an Independent Non-Executive Director of Cipla. An MBA from Harvard Business School, she makes regular appearance on listings by Fortune and others of international women in business. A recipient of many awards and honours in India, she was awarded the Padma Shri by the Government of India for her contribution to Trade and Industry. She has authored 3 books, "Survive Or Sink - An Action Agenda for Sanitation, Water, Pollution and Green Finance", "Contemporary Banking in India" and "30 Women in Power: Their Voices, Their Stories."

She possesses rich experience in the areas of banking and finance. She is one of the Government of India's representatives on the BRICs Business Council and the INDO-ASEAN Business Council. She is also on the Advisory Board of ICRIER, the Rajasthan Chief Minister's Advisory Council, the investment advisory committee of the Army Group Insurance Fund and on the Governing Board of Lady Shriram College and Harvard Business School South Asia Advisory Board.

Ms Ireena Vittal, Independent Director

Ms Ireena Vittal is an Independent Non-Executive Director of Cipla. Ms Vittal, a former partner with McKinsey & Company, is an MBA from Indian Institute

of Management, Kolkata. She has over two decades of experience in management consulting and is recognised as a thought leader for consumer-facing companies in emerging markets. She has also served government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth.

Mr Peter Lankau, Independent Director

Mr Peter Lankau is an Independent Non-Executive Director of Cipla. He has graduated with Bachelors of Science in Biology from the State University of New York at Albany, USA. Mr Lankau has over 30 years of management experience in developing and commercialising pharmaceutical products with several public and private pharma companies. He is currently a principal of Lankau Consulting LLC.

Role of the Board of Directors

The Board of Directors is the apex body constituted by shareholders and is vested with the powers of governance, control, direction and management of affairs of the Company. The Board provides strategic direction and guidance to the Company, and has been steering the Company towards achieving its business objectives. Driven on the principles of ethics and accountability, the Board strives to work in best interest of the Company and its stakeholders.

The matters required to be placed before the Board, *inter-alia*, include:

- a. Annual operating plans, capital budgets and updates therein;
- b. Quarterly and annual consolidated and standalone results and financial statements of the Company;
- c. Minutes of meetings of the Board and Board Committees, resolutions passed by circulation, and Board minutes of the unlisted subsidiary companies;
- d. The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary;
- e. Material important show cause, demand, prosecution notices and penalty notices, if any;
- f. Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;
- g. Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company;

- h. Any issue which involves possible public or product liability claims of substantial nature, if any;
- i. Human resource updates and strategies;
- j. Quarterly compliance certificates which includes non-compliance, if any, of regulatory, statutory nature or listing requirements and shareholders service;
- k. Appointment, remuneration and resignation of Directors;
- l. Formation/re-constitution of Committees;
- m. Disclosures received from Directors;
- n. Proposals requiring strategic guidance and approval of the Board;
- o. Related party transactions;
- p. Regular business updates;
- q. Update on Corporate Social Responsibility activities;
- r. Significant changes in accounting policies and internal controls;
- s. Takeover of a company or acquisition of a controlling or substantial stake in another company;
- t. Report on action taken on previous Board meeting decisions.

In addition to the above, the other matters placed before the Board included updates on business functions, revision in policies, report on performance evaluation of board, committees and individual directors, inter-corporate loans and investments and annual agenda plan.

Independent Directors

All our Independent Directors of the Company meet the baseline definition of Independent Directors under the Act and the Listing Regulations. At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration, confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for information and noting. The Board confirms that in its opinion and based on the declarations received, the Independent Directors fulfil the independence criteria under the Listing Regulations and are independent of the management.

The Independent Directors are given a formal letter of appointment containing the terms of appointment, roles, duties and code of conduct, among other

items. The draft letter of appointment is available on the Company's website, at https://www.cipla.com/uploads/investor/1443000167_Letter-of-Appointment-Independent-Directors.pdf

Lead Independent Director

As a part of our continuous efforts to enhance the Corporate Governance practices and in lines with the OECD Principles of Corporate Governance, the Board of Directors at their meeting held on 11th August, 2017, designated Mr Adil Zainulbhai as the Lead Independent Director for an initial term of two years with the authority to renew the appointment for a further period of two years. The roles and responsibilities of Lead Independent Director includes the following:

- a. To preside over all meetings of Independent Directors.
- b. To provide objective feedback of the Independent Directors as a group to the Board on various matters.
- c. To liaise between the Promoters, Chairman / Vice-Chairman, CEO and Independent Directors on contentious matters for consensus building.
- d. To preside over meetings of the Board and shareholders when the Chairman and Vice-Chairman are not present, or where they are an interested party.
- e. To help the Board and the Nomination and Remuneration Committee in identifying suitable candidate for the position of director and Board succession planning.
- f. Advocacy with key external stakeholders.
- g. To help the Company in further strengthening the Board effectiveness and Governance practices, including suggestions on agenda items for Board / Committee meetings on behalf of the independent directors.
- h. To be a permanent invitee in all Board Committee meetings.
- i. To perform such other duties as may be delegated by the Board from time to time.

Meeting of Independent Directors

Before every board meeting, the Independent Directors meet without the presence of the management and Non-Executive Non-Independent directors. During FY18 the Independent Director met four times i.e. on 24th May, 2017, 10th August, 2017, 6th November, 2017 and 6th February,

2018. The Independent Directors met to *inter alia* discuss matters arising out of board and board Committee agendas, company performance and various other board-related matters, identify areas where they need clarity or information from management and to review the performance of Independent Directors, the Chairman and the Board as a whole and assess the effectiveness and promptness of the information flow *inter se* the Board and the management. At the meeting, they also met the statutory auditors to ensure auditors independence, audit effectiveness, control environments and their general feedback. The Lead Independent Director briefed the Board on the proceedings for further deliberations.

Familiarisation Programme for the Board Members

We have a robust induction process for enabling the newly appointed directors to familiarise themselves with Cipla, its business, its functioning etc. All directors undergo induction process at the time of appointment to the Board. The new directors are formally apprised of their roles and responsibilities through a formal letter of appointment. They are provided with a dossier about Cipla, comprising of various documents including Cipla's group structure, introduction of existing board members, Board Committees' structure and their respective terms of reference, Company's charter documents and various policies of the Company, among others. This dossier gives an insight on Cipla's present position as an organisation while highlighting major events that form part of Cipla's journey. Interactive sessions with Management Council members and senior management are arranged to further familiarise new directors with specific functions / business of the Company. The Company also arranges factory visits for the directors for better understanding of Cipla's business. Details of the familiarisation programme for the Independent Directors are put up on the Company's website i.e. <https://www.cipla.com/en/investor-information/investor-resource.html>.

In addition, the directors are regularly provided update about the organisation, its products, business and on-going events. At the Board / Committee meetings and the strategy meeting held during the year, directors were given comprehensive updates on various business functions, geographies and products pertinent to Cipla and the pharmaceutical industry, in addition to regular updates on key changes and developments in legal and regulatory matters. These sessions were conducted by Cipla's senior executives and external experts on the subject matters. These sessions provide an insight besides offering the independent directors an opportunity to interact with the senior leaders.

Board Evaluation

The Board is committed to regular and transparent performance evaluation of its own effectiveness and that of its Committees and individual Directors. Every year the Board conducts evaluation of its own performance, the performance of its Committees, and the individual Directors. The performance evaluation also confirms the compliance requirements stipulated under the Act and the Listing Regulations.

Board Evaluation Criteria

During previous year, the Nomination and Remuneration Committee (NRC), approved the criteria for performance evaluation of board, board Committees and individual Directors including the Chairman, the Executive Vice-Chairperson and the MD & GCEO and authorised the Company Secretary and Global Chief People Officer, to facilitate the evaluation process under the supervision of the Chairperson-NRC. The criteria for the performance evaluation included the following:

- The Board - Structure, composition and quality of Board, Board meeting schedule, agenda and collaterals, board meeting practices and overall board effectiveness.
- Board Committees - Composition, charter, information flow and effectiveness of the meetings, recommendation to the Board, etc.
- Individual Directors - Attendance at the meetings, preparedness for discussion, quality of contribution, engagement with fellow board members, KMPs and senior management, etc.
- The Chairman - The Chairman was additionally evaluated on few parameters such as leadership provided to the Board, promoting effective participation of all board members in the decision making process, etc.
- The Independent Directors - The Independent Directors were additionally evaluated on few parameters such as independence from the Company, exercising independent judgement in decision making, contributing strongly to the objectivity of the Board's deliberations basis external expertise, etc.

In order to ensure confidentiality, the board evaluation was undertaken by way of a questionnaire through an online tool by an independent agency. All the Directors participated in the evaluation process. The responses received from the Board members were compiled and the consolidated report was submitted by the agency.

Additionally, in order to take qualitative inputs, the Chairperson-NRC also interacted individually with Board members and select members of senior management and sought their feedback and inputs on board effectiveness, governance and requirement of the Board.

The evaluation reports were discussed at the Independent Directors' meeting, respective Committee meetings and Board meeting held in February 2018. The suggestions / inputs from the entire process and the outcome of the interaction of the Chairperson-NRC were deliberated upon by the Board to augment its effectiveness and optimise individual strengths of the Directors.

The Board was largely satisfied with the effectiveness and governance standards as well as the performance of the Board, board committees, and the individual Directors. Suggestions of the board members to further strengthen the Board effectiveness were noted and taken up for implementation.

The suggestions from the previous board evaluation, which included recommendations for appointment of lead independent director, board effectiveness and succession planning at senior management level were implemented during the year.

The Executive Vice-Chairperson was additionally evaluated on few parameters such as leadership, stakeholders management, etc.

Since the MD and GCEO is the Key Managerial Personnel, he was additionally evaluated against the set Key Performance Indicators (KPIs). The KPIs were set at the beginning of the financial year, which inter alia included both long term and short term, financial and non-financial performance parameters. The financial parameters included targets on Revenue, EBITDA, PAT, etc., the non-financial parameters covered areas such as strategy and portfolio, talent and leadership management, succession planning, operations and quality etc. Progress on the KPI was regularly reviewed by the Board and the NRC. The Board was generally satisfied with the performance of the MD & GCEO.

Succession Planning of the Board and Senior Management

The succession planning process of the Board and the senior management is managed by the NRC and also reviewed by the Board. At every meeting, the NRC reviews with the MD and GCEO and the Global Chief People Officer succession planning for the Board as well as the top 25 positions including its Management Council members to ensure that the Company has a pipeline of professionals at senior management and

Board levels to match its needs. The Board is regularly updated on the progress. As a process, the priority positions are identified, leadership competencies defined, talent identified and developed, policies prepared, records maintained, accountabilities clearly stated and measures used for continuous improvement.

In the year 2016, as part of succession planning, Ms Samina Vaziralli was elevated to the designation of Executive Vice-Chairperson along with the planned progression of Mr Umang Vohra as MD and GCEO of the Company.

Cipla aims to make the succession planning process as transparent as possible. This transparency encourages clarity and integrity and results in better retention of top performers.

Board Meetings & Procedure

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy in addition to the statutory and other matters. The Board and Committee meetings are pre-scheduled and an annual calendar of the meetings is circulated to the Directors well in advance to facilitate planning of their schedule and to ensure meaningful participation in the meetings. However, in case of special and urgent business need, the Board's approval is taken by passing resolutions by circulation, which is noted and confirmed in the subsequent Board meeting. The Board, the Audit Committee and the NRC are facilitated with annual agenda plan in advance in order to enable the members to focus on key areas of organisational performance and designing the future strategy. The annual agenda plans are finalised with the inputs from the board members and are approved by the Board.

The management team is invited to present the performance on key areas such as the Company's major business segments and their operations, subsidiary performance and key functions.

The Company Secretary finalises the agenda for meetings in consultation with the Chairman / Vice-Chairperson, the Lead Independent Director and the MD & GCEO and the same is circulated to the Board members / Committee members in advance. In case of agenda for Committee meetings, the Chairman of the respective Committees is also consulted on finalisation of the Agenda. In special and exceptional circumstances, additional or supplementary item(s) are taken up as 'any other item' with the permission of the Chairman and consent of majority of board members / Committee members present in the meeting.

The agenda of the Board and Committee meetings are circulated electronically through a secured IT system. The online platform also enables the board members to access the historical agendas, minutes, constitutional documents, committee charters, etc. It enables the participants to make notes and exchange notes amongst each other under a secured environment.

Number of Board Meetings held

The Board met five times during FY18 i.e. on 25th May, 2017, 11th August, 2017, 7th November, 2017, 7th November, 2017 to 8th November, 2017, and 7th February, 2018. This included one strategy meeting.

Board Meeting on strategy

The Board members understand the need to constantly review, revisit, realign and further develop its business

strategy in view of the changes in external environment. Accordingly, the Board members specially met on 7th and 8th November, 2017 to discuss the business strategy of the Company. During this meeting the Board, *inter-alia*, deliberated in detail on strategy. Beside board members, the meeting was attended by the members of Management Council. The business unit heads were invited for respective agenda items. External experts were also invited to provide update on the global pharmaceuticals industry, global economy, information technology and artificial intelligence, etc.

Attendance of the Directors

Information about the attendance of Directors at the Board Meetings either in person or through video conference during FY18 and at the last Annual General Meeting (AGM) is stated in Annexure A.

Remuneration to Directors

The details of remuneration to Directors during FY18 are given below:

Directors	Sitting Fees ⁽¹⁾	Salary	Commission	Perquisites	Allowances	Variable Bonus	₹ in Crore	
							Retiral Benefits and others	Total
Dr Y. K. Hamied	0.03	-	2.00	-	-	-	-	2.03
Mr M. K. Hamied	0.10	-	2.00	-	-	-	-	2.10
Ms Samina Vaziralli	-	1.88	2.00	0.02	1.57	-	0.22 ⁽²⁾	5.69
Mr Umang Vohra	-	1.95	-	7.10 ⁽³⁾	4.06	5.50	0.24 ⁽²⁾	18.85
Mr S. Radhakrishnan ⁽⁴⁾	0.05	0.74	2.00	2.81 ⁽³⁾	0.44	-	0.49	6.53
Mr Ashok Sinha	0.07	-	0.40	-	-	-	-	0.47
Dr Peter Mugenyi ⁽⁵⁾	0.03	-	0.40	-	-	-	-	0.43
Mr Adil Zainulbhai	0.04	-	0.32	-	-	-	-	0.36
Ms Punita Lal	0.06	-	0.34	-	-	-	-	0.40
Ms Naina Lal Kidwai	0.05	-	0.35	-	-	-	-	0.40
Ms Ireena Vittal	0.05	-	0.36	-	-	-	-	0.41
Mr Peter Lankau ⁽⁵⁾	0.04	-	0.40	-	-	-	-	0.44

⁽¹⁾ The above figures are inclusive of fees paid for attendance at Committee meetings.

⁽²⁾ Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are actuarially determined on an overall basis.

⁽³⁾ Includes perquisite value of stock options exercised during the year.

⁽⁴⁾ Mr S. Radhakrishnan completed his term as a whole-time director on 11th November, 2017 and w.e.f 12th November, 2017, he continues as a Non-Executive Director of the Company. On the recommendation of the NRC, the Board approved payment of ₹ 2 crore per annum to Mr S. Radhakrishnan towards commission for the following services as Non-Executive Director of the Company for three years from FY18 onwards:

- To serve as a member of various Board Committees and Management Committees as may be requested by the Board or the management from time to time. Presently, Mr S. Radhakrishnan is a member of the following committees (i) Audit Committee (ii) Corporate Social Responsibility Committee (iii) Stakeholders Relationship Committee (iv) Investment and Risk Management Committee; and (v) Operations and Administrative Committee.
- To represent Cipla and serve on the board and board committees of various Indian and overseas subsidiary companies and joint ventures as may be nominated by the Company from time to time.

- c) To engage with the management and provide insight on various day to day matters including historical aspects, including (i) All legal matters including DPCO, FDA, SEZ etc. (ii) Various matters relating to Internal Controls and Internal Audit including the internal audit scope and effectiveness (iii) Non-routine Corporate Law, Securities Law and taxation matters (iv) Domestic as well as International restructuring, merger and acquisition (v) Various long-term and short-term fund-raising programme (vi) Identification, evaluation and monitoring of various CSR Projects.

(5) USD equivalent to ₹ amount paid to the Directors.

Notes:

- The commission / variable bonus payable to the Directors is determined each year by the Board on the basis of the recommendation of the NRC and is within the limits approved by the shareholders.
- The commission / variable bonus payable to Executive Directors is determined keeping in view of their performance on various financial and non-financial parameters approved by the Board.
- Apart from sitting fees and commission, there are no pecuniary payments made by the Company to Non-Executive Directors during the year.
- The commission to Independent Directors is based on the following criteria approved by the Board. There has been no change in the criteria since April 2015.
 - Annual Fixed Commission of ₹ 30 lakhs
 - Additional compensation of ₹ 10 lakhs for foreign directors
 - Additional ₹ 10 lakhs to the chairman of Audit Committee*
 - Additional ₹ 5 lakhs to the members of Audit Committee
 - Additional ₹ 5 lakhs to the chairman of Nomination and Remuneration Committee*
 - Additional ₹ 1 lakh to the members of Nomination and Remuneration Committee

*Committee chairman would not be entitled for additional commission as member of such Committee and vice versa.

- Mr Umang Vohra was appointed as Managing Director and Global Chief Executive Officer for a term of five years w.e.f. 1st September, 2016. The appointment can be terminated by either party by giving not less than six months' prior notice. The Company may relieve him by paying *pro-rata* of his fixed salary *in lieu* of the notice. The other terms and conditions for severance fee are laid down in the employment agreement entered with him.

Subject to other terms of agreement entered between him and the Company, Mr Umang Vohra is also eligible for stock options administered in 5 grants over a period of 4 years, of such number of shares having an annual earn-out of upto ₹ 3,50,00,000 (Rupees Three Crores and Fifty Lakhs) to be calculated basis the market value of the shares at close of business as of the date preceding the date of grant, at face value of ₹ 2 under the Employee Stock Option Scheme 2013-A. In line with the above, Mr Vohra, was granted 54,850 stock options on 6th November, 2017 at an exercise price of ₹ 2 per option with vesting period of one year. The options can be converted into equity shares either in full or in tranches at any time upto five years from the date of vesting of the options.

- Ms Samina Vaziralli has been appointed for a term of five years from the date of appointment. The appointment can be terminated by either party by giving not less than three months' prior notice in writing to the other party or *pro-rata* fixed salary in lieu of the notice. There is no separate provision for payment of severance fees.

Board Committees

The Board Committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Committees operate under the direct supervision of the Board, and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees. Currently, the Board has six committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee and Operations and Administrative Committee.

Audit Committee

Composition of the Audit Committee

The Audit Committee currently comprises of four Directors, of whom three members, including the Chairman of the Committee, are Independent Directors.

The Committee is headed by Mr Ashok Sinha and has Mr S. Radhakrishnan, Ms Naina Lal Kidwai and Ms Ireena Vittal as its members. The composition of the Committee meets the requirements of section 177 of the Act and the Listing Regulations.

Role of Audit Committee

The role of the Audit Committee is as follows:

(A) Accounts and Audit

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (3) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (4) Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
- (5) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (6) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (7) Discussion with statutory auditors before the audit

commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- (8) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (9) To review management discussion and analysis of financial condition and results of operations.

(B) Internal Controls and Internal Audit

- (1) Review the appointment, removal and terms of remuneration of the chief internal auditor and other internal auditors.
- (2) Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;
- (3) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, scope of internal audit, reporting structure coverage and frequency of internal audit;
- (4) Discussion with internal auditors of any significant findings and follow up there on;
- (5) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (6) Review with the management letters of internal control weaknesses issued by the internal auditors.
- (7) Evaluation of internal financial controls and risk management systems.

(C) Insider Trading

- (1) To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code.
- (2) The Chairman of the Audit Committee to note the status reports detailing the dealings by Designated Persons in securities of the Company.
- (3) To provide directions on any penal action to be initiated, in case of any violation of the Insider Trading Regulations by any person.

(D) Public issue funds

- (1) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (2) To review Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).
- (3) To review Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice.
- (4) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(E) Miscellaneous

- (1) Approval or any subsequent modification of transactions with related parties;
- (2) To review statement of significant related party transactions (as defined by audit committee), submitted by management.
- (3) Scrutiny of inter-corporate loans and investments of the Company;
- (4) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (5) To review the functioning of the vigil policy / whistle blower mechanism;
- (6) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.
- (7) Discharge such other functions as may be specifically delegated to the Committee by the Board from time to time.
- (8) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Audit Committee

Four Audit Committee meetings were held during the financial year i.e. on 24th May, 2017, 10th August, 2017, 6th November, 2017 and 6th February, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr Ashok Sinha	Independent Director (Chairman)	4 (4)
Mr S. Radhakrishnan	Non-Executive/ Non-Independent Director	4 (4)
Ms Naina Lal Kidwai ⁽¹⁾	Independent Director	4 (4)
Ms Ireena Vittal	Independent Director	3 (4)

⁽¹⁾Out of four Committee meetings held during the year, attended three in person and one through video conferencing.

Beside the Committee meetings, the Committee also holds a conference call before every regular Committee meeting to discuss key accounting matters, internal audit reports, internal controls, etc. These calls helped the Committee to optimise its time on more important agenda items at the meeting.

The Chairman of the Committee was present at the last AGM held on 11th August, 2017.

Audit Committee Report

The Report of the Audit Committee Chairman is as follows:

I. Constitution

The Audit Committee is a four-member committee, comprising of three Independent Directors, including the Chairman and one Non-Executive Director. The Audit Committee complies with the statutory requirements of Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) and the Secretarial Standards. The Executive Vice-

Chairperson, the Managing Director and Global CEO, the Chief Financial Officer, and the Chief Internal Auditor are permanent invitees at the audit committee meetings to assist in conducting the proceedings and for issuing clarifications wherever necessary. The statutory auditor is also permanent invitee at all committee meetings for relevant agenda items which include *inter-alia*, financial statements, internal audit reports, approval and review of related party transactions, IFC testing, fraud monitoring etc.

II. Charter

The Committee is guided by the charter approved by the Board of Directors of the Company. With a view to strengthen the governance framework and good practice, the charter is reviewed periodically and was last amended in August 2017. The Charter is available on the website of the Company under Corporate Governance section.

III. Meetings / Responsibilities and Auditors

The Committee met four times in the financial year 2017-18 and also held discussions through 'pre-audit calls'. The Chairman – Audit Committee regularly met the Global Chief Executive Officer, the Global Chief Financial Officer, the Chief Internal Auditor, the Company Secretary and other members of the management team to discuss significant / critical matters in greater details. The pre-audit calls and the Chairman's meeting with the management help audit committee to optimise its time and quality of discussion on important agenda items at the meeting. The Chairman of the Committee, after each committee meeting briefs the Board about their discussions on critical matters and outcome, and committee recommendation etc. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review and monitoring, and approval.

The Management presented the Company's financial statements and is responsible for preparation of the financial statements, financial reporting process and the Company's Internal Financial Controls. The Committee reviewed and recommended to the Board the quarterly and annual financial results / statements, prepared in accordance with the Companies Act, 2013, the Listing Regulations, Indian Accounting Standards (Ind – AS), and other legal and regulatory requirements. In order to ensure fairness, accuracy, quality and transparency of the financial statements, the Committee discussed with

the statutory auditors and relied on their report and the financial expertise of the management, while using its best judgement. The Committee believes that the financial statements provide a true and fair view of the Company's financial position. The Committee reviewed testing of the internal financial controls, as presented by the internal and statutory auditors, in order to confirm correctness of the accounting transactions, entries and records.

The Statutory Auditors are responsible for independent audit, overall audit strategy, period and length of audit, audit observations significant to financial statements, internal financial control testing, and issuing reports thereon. The Committee discussed with the statutory auditors, the statutory audit plan, the audit findings, financial reporting process and the overall quality of the financial reporting and compliances and was satisfied with the company's functioning in this regard. The auditor has issued an unmodified report on the financial statements and has confirmed that both standalone and consolidated financial statements represent true and fair view of the state of affairs of the Company.

The Audit Committee is responsible for the recommendation of appointment, remuneration and reviews the scope of audit for the statutory auditors. M/s. Walker Chandiok & Co, LLP, would continue as the Statutory Auditor of the Company upto the 85th Annual General Meeting i.e. upto 2021. The Committee evaluated the auditors' performance while ensuring their independence. To ensure auditor's independence during audit process, the Statutory auditors met the Independent Directors without the presence of the Management of the Company.

The Audit Committee has also reviewed and approved the non-audit services availed from the statutory auditors and confirm that such services did not affect the independence of the auditors in any manner and were either mandatorily required to be procured from statutory auditors or were in the best interest of the Company.

M/s. BNP & Associates were appointed as the Secretarial Auditors of the Company for the financial year 2018-19. The Secretarial Audit Report confirm that the Company is compliant.

The Chief Internal Auditor is responsible for internal audit and testing of internal controls and procedures. The Chief Internal Auditor conducted internal audits and submitted his report

on quarterly basis with management comments and implementation timelines for review of the Committee. The Committee discussed the Internal Audit Reports with the auditor and the management on quarterly basis. The Internal Audit was conducted as per the risk based internal audit plan approved by the Committee. The Company has strengthened its' framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The Committee reviewed the functioning of the whistle blower mechanism and were updated that cases received were carefully evaluated and investigated and wherever necessary, appropriate action was / was being taken. The whistle blower had access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised.

The Committee periodically reviewed all related party transactions and ratified the same, where necessary. Majority of the related party transactions were between the Company and its subsidiaries, associates or joint-ventures, and were in the ordinary course of business and routine in nature. The Company did not enter into related party transaction requiring shareholders' approval.

During the year, the Company strengthened its commitment towards good governance. The Committee revised the Insider Trading Code, the Global Code of Conduct and the policies relating to the Code including the Whistle-Blower Policy, the Anti-Bribery and Anti- Corruption Policy the approval of the Board. The Code of Conduct and policies are available on the website of the Company¹.

The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2018, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under Charter.

Place: Mumbai

Date: 22nd May, 2018

Ashok Sinha

Chairman - Audit Committee

Nomination and Remuneration Committee

Composition of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee currently comprises of four Non-Executive Directors, of whom three members including the Chairman of the Committee are Independent Directors. The Committee is headed by Ms Punita Lal and has Mr Adil Zainulbhai, Mr M. K. Hamied, and Ms Ireena Vittal as its members. The composition of the Committee meets the requirements of section 178 of the Act and the Listing Regulations.

Role of Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is as follows:

(A) Employee Stock Option Scheme ("ESOS") related

- (1) Implementation, administration and superintendence of the ESOS and for formulation of the detailed terms and conditions of the ESOS including but not limited to –
 - (a) The quantum of options to be granted under an ESOS per employee and in aggregate;
 - (b) The procedure for Exercise of options and allotment of Shares in pursuance of the ESOS;
 - (c) The conditions under which vested options in employees may lapse in case of termination of employment for misconduct. The procedure and conditions for vesting of options in case of termination of employment;
 - (d) The exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
 - (e) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - (f) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - (g) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of

¹ Information in line with BRR Principle 1, Question 1

division and others. In this regard following shall be taken into consideration by the committee:

- (i) the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
 - (ii) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
 - (iii) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- (h) The procedure for cashless exercise of options;
- (i) The grant, vest and exercise of option in case of employees who are on long leave;
- (j) Approving forms, writings and/or agreements for use in pursuance of the ESOS; and
- (k) Taking all necessary actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise with regards to ESOS.

(B) Nomination related

- (1) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- (2) Identify persons who are qualified to become Directors and, who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal.
- (3) Formulate policy on Board diversity, criteria for performance evaluation of directors, Board and Board Committees and for determining qualifications, positive attributes and independence of directors.

(C) Human Resources and Remuneration related

- (1) Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees.
- (2) Recommend remuneration of Executive and Non-Executive Directors and relative of Directors.
- (3) Review key human resource related matters including organisation structure, top 100 talent succession planning, employee attrition / retention

/development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.

(D) Miscellaneous

- (1) Discharge such duties and functions as indicated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the rules made thereunder from time to time.
- (2) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Nomination and Remuneration Committee

Four meetings of the Committee were held during the financial year i.e. on 26th April, 2017, 25th May, 2017, 6th November, 2017 and 6th February, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Punita Lal ⁽¹⁾	Independent Director (Chairperson)	4 (4)
Mr Adil Zainulbhai ⁽²⁾	Independent Director	3 (4)
Mr M. K. Hamied	Non-Executive/ Non-Independent Director	4 (4)
Ms Ireena Vittal	Independent Director	3 (4)
Mr Ashok Sinha ⁽³⁾	Independent Director	2 (2)

⁽¹⁾ Chairperson w.e.f. 11th August, 2017

⁽²⁾ Chairman upto 10th August, 2017 and continued as member w.e.f. 11th August, 2017

⁽³⁾ Member upto 10th August, 2017

The Chairperson of the Committee was present at the last AGM held on 11th August, 2017.

Nomination and Remuneration Committee Report

The Report of the Chairperson of Nomination and Remuneration Committee is as follows:

I. Constitution

The NRC is a four-member committee, comprising of three independent directors including the chairperson and one non-executive director. The NRC composition complies with the statutory requirements of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as Secretary to the Committee. The Executive Vice-Chairperson, the Managing Director and Global Chief Executive Officer, the Global Chief People Officer are permanent invitees at the meetings of the Committee in order to provide clarification and assist the functioning of the Committee on relevant agenda items. The management team recuse themselves on the agenda items where they have conflict of interest.

II. Charter

The NRC is guided by the charter adopted by the board of directors. The Charter is reviewed periodically and last amended in August 2017, with a view to strengthen the governance framework and good practices. In February 2018, the Committee reviewed the compliance status of its charter and noted that it covered the Charter comprehensively.

III. Meetings / Responsibilities

The Committee met four times in the financial year 2017-18. The Chairperson of the Committee, after each committee meeting briefs the Board about their discussions on critical matters. The Committee was facilitated with an annual agenda plan, which comprised items requiring the Committees' review and monitoring periodically.

The Committee inter-alia considered the following matters during the financial year 2017-18:

1. The Objectives (Key performance indicator) of the Executive Vice-Chairperson and Managing Director and Global Chief Executive Officer were finalised by the Committee and approved by the Board and their performance was evaluated against the said objectives. The performance of senior management and key managerial personnel also reviewed by the Committee. On the basis of the performance review, the Committee recommended to the Board, Variable Bonus for the year FY18 and revision in their remuneration, wherever applicable. The remuneration of the Managing Director and Global Chief Executive Officer and whole-time director was kept unchanged during the financial year 2017-2018.
2. (a) The leadership of the Company defines its ability to stay relevant in changing times and therefore succession planning for the Board was one of the crucial matters taken up by the Committee. The Committee oversees key processes through which the Company inducts new members to its Board, worked closely with the Board on the leadership succession plan, and prepared contingency plans for succession in case of any exigencies.
- (b) In the year 2016, as part of succession planning, Ms Samina Vaziralli was elevated to the designation of Executive Vice-Chairperson along with the planned progression of Mr Umang Vohra as Managing Director and Global Chief Executive Officer of the Company.
- (c) The Committee reviewed and noted the composition of the Board and that of the Committees. Although, the Committee was satisfied with the existing structure of the Board, changes were made during the year in the composition of the Committees to further enhance the effectiveness.
3. The Committee devoted considerable time on succession planning for critical positions within the Company. Currently the Company has in place succession planning for top 25 critical positions including its Management Council members.
4. The Committee periodically reviewed with the management human resource related matters inter-alia including overall manpower, attrition, gender diversity, performance and rewards philosophy, talent management, cultural transformation covering Cipla's principles and values etc. The Company has undertaken several initiatives during the year to enhance its employees' engagement effectiveness, efficiency and productivity e.g. introduction of grading / banding system, new performance management system, establishment of Cipla University for internal talent development as a part of KEY (Keep Educating Yourself) initiative etc.
5. The Committee consolidated (i) the Policy relating to remuneration of directors, key managerial personnel and other employees (ii) Policy on diversity of Board of Directors, (iii) Criteria for appointment of Senior Management Personnel, (iv) Criteria for determining qualifications, positive attributes and independence of Directors, into a single policy named "Nomination, Remuneration and Board Diversity Policy".

- The Company has an Employee Stock Option Scheme named as Employee Stock Option Scheme 2013-A (ESOS 2013-A) for the benefit of its employees and the employees of its subsidiary companies. During the financial year, the Committee granted 4,79,943 options to 122 eligible employees, of which 54,850 stock options were granted to the Managing Director and Global Chief Executive Officer.

The Committee formulated the board evaluation parameters in the form of a simplified questionnaire for carrying out evaluation of board, board committees and individual directors. Based on parameters approved, the evaluation of the board, board committee and the individual directors was undertaken in January 2018 and the relevant reports were discussed in the subsequent board and board committee meetings.

- The Chairperson of the Committee also conducted individual conversations with directors and select member of the senior management as a part of the board evaluation process.
- The Committee carried out its annual evaluation and discussed the evaluation report of its performance. The Committee believes it has performed effectively and has carried out the role assigned to it. In February 2018, the Committee reviewed the compliance status of its Charter (i.e. its role and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under Charter.

Punita Lal

Place: Mumbai
Date: 22nd May, 2018

Chairperson - Nomination and
Remuneration Committee

Stakeholders Relationship Committee

Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee currently comprises of three Directors. All members including the Chairman of the Committee are Non-Executive Directors. The Committee is headed by Mr M. K. Hamied and has Mr S. Radhakrishnan and Ms Naina Lal Kidwai as its members.

Role of the Stakeholders Relationship Committee

The role of the Stakeholder Relationship Committee is as follows:

- To resolve the grievance(s) of the security holders of the Company;
- To register transfer / transmission / deletion of name / transposition requests;
- To approve issuance of duplicate share certificate(s);
- To approve issuance of share certificate(s) pursuant to request received for rematerialisation;
- To approve issuance of share certificate(s) pursuant to request received for splitting / consolidation of share certificates;
- To discharge such duties and functions as indicated in the listing agreement, the Companies Act, 2013 and the rules made thereunder from time to time;
- To discharge such other functions as may be specifically delegated to the Committee by the Board from time to time;
- To delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Stakeholders Relationship Committee

Two meetings of the Stakeholders Relationship Committee were held during the year i.e. on 8th November, 2017 and 5th February, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr M. K. Hamied	Non-Executive / Non-Independent Director (Chairman)	2 (2)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	2 (2)
Ms Naina Lal Kidwai	Independent Director	1 (2)

The Chairman of the Committee was present at the last AGM held on 11th August, 2017.

Investor services

- Mr Rajendra Chopra, Company Secretary acts as the Company's Compliance Officer.

- During the year under review, 13 investor grievances were received. As of 31st March, 2018, there are no pending investor grievances.

During the year, the Committee adopted Investor Grievance Redressal Policy and Investor FAQs handbook to effectively redress investor grievances and for improving the services provided to the investors. The Investor FAQs handbook serves as ready reference material for shareholders holding / dealing in Cipla shares. It is designed to assist the shareholders on matters, *inter-alia*, including transfer / transmission of shares, dematerialisation of shares, dividend, IEPF, etc. The said handbook and the Investor Grievance Redressal Policy is uploaded on Company's website under the Corporate Governance tab of the Investor Information section.

Corporate Social Responsibility Committee

Composition of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee currently comprises of five Directors, of whom four members, including Chairman, are Non-Executive Directors. The Committee is headed by Mr M. K. Hamied and has Mr S. Radhakrishnan, Ms Punita Lal, Mr Adil Zainulbhai and Mr Umang Vohra as its members. The composition of the Committee meets the requirements of section 135 of the Act.

Role of Corporate Social Responsibility Committee

The role of the Corporate Social Responsibility Committee is as follows:

- (1) formulate and recommend to the Board, the Corporate Social Responsibility Policy and the activities to be undertaken by the Company
- (2) recommend the amount of expenditure to be incurred on the activities
- (3) monitor the Corporate Social Responsibility Policy from time to time
- (4) discharge such duties and functions as indicated in the section 135 of the Companies Act, 2013 and Rules made thereunder from time to time and such other functions as may be delegated to the Committee by the Board from time to time
- (5) take all necessary actions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise with regards to Corporate Social Responsibility activities/Policy of the Company.

Meetings of Corporate Social Responsibility Committee

Three meetings of the Committee were held during the financial year i.e. on 25th May, 2017, 6th November, 2017 and 6th February, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Mr M. K. Hamied	Non-Executive / Non-Independent Director (Chairman)	3 (3)
Mr S. Radhakrishnan	Non-Executive/ Non-Independent Director	3 (3)
Ms Punita Lal	Independent Director	3 (3)
Mr Adil Zainulbhai	Independent Director	2 (3)
Mr Umang Vohra	Executive Director	3 (3)

Ms Rumana Hamied, CEO of Cipla Foundation, is a permanent invitee at the CSR Committee meetings. She appraises and facilitates the CSR Committee in monitoring the projects.

Investment and Risk Management Committee

Composition of Investment and Risk Management Committee

The Investment and Risk Management Committee currently comprises of six Directors, of whom three members are Independent Directors. The Committee is headed by Ms Samina Vaziralli and has Mr Umang Vohra, Mr S. Radhakrishnan, Mr Ashok Sinha, Ms Naina Lal Kidwai and Mr Peter Lankau as its members.

Role of Investment and Risk Management Committee

The role of the Investment and Risk Management Committee is as follows:

- (1) grant in-principle approval for investments/ acquisitions to be made by the Company beyond USD 50 million per transaction and recommend to the Board for its approval.

- (2) grant in-principle approval for investments/ acquisitions to be made by the subsidiary companies (formed or to be formed) beyond USD 50 million per transaction and recommend to the Board of such subsidiary company for its approval.
- (3) monitoring short term and long term strategic priorities of the Company.
- (4) review and recommend to the Board annual capital expenditure budget of the Company.
- (5) review and approve any single capital expenditure proposal exceeding ₹ 75 crores.
- (6) monitor with adequate frequency the key ongoing capex projects including post-implementation review/governance.
- (7) monitor and review the risk management plan.
- (8) discharge such duties and functions as may be delegated to the Committee by the Board under the applicable laws from time to time.
- (9) Delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Investment and Risk Management Committee

Three meetings of the Investment and Risk Management Committee were held during the financial year i.e. on 24th May, 2017, 6th November, 2017 and 6th February, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Samina Vaziralli	Executive Director (Chairperson)	3 (3)
Mr Umang Vohra	Executive Director	3 (3)
Mr S. Radhakrishnan	Non-Executive/ Non-Independent Director	3 (3)
Mr Ashok Sinha	Independent Director	3 (3)
Ms Naina Lal Kidwai ⁽¹⁾	Independent Director	3 (3)

Name	Category	Number of meetings attended (total held during tenure)
Mr Peter Lankau	Independent Director	3 (3)

⁽¹⁾Out of three Committee meetings held during the year, attended two in person and one through video conferencing.

Operations and Administrative Committee

The Operations and Administrative Committee was constituted by the Board of Directors w.e.f. 12th August, 2017 to manage day to day administrative and routine matters of the Company.

Composition of Operations and Administrative Committee

The Committee currently comprises four Directors, of whom two members are Non-Executive Directors. The Committee is headed by Ms Samina Vaziralli and has Mr M. K. Hamied, Mr Umang Vohra and Mr S. Radhakrishnan as its members.

Role of the Operations and Administrative Committee

(A) Treasury related

- To grant loan at a rate of interest not lower than the rate as prescribed under the Companies Act, 2013 or any other relevant law and give guarantee or provide security in connection with the loan.
- To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificate of deposit programme of banks and other instruments / securities / treasury products of banks and financial institutions within the limits approved by the Board from time to time.
- To deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including but not limited to foreign exchange spot, forwards, options, currency swaps and interest rate swaps as per the Foreign Exchange and Interest Rate Risk Management Policy.
- To open, operate, close, change in authorisation / signatory for any current / deposit / cash credit account(s), safe deposit vault(s), electronic bank account(s), internet bank account(s) / facility, subsidiary general ledger account(s), dematerialisation / depository account(s) with

any nationalized bank(s), scheduled bank(s), co-operative bank(s) in any part of the country including foreign bank(s) authorised by Reserve Bank of India to do banking business in the country and in any country outside India with bank(s) authorised to do banking business in that country.

- To approve, finalise and authorise the execution of any deed, document, letter or writing in connection with the aforesaid activities, including borrowing / credit facilities, creation of charge.
- To approve revision in authorised signatories for any of the above matters.

(B) Employee Stock Option Scheme related

- Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force.
- To seek listing of shares issued as above on one or more Stock Exchanges in India and all such shares being pari-passu with the existing equity shares of the Company in all respects.
- To do all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

(C) General Authorisations

- To purchase, sell, take on lease / license, transfer or otherwise deal with any movable / immovable assets or property for a maximum value of ₹ 50 crore.
- To constitute, reconstitute, modify, dissolve any trust or association for Company / business related matters and to appoint, reappoint, remove, replace the trustees or representatives.
- To issue voting instructions to the Depository of the Global Depository Shares in respect of the resolutions at the General Meeting / Postal Ballot of the Company.
- To authorize affixing the common seal of the Company and re-locate / move the common seal to any place other than the registered office of the Company.
- To grant / revoke general and specific power of attorney / letter of authorisation in favour of employees of the Company as and when required for business purposes.
- To grant approval for setting up and closure of branch / representative / liaison office of the

Company and nominate managers for such office.

- 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.
- To handle and deal with the following matters, in case any specific authorization, approval or resolution is required from the Board of Directors or a committee thereof:
 - Obtain / renew / surrender license / Letter of Permission or such other registration of the Company with any regulatory / statutory authorities and execute legal undertaking / legal agreement or any document required for this purpose.
 - Approve for participation into any tender, bid, auction by the Company.
 - Register / de-register the Company with any Central / State Government authorities, Semi-Government authorities, regulatory authorities, statutory authorities, quasi-judicial authorities, local authorities, tax authorities including sales tax, service tax, goods and service tax, value added tax, labour law authorities, administrative authorities, business associations and any other bodies.
 - Nominate or revoke nomination of a representative under Foods Safety and Standards Act, 2006, Manager under Factories Act, 1948, managers for branch office and such similar requirement under any other applicable law.
 - Appoint any Merchant Banker, Chartered Accountant, Advocate, Counsels, Company Secretary, Engineer, Technician, Consultants and / or Professionals for undertaking any assignment for and on behalf of the Company requiring specific approval of the Board of Directors under any law.
 - Apply for and surrender any electricity, power or water connection.
- To do all such acts, deeds and things as may be required for the smooth conduct of the operations of the Company and which does not require specific approval of the Board of Directors of the Company or which has not been delegated by the Board specifically to any other Committee of the Board.

- To discharge such other functions as may be specifically delegated to the Committee by the Board / shareholders from time to time.
- To delegate any of the terms mentioned hereinabove to any officer / employee of the Company or to any other person.

Meetings of Operations and Administrative Committee

Six meetings of the Operations and Administrative Committee were held during the financial year i.e. on 21st September, 2017, 13th November, 2017, 4th December, 2017, 4th January, 2018, 16th February, 2018 and 16th March, 2018. The composition and attendance of members at the Committee meetings is given below:

Name	Category	Number of meetings attended (total held during tenure)
Ms Samina Vaziralli	Executive Director (Chairperson)	6 (6)
Mr M.K.Hamied	Non-Executive / Non-Independent Director	5 (6)
Mr Umang Vohra	Executive Director	5 (6)
Mr S. Radhakrishnan	Non-Executive / Non-Independent Director	5 (6)

Policies

In line with Cipla's philosophy for adhering to ethical and governance standards and ensure fairness, accountability, responsibility and transparency to all its stakeholders, Cipla, *inter-alia*, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link
Code of Conduct	https://www.cipla.com/uploads/investor/1530274684_Cipla---Code-of-Conduct-FC.PDF

Code of Conduct for Prevention of Insider Trading	https://www.cipla.com/uploads/investor/1532512750_Insider%20Trading%20Code%201.pdf
Corporate Responsibility Policy	https://www.cipla.com/templates/home_tpl/images/Corporate_Responsibility_Policy.pdf
Corporate Social Responsibility Policy	https://www.cipla.com/templates/home_tpl/images/Corporate_Social_Responsibility_Policy.pdf
Dividend Distribution Policy	https://www.cipla.com/uploads/investor/1497009813_Dividend_Distribution_Policy.pdf
Investor Grievance Redressal Policy	https://www.cipla.com/uploads/investor/1530538002_Investor%20Grievance%20Redressal%20Policy_v12.pdf
Nomination Remuneration and Board Diversity Policy	https://www.cipla.com/uploads/investor/1532511887_Nomination%20Remuneration%20and%20Board%20Diversity%20Policy.pdf
Policy for Determination of Materiality of Event or Information	https://www.cipla.com/uploads/investor/1449836039_Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information.pdf
Policy on Material Subsidiary	https://www.cipla.com/uploads/investor/1443000071_Policy-for-determining-Material-Subsidiaries.pdf
Policy on Related Party Transactions	https://www.cipla.com/uploads/investor/1532683654_Cipla%20Limited%20-%20Policy%20on%20Dealing%20with%20Related%20Party%20Transactions.pdf
Archival Policy	https://www.cipla.com/uploads/investor/1449810938_Archival%20Policy_new.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.cipla.com/uploads/investor/1532512790_Code%20of%20Fair%20Disclosure%20of%20UPSI.pdf

In constant efforts to strengthen and benchmark our policies, we continuously review, revisit and realign them with best global practices. As a result, we have updated/replaced the following policies during the FY18:

Code of Conduct

The Company approved the revised Code of Conduct (Code) at the board meeting held in February 2018. The revised code is effective from 23rd May, 2018. The Code is administered by the Ethics Committee which comprises of Global Chief People Officer, Global Chief Financial Officer, Global General Counsel and Chief Internal Auditor.

The revised Code is a comprehensive guide on how Cipla conducts its business and provides for reporting mechanism for non-compliances under various policies which *inter-alia* include Whistle-Blower Policy, Prevention of Sexual Harassment Policy, Insider Trading Code, Environment, Health and Safety Policy, Anti-bribery and Anti-Corruption Policy and Conflict of Interest Policy.

Besides board members and employees, the Code is also applicable to trainees, subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. The other stakeholders e.g. contractors, consultants and other service providers are encouraged to adopt the Cipla's Code².

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY18. A declaration to this effect signed by Mr Umang Vohra, Managing Director and Global Chief Executive Officer forms part of the report.

Whistle-Blower Policy

Consequent to adoption of the Code, the Vigil Policy was amended and replaced with the new Whistle-Blower Policy. The new Whistle-Blower Policy details about the scope of Policy, reporting mechanism, indicative list of retaliation that a Whistle Blower may face, disciplinary actions in case of false reporting with mala-fide intentions, retention of records and periodic/mandatory trainings to employees amongst the others. The Audit Committee oversees the functioning of the vigil mechanism and receives periodic reports from the Ethics Committee. The Whistle-Blower can convey the concerns to Chairperson of Ethics Committee at ethics@cipla.com or in exceptional cases such as disclosures pertaining to members of the Ethics Committee or Board members shall be addressed to Chairperson of the Audit Committee at audit.chairman@cipla.com. During the year, we received 33 complaints, out of which 30 complaints were resolved satisfactorily as on 31st March, 2018 and the balance were also satisfactorily

resolved subsequently before the date of this report. No employee was denied access to the Audit Committee.

Policy on Related Party Transactions

The Company ensures that its related party transactions are in the best interest of the Company and the relationship with related parties does not in any way influence the transactions. It adheres an appropriate governance framework while entering into the transactions with related parties.

The Company reviewed its Policy on Materiality of Related Party and Dealing with Related Party Transactions to make it comprehensive and abreast with the current applicable laws. The Policy was also benchmarked with the global best practices. The Policy aims to ensure proper reporting, approval and disclosure processes for all transactions between the Company and related parties.

Besides specifying the process for identification and approval, the revised Policy also mandates external review of the related party transactions. Criteria for granting omnibus approval is now encompassed in the Policy document which specifically includes thresholds for transactions with promoters, KMPs, directors, wholly owned subsidiaries, joint ventures. The Policy requires Board approval for all transactions with the Directors, Promoters and KMPs. The Policy also explicitly specifies disclosure and reporting requirements.

Code of Conduct for Prevention of Insider Trading

The Code of Conduct for Prevention of Insider Trading (Insider Trading Code) was updated to commensurate with the existing organisation structure and changes in regulatory environment. The revised Insider Trading Code was adopted by the Board at its meeting held in November 2017 and was implemented with effect from 1st January, 2018. The Insider Trading Code lays down procedures to be followed and disclosures to be made while trading in the Company's shares. The Insider Trading Code restricts the connected persons, who are designated as such under the Insider Trading Code, from disclosing any price sensitive information and imposes strict confidentiality obligations on persons who have access to any price sensitive information in relation to the Company. It also prohibits the designated person from dealing in shares of the Company who is in possession of unpublished price sensitive information, forward contracts, derivatives, portfolio management schemes, amongst the others.

² Information in line with BRR Principle 1, Question 1 and Principle 5, Question 1

In order to ensure rigour of the Insider Trading Code, the employees were familiarised with the revised Insider Trading Code through training programmes and other periodical communications. The employees were also sensitised on ways to handle price sensitive information and information confidentiality.

To ensure strict enforcement of the Insider Trading Code and its administration, the Board has constituted the Monitoring Committee. The Committee comprises of the MD and GCEO, the Global Chief People Officer, the Global Chief Financial Officer and the Company Secretary & Compliance Officer. Role of the Monitoring Committee *inter alia* includes general review of the compliance of the Insider Trading Code, periodical review and updation of the list of Designated Persons, conducting inquiries/ investigations regarding alleged violations of the Insider Trading Code or the SEBI (Prohibition of Insider Trading) Regulations, 2015, and decide on the penal consequences for the violation of Insider Trading Code.

Nomination Remuneration and Board Diversity Policy

In terms of the provisions of section 178 of the Act, the Company had in place the Remuneration Policy. During the year, the Company consolidated the existing four policies i.e. (i) Policy relating to the remuneration of the directors, key managerial personnel and other employees, (ii) Policy on diversity of Board of Directors, (iii) Criteria for appointment of Senior Management Personnel and (iv) Criteria for determining qualifications, positive attributes and independence of Directors; into a single policy, i.e. the Nomination, Remuneration and Board Diversity Policy. The Policy is enclosed as Exhibit A to this report.

Share Transfer System

We have appointed Karvy Computershare Private Limited (Karvy) as the Share Transfer Agents to handle shares and shareholders related matters. Karvy has adequate infrastructure to process share transfer related matters. Karvy validates the documents received for transfer of shares held in physical form and thereafter submits the same to the Company for approval of registration of transfer. These matters are processed within a period of 7 to 15 days from the date of receipt, provided the documents are complete in all respects. These approvals are noted at subsequent meetings of the Stakeholders Relationship Committee.

Pursuant to regulation 40(9) of the Listing Regulations, the Company obtains certificate from a practicing Company Secretary on a half-yearly basis to the effect that all the transfers are completed within the statutory

stipulated period. A copy of the certificate, so received, is submitted to both Stock Exchanges, where the shares of the Company are listed.

Monitoring Governance of Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company. The financial statements of the subsidiaries are reviewed by the Audit Committee. The minutes of meetings of the subsidiaries are placed before the Board of Directors of the Company and the Board is periodically informed of all the significant transactions entered into by the subsidiaries.

Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), unclaimed dividends from the financial year ended 31st March, 1996 till 31st March, 2010 and interim dividend for the FY 2010-11 have been transferred to IEPF. Unclaimed final dividend for the financial year ended 31st March, 2011 shall become due for transfer to IEPF on 26th September, 2018.

As per the provisions of section 124(6) of the Act read with the IEPF Rules as amended, all shares in respect of which dividend had remained unclaimed for seven consecutive years or more were transferred by the Company to IEPF in November, 2017. The shares in respect of which dividend has remained unclaimed for the last consecutive seven years or more shall become due for transfer to IEPF on 26th September, 2018.

Shareholders can check the details of any unclaimed dividend on the Company's website, i.e. www.cipla.com under Unclaimed Data tab of the Investor Information section.

Disclosures

- During the year, there were no materially significant related party transactions that may have potential conflict with the Company's interests.
- 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.

- All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis.
- There were no transactions with related parties during the financial year which were in conflict with the interest of the Company. Prior omnibus approval of the Audit Committee is obtained for related party transactions which are repetitive in nature and in case such transactions exceed the limits approved through the omnibus approval, the transactions are subsequently ratified. All related party transactions are periodically placed before the Audit Committee and the Board for review and approval as appropriate. The details of related party transactions as per IND AS-24 are discussed in detail in Note No. 42 to the standalone financial statements.
- The securities of the Company were not suspended from trading at any time during the year.
- The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. There are no materially uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2018 are disclosed in Note No. 46 to the standalone financial statements.
- Particulars of total fees paid to auditors are provided in Note No. 40 to the consolidated financial statements.
- Cost of raw materials forms a large portion of the Company's operating expenses. The Company monitors the price of key commodities closely and formulates procurement strategies based on actual price movements and trends as well as external regulatory environment. The Company has adequate governance structure to align and review procurement strategies in line with external and internal dynamics. The Company has historically not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.
- The Company is in compliance with the mandatory requirements of the Code of Corporate Governance as specified in regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations. The Company is also in compliance with Secretarial Standards on Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India. Further, the Company substantially complies with

the recommendations of the SEBI constituted Kotak Committee Report on Corporate Governance.

Non-mandatory requirements under Listing Regulations

The Company has fulfilled the following non-mandatory requirements under the Listing Regulations:

- It is in the regime of financial statements with unmodified audit opinion.
- It complies with the requirement of having separate persons to the post of Chairman and Managing Director / CEO.
- The Non-Executive Chairman has an office within the Company's premises. The Company also has a provision for reimbursement of expenses incurred by him in the performance of his duties.
- The Chief Internal Auditor functionally reports directly to the Audit Committee.

Certification by Global Chief Executive Officer and Global Chief Financial Officer

The Global Chief Executive Officer and Global Chief Financial Officer of the Company have certified positively to the Board on the financial statements as required under Regulation 17 read with Part B of Schedule II of the Listing Regulations.

Shareholder Information and Communication

Means of Communication

Financial Results

During the year, financial results were published in the following newspapers: Business Standard (All Editions) and Sakaal (Mumbai edition). The annual / half yearly / quarterly results are displayed on the Company's website - www.cipla.com.

News and Media Release

The official news and media releases are disseminated to stock exchanges and displayed on the Company's website - www.cipla.com.

Earning calls and presentations to Institutional Investors / Analysts

The Company organises an earnings call with analysts and investors after the announcement of financial results. The transcript of the earnings call is also uploaded on the Company's website as well as filed with the stock exchanges where the securities of the company are listed.

Presentations made to institutional investors and financial analysts on the financial results are uploaded on the Company's website.

Compliance reports, corporate announcements, material information and updates

The Company disseminates the requisite corporate announcements including the Listing Regulation compliances through NSE Electronic Application Processing System (NEAPS) / BSE Corporate Compliance & Listing Centre. The NEAPS / BSE's Listing Centre is

a web-based application and periodical filings like shareholding pattern, Corporate Governance Report, financial results, Material / Price sensitive information, etc. are filed electronically on such designated platforms.

Annual Report

The Annual Report is circulated to members and others entitled thereto in electronic as well as physical modes, is disseminated to stock exchanges and is also uploaded on the Company's website.

General Meetings

- The details of last three annual general meetings are:

Financial Year	Meeting	Date	Venue	Time
2014-15	79 th AGM	27 th August, 2015	Y. B. Chavan Auditorium,	3.00 p.m.
2015-16	80 th AGM	28 th September, 2016	General Jagannath Bhosale Marg, Mumbai - 400 021	
2016-17	81 st AGM	11 th August, 2017	Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy Sayani Road, Prabhadevi, Mumbai - 400 025	

- No Special Resolution was passed at the Company's AGM held on 27th August, 2015 and 28th September, 2016.
- The following Special Resolutions were passed at the Company's AGM held on 11th August, 2017:
 - (i) Authorisation for issuance of Equity Shares / Securities Convertible into Equity Shares upto ₹ 2000 crore.
 - (ii) Authorisation for issuance of Debt Securities upto ₹ 2000 crore.
- No resolution was passed through postal ballot during the FY18.
- None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

General Shareholder Information

Date, Time and Venue of the AGM	Thursday, 30 th August, 2018 at 3.00 p.m. Nehru Centre Auditorium, Discovery of India Building, Dr Annie Besant Road, Worli, Mumbai- 400 018
Financial Calendar	1 st April to 31 st March of the next calendar year
Adoption of Financial Results (Tentative Schedule, subject to change)	
For the quarter ending 30 th June, 2018	Wednesday, 8 th August, 2018
For the quarter and half year ending 30 th September, 2018	Tuesday, 6 th November, 2018
For the quarter and nine months ending 31 st December, 2018	Wednesday, 6 th February, 2019
For the fourth quarter and financial year ending 31 st March, 2019	Wednesday, 22 nd May, 2019
Trading window closure for financial results	From the 10 th day from close of quarter till 48 hours after the UPSI becomes generally available
Date of Book Closure	Thursday, 16 th August, 2018 to Thursday, 30 th August, 2018
Dividend and Dividend Payment Date	₹ 3 per equity share for FY18. The dividend, if approved at the AGM will be paid within statutory time limit of 30 days from the date of AGM

- Listing on Stock Exchanges

Equity Shares:

1. BSE Limited

PhirozeJeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

2. National Stock Exchange of India Limited

Exchange Plaza, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra
(East), Mumbai - 400 051**Global Depository Receipts (GDRs):**

Societe De La Bourse De Luxembourg

Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg

The Company has paid the requisite annual listing fees to the above stock
exchanges for FY 2018-19.

- Stock Code

500087 on BSE Limited

CIPLA EQ on National Stock Exchange of India Limited

- DR Symbol / CUSIP

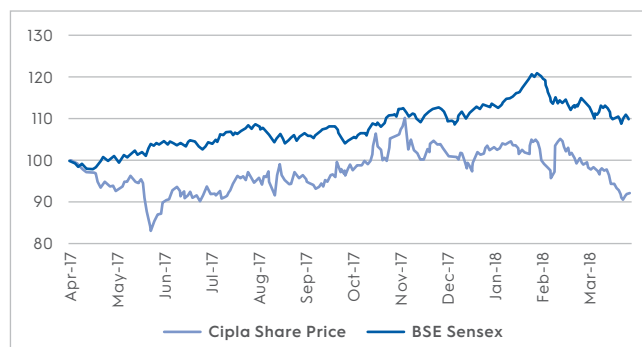
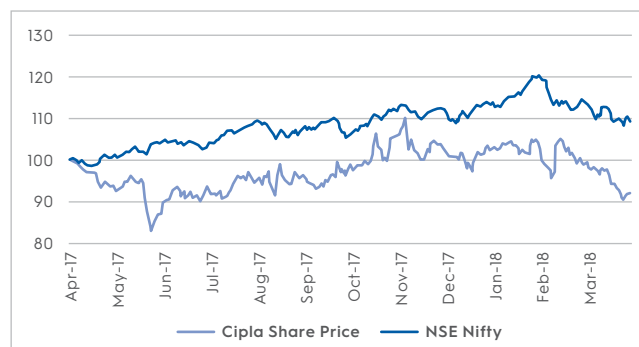
CIPLG / 172977209

- ISIN Number for NSDL & CDSL

INE059A01026

Market Price Data for the period from 1st April, 2017 to 31st March, 2018

Month (FY18)	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	600.55	545.75	5727087	603.90	545.40	24986879	9.16	8.60
May	571.65	479.00	5761839	572.45	480.20	33086481	8.84	7.62
June	558.00	513.70	3098422	558.90	513.05	21484707	8.59	7.99
July	580.80	536.10	2781000	579.40	536.05	17977241	8.93	8.34
August	594.05	526.30	2295874	593.70	525.45	30715979	9.20	8.46
September	598.80	543.90	2019622	600.00	543.35	28470457	9.13	8.63
October	633.95	576.90	1926318	635.90	575.50	22793184	9.70	8.84
November	663.00	589.85	4081200	663.40	590.00	43614259	10.14	9.09
December	623.80	572.30	1605315	623.75	571.65	25217640	9.54	8.97
January	630.60	587.10	3644999	628.40	590.00	24662964	9.75	9.25
February	634.00	554.60	4043911	635.00	554.20	36259850	9.66	8.79
March	594.90	523.00	3341924	593.90	522.90	36097300	9.00	8.25

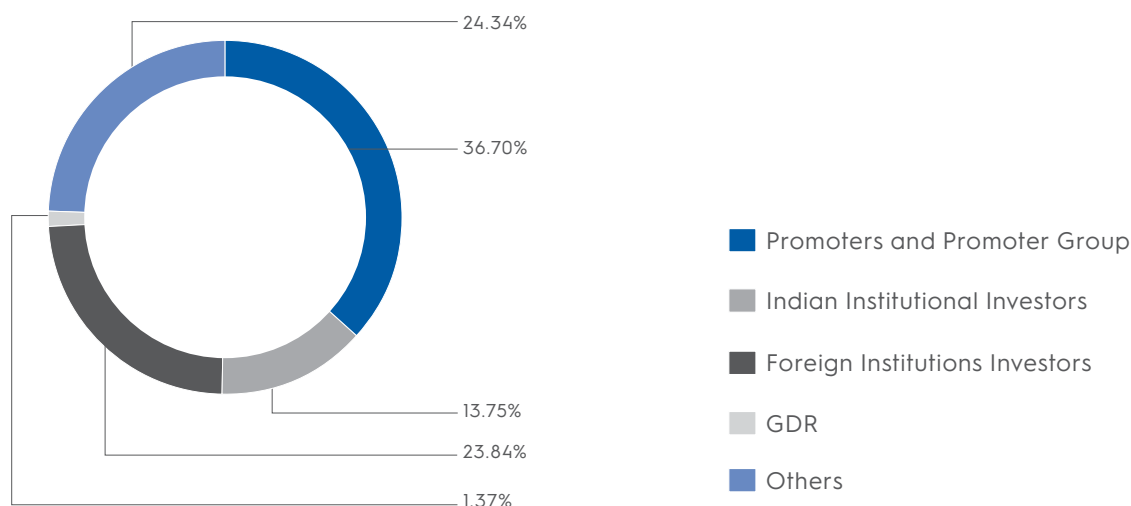
Performance in comparison to BSE SENSEX – FY18**Performance in comparison to NSE Nifty – FY18**

Address for Correspondence

	Contact details	Address
For Corporate Governance and other Secretarial matters	Mr Rajendra Chopra Company Secretary Email :cosecretary@cipla.com	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013
For IEPF related matters	Mr Karan Tanna Nodal Officer Email :cosecretary@cipla.com	Tel: +9122 2482 6000 Fax: +9122 2482 6120
For Financial Statements related matters and Institutional Investors	Mr Naveen Bansal Investor Relations Email: investor.relations@cipla.com	
For Corporate Communication related matters	Ms Heena Kanal Vice President, Corporate Communications Email: heena.kanal@cipla.com	
For share transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc.	Karvy Computershare Private Limited (Share Transfer Agents) Email: einward.ris@karvy.com	Karvy Selenium Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel: (040) 6716 2222 /6716 1511 Fax: (040) 2300 1153

Distribution of shareholding as on 31st March, 2018 (Class-wise distribution of equity shares)

Category	No. of Folios	% of Total	No. of Shares	% of Total
1-5000	196718	97.82	24419012	3.03
5001-10000	1400	0.70	5155144	0.64
10001-20000	923	0.46	6821610	0.85
20001-30000	420	0.21	5122374	0.64
30001-40000	230	0.11	4047533	0.50
40001-50000	176	0.09	3987580	0.49
50001-100000	393	0.19	14291216	1.78
100001 & Above	836	0.42	741274695	92.07
Total	201096	100	805119164	100

Shareholding Pattern as on 31st March, 2018


Dematerialisation of Shares and Liquidity

As on 31st March, 2018, 99.50% of the share capital was held in dematerialised form. Break-up of shares held in physical and dematerialised form as on 31st March, 2018:

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
Physical Mode	1002	0.50	25146425	3.12
Dematerialised Mode	200094	99.50	779972739	96.88
Total	201096	100	805119164	100

As to the liquidity, the Company's equity shares are traded in the 'A'/Forward group and have been included in the S&P CNX NIFTY of National Stock Exchange of India Limited. They are among the select scrips in which derivatives trading has been permitted in the form of stock futures and stock options.

Outstanding GDRs/ADRs/Warrants

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. As on 31st March, 2018, 1,09,96,496 GDRs were outstanding.

The Company has not issued any American Depositary Receipts (ADRs)/Warrants.

The Company has granted stock options to its employees and those of its subsidiaries under the Employee Stock Option Scheme(s). The Company allots equity shares from time to time on exercise of stock options by the employees pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the terms and conditions of the Employee Stock Option Scheme(s). As on 31st March, 2018, 14,29,754 stock options were outstanding.

Plant locations as on 31st March, 2018

Plant Type	Plant Address
Active Pharmaceutical Ingredients (API) Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru - 560 049, Karnataka Bommasandra-Jigani Link Road, Industrial Area, KIADB 4 th Phase, Bengaluru - 560 099, Karnataka
Active Pharmaceutical Ingredients (API) and Formulations Manufacturing Facility	MIDC, Patalganga - 410220, District: Raigad, Maharashtra MIDC Industrial Area, Kurkumbh - 413802, Daund, District: Pune, Maharashtra
Formulations Manufacturing Facility	Verna Industrial Estate, Verna - 403722, Salcette, Goa Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi - 173 205, District: Solan, Himachal Pradesh Village Kumrek, Rangpo - 737132, District: East Sikkim, Sikkim Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur - 454 774, District: Dhar, Madhya Pradesh Taza Block, Amba Tareythangllaka, Rorathang- 737 133, District: East Sikkim, Sikkim

Declaration of Compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2018.

For Cipla Limited

Date: 21st May, 2018
Place: Mumbai

Umang Vohra
Managing Director and
Global Chief Executive Officer

Annexure A – Statutory details of Board of Directors

Name	Category	Original Date of Appointment	Tenure as on 31 st March, 2018 (in years)	No. of Board Meetings attended (total held in the FY 17-18 during tenure)	Attendance at last AGM held on 11 th August, 2017	No. of Directorships held in other Indian companies as on 31 st March, 2018	Name of other listed companies where he/she is a Director as on 31 st March, 2018 ⁽¹⁾	No. of Committee Memberships/ Chairmanships held in other Indian public companies as on 31 st March, 2018 ⁽²⁾	
								Memberships	Chairman-ships
Dr Y. K. Hamied (DIN: 00029049)	Non-Executive /	21-07-1972	45.7	5 (5)	Yes	Nil	-	Nil	Nil
Mr M. K. Hamied (DIN: 00029084)	Non-Independent Directors	16-08-1977	40.6	5 (5)	Yes	1	-	Nil	Nil
Mr S. Radhakrishnan ⁽³⁾ (DIN: 02313000)		25-08-2011	6.6	5 (5)	Yes	1	-	Nil	Nil
Ms Samina Vaziralli (DIN: 00027923)	Executive Directors	27-08-2015	2.6	5 (5)	Yes	2	-	Nil	Nil
Mr Umang Vohra (DIN : 02296740)		01-09-2016	1.6	5 (5)	Yes	Nil	-	Nil	Nil
Mr Ashok Sinha (DIN: 00070477)		16-07-2013	4.7	5 (5)	Yes	7	-	4	2
Dr Peter Mugenyi (DIN: 06799942)		12-02-2014	4.1	5 (5)	Yes	Nil	-	Nil	Nil
Mr Adil Zainulbhai ⁽⁴⁾ (DIN: 06646490)	Independent Directors	23-07-2014	3.7	5 (5)	Yes	7	<ul style="list-style-type: none"> Reliance Industries Ltd Reliance Jio Infocomm Ltd Network18 Media & Investments Ltd TV18 Broadcast Ltd Larsen & Toubro Ltd 	7	5
Ms Punita Lal (DIN: 03412604)		13-11-2014	3.3	5 (5)	Yes	2	<ul style="list-style-type: none"> Ceat Ltd 	Nil	Nil
Ms Naina Lal Kidwai (DIN: 00017806) ⁽⁴⁾		06-11-2015	2.4	5 (5)	Yes	5	<ul style="list-style-type: none"> Max Financial Services Ltd Larsen and Toubro Ltd Altico Capital India Private Ltd 	3	Nil

Name	Category	Original Date of Appointment	Tenure as on 31 st March, 2018 (in years)	No. of Board Meetings attended (total held in the FY 17-18 during tenure)	Attendance at last AGM held on 11 th August, 2017	No. of Directorships held in other Indian companies as on 31 st March, 2018	Name of other listed companies where he/she is a Director as on 31 st March, 2018 ⁽¹⁾	No. of Committee Memberships/ Chairmanships held in other Indian public companies as on 31 st March, 2018 ⁽²⁾	
								Memberships	Chairman-ships
Ms Ireena Vittal (DIN: 05195656)		01-12-2016	1.3	4 (5)	Yes	7	<ul style="list-style-type: none"> Tata Global Beverages Ltd Godrej Consumer Products Ltd Wipro Ltd The Indian Hotels Company Ltd Titan Company Ltd 	7	Nil
Mr Peter Lankau (DIN: 07688110)		10-01-2017	1.2	5 (5)	Yes	Nil	-	Nil	Nil

⁽¹⁾ All the directorships held by the directors in other listed companies are in the capacity of Independent Directors.

⁽²⁾ Committees considered for the purpose are those prescribed under the Listing Regulations viz. audit committee and stakeholders relationship committee of Indian public limited companies other than Cipla Limited.

⁽³⁾ Non-executive director w.e.f. 12th November, 2017.

⁽⁴⁾ Out of five Board meetings held during the year, attended four meetings in person and one meeting through video conferencing.

Except Dr Y. K. Hamied and Mr M. K. Hamied, who are brothers and Ms Samina Vaziralli, who is daughter of Mr M. K. Hamied and niece of Dr Y. K. Hamied, none of the Directors are relatives of any other Director.

Shareholding of Dr Y. K. Hamied, Mr M. K. Hamied and Mr S. Radhakrishnan, Non-Executive Directors as on 31st March, 2018 is as under:

Sr. No	Name of Director	No of shares held
1	Dr Y. K. Hamied	166742687
2	Mr M. K. Hamied	31640000
3	Mr S. Radhakrishnan	49000

Apart from the above three directors, no other non-executive director of the Company holds any equity shares or any convertible instruments in the Company.

Exhibit A – Nomination, Remuneration and Board Diversity Policy

Preamble and Title

This Policy shall be called 'the Nomination, Remuneration and Board Diversity Policy (the "Policy").

The Board of Directors (the "Board") on the recommendation of the Nomination and Remuneration Committee has approved and adopted this revised Policy in compliance with the requirements under the provisions of the Companies Act, 2013 and rules made thereunder (the "Act"), and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as amended from time to time.

Objective

This Policy is intended to achieve the following objectives:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive including Independent Directors), Key Managerial Personnel and persons who may be appointed in senior management positions.
- b) To provide framework for remuneration of the Directors, Key Managerial Personnel and Senior Management Personnel and align with the Company's business strategies, values, key priorities and goals.
- c) To provide for rewards linked directly to the effort, performance, dedication and achievement of Company's targets by the employees.
- d) To lay down approach for Board diversity.

Scope

This Policy does not cover temporary or contractual employees, trainees, apprentices, consultants engaged on a retainer basis or otherwise and casual labour.

Definitions

- (a) **"Applicable Law"** includes any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notifications and clarifications or other governmental instruction and/or mandatory standards as may be applicable to the Company from time to time.
- (b) **"Company"** means Cipla Limited.

- (c) **"Employee"** means any person who is in the permanent employment of the Company.
- (d) **"Senior Management Personnel"** mean personnel of the Company who are members of its Core Management Team (i.e. Management Council Members) excluding Board Members comprising all members of management one level below the executive directors (except administrative support staff/executive assistants), including the Functional Heads.

Words and expressions not defined in this policy shall have the same meaning as contained in the Act and the Listing Regulations.

Applicability of Parts

- a) Part I provides for criteria for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and other employees;
- b) Part II deals with remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees (parameters, components and limit).

Part I: Appointment

General Criteria

- a) The Board shall comprise of optimum number of Directors as is necessary to effectively manage the affairs of the Company. Subject to a minimum of 3 and maximum of 15, the Board shall have an appropriate combination of Executive, Non-Executive, Independent and Woman Directors.
- b) The Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for appointment as Director of the Company. While evaluating a person for appointment / re-appointment as Director, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, abilities (ability to exercise sound judgement), professional experience and functional expertise, educational and professional background, personal accomplishment, age, experience of pharma sector / industry, marketing, technology, finance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.
- c) The proposed candidate shall possess appropriate expertise, experience and knowledge in one or more fields of finance, law, management, sales, marketing,

administration, medical science, pharmaceutical, corporate governance or such other areas related to the Company's business as determined by the Nomination and Remuneration Committee.

- d) During the term of the office, every director shall -
- i. uphold ethical standards of integrity and probity;
 - ii. act objectively and constructively;
 - iii. exercise responsibilities in a bona-fide manner in the interest of the Company;
 - iv. shall be free from any disqualifications as stipulated under the Act as well as the Listing Regulations;
 - v. shall be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.

Appointment of Managing Director/ Whole-Time Director

The Board based on the recommendation of the Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for the position of Managing Director/Whole-time Director.

The terms and conditions of the appointment shall be in accordance with the provisions of Applicable Law.

Appointment of Independent Director

While evaluating a person for appointment / re-appointment as an Independent Director, the Committee shall ensure that the proposed candidate satisfies the following additional criteria:

- Meet the baseline definition and criteria of "independence" as set out in section 149 of the Act, the Listing Regulations and other applicable laws.
- Should not hold any board / employment position with a competitor in the geographies where the Company is operating. However, the Board may in special circumstances waive this requirement.
- Has attained minimum age of 25 years and is not older than 70 years.
- Does not hold directorship in more than seven listed entities.
- Does not hold directorship in more than three listed entities if serving as a whole time director in any listed entity.

An Independent Director shall be under the obligation to inform the Board of Directors of any change in circumstances which may affect his/her independence.

The re-appointment / extension of term of the Director shall be on the basis of their performance evaluation report.

Appointment of Key Managerial Personnel and Senior Management Personnel (Not Being a Director)

- a) The Nomination and Remuneration Committee shall be responsible for identifying suitable candidate for the position of Key Managerial Personnel i.e. Chief Financial Officer, Company Secretary, and other Senior Management Personnel;
- b) The appointment of Key Managerial Personnel and Senior Management Personnel shall be approved by the Board on recommendation of the Nomination and Remuneration Committee;
- c) While evaluating a person for appointment / re-appointment in a senior management position, the management shall consider various factors including individual's background, competency, skills, abilities (viz. leadership, ability to exercise sound judgement), educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. marketing technology, finance or such other discipline relevant to present and prospective operations of the Company;
- d) The appointee while continuing in his / her office shall not engage in any business or commercial activity, which might detrimentally conflict with the interest of the Company.

Appointment of Other Employees

The appointment of other employees shall be made on the basis of the experience, qualification, expertise of the individual as well as the roles and responsibilities required for the position and shall be approved by the Human Resource Department.

Part II: Remuneration

Board Members

- a) The overall limits of remuneration of the board members including executive board members (i.e. managing director, whole-time director, executive directors etc.) are governed by the provisions of section 197 of the Act and shall be approved by the shareholders of the Company.

- b) Within the overall limit approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different Directors on the basis of their role, responsibilities, duties, time involvement etc.

Remuneration to Managing Director/Whole-Time Director

The shareholders shall approve maximum permissible amount which can be paid to the Managing Director/ Whole-time Director. Within the overall limits approved by the shareholders, on the recommendation of the Nomination and Remuneration Committee, the Board shall have the authority to revise the remuneration / remuneration structure from time to time.

Revision in the remuneration of the Managing Director/ Whole-time Director shall be linked to their overall performance, Company performance, future plans, market practice and environment and any other relevant factors.

The key components of remuneration package of the Managing Director/Whole-time Director shall include fixed salary, perquisites, allowances, joining bonus, variable bonus, commission, retiral benefits, other benefits in accordance with the market practice.

The Managing Director / Whole-time Director (other than promoters) shall also be eligible for the grant of stock options, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

Remuneration to Non-Executive Directors

Pursuant to the provisions of section 197 of the Act and the shareholders' approval, the Board has approved the following remuneration for Non-Executive Directors (including Independent Directors):

Non-Executive Directors shall be entitled to sitting fees of ₹ 50,000 per board meeting and per board committee meetings.

The Non-Executive Directors shall be entitled to such commission as may be approved by the Board within the overall limits approved by the shareholders. In no case the commission shall exceed 1% of the profits of the Company computed as per the applicable provisions of the Act

The sitting fee shall be payable immediately after the board / board committee meeting to those directors who attend the meeting, the Commission shall be payable at the end of the financial year after approval of the annual financial statements by the Board of directors.

The Promoter Directors and the Independent Directors will not be entitled for grant of Stock Options.

All the Directors shall be entitled to reimbursement of reasonable expenditure incurred by him/her for attending Board/Committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/management, site visits, induction and training programmes and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

Remuneration to Key Managerial Personnel, Senior Management Personnel and Other Employees (Not Being a Director)

The remuneration of Key Managerial Personnel (not being a Director), at the time of appointment shall be decided by the Board. The remuneration of Senior Management Personnel and other employees shall be as per the compensation and appraisal policy of the Company.

The remuneration of Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being director) shall comprise of one or more of the following components:

- a) Fixed Salary;
- b) Perquisites, Allowances and Retiral benefits;
- c) Joining or Retention Bonus, where deemed fit;
- d) Long term Incentive or retention incentive, where deemed fit;
- e) Performance-linked bonus by whatever named called which shall be a cumulative outcome of both the individual target achievement level as well as the Company's performance;
- f) Housing/other loans linked at such rate of interest and terms of repayment as may be decided by the Human Resource department in consultation with Managing Director or CEO or CFO as the case may be;
- g) Other benefits in accordance with the market practices depending upon criticality of the role, criticality of incumbent, risk of resignation, any other relevant factors.

The Key Managerial Personnel, Senior Management Personnel and other employees of the Company (not being a Director) shall also be eligible for the grant of stock options, wherever deemed fit, under the applicable Employee Stock Option Scheme of the Company, as may be decided by the Nomination and Remuneration Committee from time to time.

Revision in remuneration of Key Managerial Personnel, Senior Management Personnel shall be decided by Managing Director and Global Chief Executive Officer or as per the authority given by the Board of Directors at the time of appointment.

The remuneration including revision in remuneration of other employees shall be decided by the Human Resources Department in consultation with the matrix manager within the overall framework of compensation and appraisal policy of the Company.

Directors and Officers Liability Insurance Policy

All directors and officers (including Key Managerial Personnel and Senior Management Personnel) of the Company would be covered by the requisite Directors and Officers Liability Insurance Policy.

Board Diversity

- a) The Company acknowledges the importance of diversity in its broadest sense in the Boardroom as a driver of Board effectiveness. Diversity encompasses diversity of perspective, experience, education, background, ethnicity and personal attributes. The Company recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that women with the right skills and experience can play in contributing to diversity of perspective in the Boardroom;
- b) The Nomination and Remuneration Committee shall review and evaluate Board composition to ensure that the Board and its Committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, it will take into account diversity, including diversity of gender, amongst other relevant factors. The Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation or any other personal or physical attribute which does not speak to such person's ability to perform as a Board member;
- c) All appointments to the Board (as recommended by the Nomination & Remuneration Committee) shall be made on merit while taking into account suitability for the role, Board balance and composition, the required mix of skills, background and experience (including consideration of diversity and ethnicity). Other relevant matters such as independence and the ability to fulfil required time commitments in the case of Independent and Non-Executive Directors will also be taken into account;

- d) The Nomination & Remuneration Committee shall monitor and periodically review the Board Diversity and recommend to the Board so as to improve one or more aspects of its diversity and measure progress accordingly;
- e) The Company will be able to ensure Board diversity if shareholders are able to judge for themselves whether the Board as constituted is adequately diverse. The Company shall continue to provide sufficient information to the shareholders about the qualifications, expertise and characteristics of each Board Member.

Administration, Review and Amendment of The Policy

The Nomination & Remuneration Committee shall monitor and periodically review the Policy and recommend the necessary changes to the Board for its approval.

The Global Chief Financial Officer and the Company Secretary are jointly authorised to amend the policy to give effect to any changes/amendments notified by Ministry of Corporate Affairs or the Securities and Exchange Board of India. The amended policy shall be placed before the Board for noting and ratification.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

Exhibit B – Dividend Distribution Policy

Title

This Policy shall be called 'Dividend Distribution Policy'.

Commencement

This Policy shall come into force for accounting periods beginning from 1st April, 2016.

Objective

- a. This Policy is framed in accordance with the requirement under Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).
- b. The Company shall make appropriate disclosures as required under the Listing Regulations.

Definitions

- a. "Board" means the Board of Directors of Cipla Limited.

- b. "Company" means Cipla Limited.
- c. "Policy" means this Policy, as amended from time to time.
- d. "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendments thereof).
- e. "Financial year" shall mean the period starting from 1st day of April and ending on 31st day of March every year.

Declaration of Dividend

The declaration of dividend (including interim dividend) would be subject to compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

Parameters For Dividend Payout

a. The circumstances under which the shareholders may or may not expect dividend:

The Company intends to offer maximum return on investment to the shareholders keeping in mind the underlying growth and future of the Company. However, the Board may consider not declaring any dividend or declare a lower rate of dividend based on the following:

1. Prospective growth opportunities/threats/concerns of the Company;
2. Inadequacy or absence of profits;
3. Higher working capital requirements for business operations of the Company.

b. Financial Parameters including Internal Factors that shall be considered while declaration of dividend:

The financial parameters which would be considered while declaration of dividend by the Board are as follows:

1. Profits of the Company;
2. Past dividend pattern;
3. Major capital expenditure to be incurred by the Company;
4. Cash flow requirements of the Company;
5. Debt-equity ratio of the Company;
6. Cost of borrowing of the Company, keeping in view the growth opportunities;
7. Debt obligations of the Company;
8. Investments in new business;
9. Provisioning for financial implications arising out of unforeseen events and/or contingencies;

10. Reputation of the Company;
11. Restrictions/covenants if any, contained in any lender agreements or any other arrangement or agreement entered into by the Company.

c. External Factors that shall be considered while declaration of dividend:

Certain external factors could compel the Board of the Company to reflect on the dividend payout for any financial year of the Company. Some of the external factors affecting the Company's dividend payment are:

1. Regulatory requirements;
2. Economic environment;
3. Political/geographical situations;
4. Inflation rate;
5. Industry Outlook for future years.

d. Utilization of Retained Earnings:

The Company believes in cash retention for growth, expansion and diversification including acquisitions to be made by it, and also as a means to meet contingency. The retained earnings of the Company may be used in any of the following ways:

1. Capital expenditure for working capital;
2. Organic and/or inorganic growth;
3. Investment in new business(es);
4. Additional investment in existing business(es);
5. Declaration of dividend;
6. Capitalisation of shares;
7. Buy back of shares;
8. General corporate purposes, including contingencies;
9. Any other permitted usage as per the Companies Act, 2013.

e. Parameters with regard to various classes of shares:

Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹.2 each. In the event of the Company issuing any other class(es) of shares, the Board shall consider and specify the other parameters to be adopted with respect to such class(es) of shares.

Amendments

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

Independent Auditor's Report

To the Members of Cipla Limited

Report on the standalone financial statements

1. We have audited the accompanying standalone financial statements of Cipla Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. 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

Independent Auditor's Report

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - 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 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction

with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 22 May 2018 as per Annexure II expressed an unmodified opinion.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company, as detailed in Note 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place: New Delhi
Date: 22 May 2018

Annexure I to the Independent Auditor's Report of even date to the members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2018

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on such verification. Discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (iii) The Company has granted interest free unsecured loans to one company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) In our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.
 - (b) The schedule of repayment of principal has been stipulated and the receipts of the principal amount are regular;
 - (c) There is no overdue amount in respect of loans granted.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans given, investments made, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of sales-tax, service tax and duty of customs, that have not been deposited with the appropriate authorities on account of any dispute.

Annexure I to the Independent Auditor's Report of even date to the members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2018

The dues outstanding in respect of income-tax, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crore)	Amount paid under Protest (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	265.13	183.08	2008-09 to 2014-15	CIT Appeals
The Central Excise Act, 1944	Excise duty	65	2	2008-09 to 2015-16	CESTAT Bangalore
The Central Excise Act, 1944	Excise duty	3	-	2007-08 to 2014-15	Commissioner Appeals
The Central Excise Act, 1944	Excise duty	40	2	2007-08 to 2015-16	CESTAT Mumbai
The Central Excise Act, 1944	Excise duty	7	1	2011-12 to 2013-14	CESTAT Kolkata
The Central Excise Act, 1944	Excise duty	1	-	2015-16 to 2016-17	Additional Commissioner
The Central Excise Act, 1944	Excise duty	8	-	2015-16 to 2017-18	Principal Commissioner
Bihar Vat Act, 2005	VAT	1	-	2013-14	Tribunal
Bihar Vat Act, 2005	VAT	1	-	2014-15 to 2016-17	Appeal Court
Gujarat Vat Act, 2005	VAT	14	-	2013-14	JCCT- Ahmedabad
Maharashtra Value Added Tax, 2002	VAT	1	-	2002-03 to 2012-13	DY. Commissioner of Sales tax-LTU
Rajasthan Vat Act, 2003	VAT	1	-	2002-03 to 2012-13	Rajasthan Tax Board - Ajmer
Rajasthan Vat Act, 2003	VAT	3	-	2008-09 to 2012-13	Rajasthan Tax Board - Ajmer

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institutions or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) According to the information and explanation given us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

Annexure I to the Independent Auditor's Report of even date to the members of Cipla Limited, on the standalone financial statements for the year ended 31 March 2018

- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provision of clause 3(xiv) of the order are not applicable.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place: New Delhi

Date: 22 May 2018

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 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's responsibility for internal financial controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountant of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the

Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of internal financial controls over financial reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure II

Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, 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 issued by the Institute of Chartered Accountant of India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Place: New Delhi
Date: 22 May 2018

Standalone Balance Sheet

 as at 31st March, 2018

₹ in Crore

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2	4,158.37	4,095.16
(b) Capital work-in-progress	2	435.28	540.52
(c) Investment property	3	0.32	0.32
(d) Intangible assets	4	161.66	140.10
(e) Intangible assets under development	4	27.32	15.25
(f) Financial assets			
(i) Investments	5	3,597.24	3,647.71
(ii) Loans	6	233.13	215.75
(iii) Other financial assets	7	40.86	57.08
(g) Advance tax (net)		283.42	192.24
(h) Deferred tax assets (net)	8	46.80	59.54
(i) Other non-current assets	9	172.40	298.21
		9,156.80	9,261.88
(2) Current assets			
(a) Inventories	10	3,037.98	2,653.50
(b) Financial assets			
(i) Investments	11	1,039.74	638.18
(ii) Trade receivables	12	2,336.32	1,938.79
(iii) Cash and cash equivalents	13	217.45	44.60
(iv) Bank balances other than cash and cash equivalents	14	10.08	13.86
(v) Loans	15	17.74	9.53
(vi) Other financial assets	16	470.71	423.42
(c) Other current assets	17	808.15	623.46
		7,938.17	6,345.34
Total assets		17,094.97	15,607.22
Equity and liabilities			
(1) Equity			
(a) Share capital	18	161.02	160.90
(b) Other equity	19	13,952.50	12,639.61
		14,113.52	12,800.51
(2) Share application money, pending allotment	19	-	0.00
(3) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	-	0.07
(ii) Other financial liabilities	21	50.11	45.06
(b) Provisions	22	124.45	125.61
(c) Other non-current liabilities	23	75.19	80.14
		249.75	250.88
(4) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	174.43	324.26
(ii) Trade payables	24	1,580.02	1,298.21
(iii) Other current financial liabilities	25	273.07	440.75
(b) Other current liabilities	26	306.00	229.83
(c) Provisions	22	398.18	262.78
		2,731.70	2,555.83
Total equity and liabilities		17,094.97	15,607.22
Significant accounting policies and key accounting estimates and judgements	1		
The accompanying notes form an integral part of these standalone financial statements.	2-52		

As per our report of even date

 For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Reg. No. 001076N/N500013

Ashish Gupta

Partner

Membership No. 504662

 New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra

Managing Director and

Global Chief Executive Officer

Kedar Upadhye

Global Chief Financial Officer

Samina Vaziralli

Executive

Vice-Chairperson

Rajendra Chopra

Company Secretary

 Mumbai, 22nd May, 2018

Standalone Statement of Profit and Loss

for the year ended 31st March, 2018

₹ in Crore

Particulars	Notes	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(1) Revenue from operations			
(a) Revenue from sale of products	27	11,004.44	10,637.08
(b) Other operating income	28	440.37	337.50
		11,444.81	10,974.58
(c) Other income	29	334.88	129.85
		11,779.69	11,104.43
(2) Expenditure			
(a) Cost of materials consumed	30	3,303.31	2,956.04
(b) Purchases of stock-in-trade	31	1,064.23	1,128.99
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	32	(212.05)	56.27
(d) Employee benefits expense	33	1,785.94	1,728.97
(e) Finance costs	34	11.90	39.20
(f) Depreciation, impairment and amortisation expense	35	529.61	499.97
(g) Other expenses	36	3,307.83	3,256.64
(h) Impairment of investment	37	-	251.41
		9,790.77	9,917.49
(3) Profit before exceptional items and tax		1,988.92	1,186.94
(4) Exceptional items	50	77.52	-
(5) Profit before tax		1,911.40	1,186.94
(6) Tax expense (net)	8		
(a) Current tax		431.33	311.06
(b) Deferred tax charge/(credit)		11.55	(99.06)
(7) Profit for the year		1,468.52	974.94
(8) Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of post-employment benefit obligation	41(g)	2.71	10.60
(ii) Income tax relating to these items		(0.94)	(3.67)
(b) Items that will be reclassified to profit or loss			
(i) Gains/(losses) on cash flow hedge		0.72	-
(ii) Income tax relating to these items		(0.25)	-
Other comprehensive income for the year		2.24	6.93
(9) Total comprehensive income for the year		1,470.76	981.87
(10) Earnings per equity share of face value of ₹ 2 each	49		
Basic (in ₹)		18.25	12.13
Diluted (in ₹)		18.22	12.11
Significant accounting policies and key accounting estimates and judgements	1		
The accompanying notes form an integral part of these standalone financial statements.	2-52		

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No. 001076N/N500013

Ashish Gupta

Partner

Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra

Managing Director and
Global Chief Executive Officer

Kedar Upadhye

Global Chief Financial Officer

Samina Vaziralli

Executive
Vice-Chairperson

Rajendra Chopra

Company Secretary

Mumbai, 22nd May, 2018

Standalone Statement of Changes in Equity

for the year ended 31st March, 2018

₹ in Crore

(a) Equity share capital (refer note 18)	As at 31 st March, 2018	As at 31 st March, 2017
Balance at the beginning of the year	160.90	160.68
Changes in equity share capital during the year on exercise of employee stock options scheme (ESOSs)	0.12	0.22
Balance at the end of the year	161.02	160.90

₹ in Crore

(b) Other equity (refer note 19)	Attributable to the owners of the Company					Other reserve	Total equity
	Reserves and surplus						
	Capital reserve	Securities premium reserve	General reserve	Employee stock options reserve	Retained earnings		
Balance as at 1 st April, 2016	0.08	1,449.28	3,141.43	89.41	7,145.00	-	11,825.20
Profit for the year	-	-	-	-	974.94	-	974.94
Other comprehensive income	-	-	-	-	6.93	-	6.93
Payment of dividend (including tax on dividend) (refer note 48)	-	-	-	-	(193.58)	-	(193.58)
Exercise of ESOSs	-	55.96	-	(44.20)	-	-	11.76
Share based payments	-	-	0.17	14.19	-	-	14.36
Balance as at 31 st March, 2017	0.08	1,505.24	3,141.60	59.40	7,933.29	-	12,639.61
Profit for the year	-	-	-	-	1,468.52	-	1,468.52
Other comprehensive income	-	-	-	-	1.77	0.47	2.24
Payment of dividend (including tax on dividend) (refer note 48)	-	-	-	-	(189.27)	-	(189.27)
Exercise of ESOSs	-	36.91	-	(36.91)	-	-	-
Share based payments	-	-	0.13	31.27	-	-	31.40
Balance as at 31 st March, 2018	0.08	1,542.15	3,141.73	53.76	9,214.31	0.47	13,952.50

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
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Global Chief Financial Officer

Mumbai, 22nd May, 2018

Samina Vaziralli
Executive
Vice-Chairperson

Rajendra Chopra
Company Secretary

Standalone Statement of Cash Flows

for the year ended 31st March, 2018

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Cash flow from operating activities		
Profit before tax	1,911.40	1,186.94
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, impairment and amortisation expense	529.61	499.97
Impairment of investment	-	251.41
Interest expense	11.90	39.20
Unrealised foreign exchange (gains)/losses (net)	(2.20)	(4.58)
Expense on employee stock option scheme (ESOSs)	31.40	22.18
Allowances and bad debts written off (net)	32.73	41.12
Interest income	(27.87)	(27.67)
Dividend income	(147.23)	(11.30)
Fair value gain on financial instruments at fair value through profit or loss	(2.07)	(2.44)
Net gain on sale of current investments	(63.35)	(44.52)
Net gain on sale/buy-back of non-current investments	(15.36)	-
Net (gain)/loss on sale/disposal of property, plant and equipment	(12.15)	16.83
Rent income	(1.39)	(1.60)
Operating profit before working capital changes	2,245.42	1,965.54
Adjustments for :		
Decrease/(increase) in inventories	(384.48)	264.97
(Increase) in trade and other receivables	(636.93)	(116.92)
Increase in trade payables and other liabilities	415.03	425.07
Working capital adjustments	(606.38)	573.12
Cash generated from operations	1,639.04	2,538.66
Income taxes paid (including tax deducted at source)	(522.51)	(331.27)
Net cash flow from operating activities	1,116.53	2,207.39
Cash flow from investing activities		
Purchase of property, plant and equipment, intangibles and capital work-in-progress	(533.20)	(958.77)
Proceeds from sale of property, plant and equipment	51.61	10.44
Investment in subsidiaries	(37.39)	(236.12)
Proceeds from sale/buy-back of investment in subsidiaries	103.23	-
(Purchase)/ sale of current investments (net)	(336.13)	(51.70)
Bank deposit having original maturity more than three months	0.13	0.76
Interest received	7.72	8.99
Dividend received from subsidiaries	145.09	11.30
Dividend received from current investment	2.14	0.00
Dividend received from non-current investment	0.00	-
Rent received	1.39	1.60
Loans repaid by subsidiaries/others	3.25	22.25
Net cash flow used in investing activities	(592.16)	(1,191.25)

Standalone Statement of Cash Flows

for the year ended 31st March, 2018

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.12	11.96
Proceeds/ (repayment) from current borrowings (net)	(149.84)	(797.10)
Repayment of non-current borrowings	(0.07)	(0.07)
Interest paid	(11.90)	(32.04)
Dividend paid	(160.94)	(160.84)
Tax paid on dividend	(28.33)	(32.71)
Net cash flow used in financing activities	(350.96)	(1,010.80)
Net increase in cash and cash equivalents	173.41	5.34
Cash and cash equivalents at the beginning of the year	44.60	39.76
Exchange difference on translation of foreign currency cash and cash equivalents	(0.56)	(0.50)
Cash and cash equivalents at the end of the year (refer note 13)	217.45	44.60

Note:

The above cash flow statement has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS-7)-Statement of Cash Flows.

Reconciliation of Financing Activities

₹ in Crore

Particulars	As at 31 st March, 2017	Cashflows	Non cash changes			As at 31 st March, 2018
			Acquisition	Foreign exchange movement	Fair value changes	
Long term borrowings	0.07	(0.07)	-	-	-	-
Short term borrowings	324.26	(149.84)	-	0.01	-	174.43
Current maturity of long term borrowings	0.07	-	-	-	-	0.07
Total	324.4	(149.91)	-	0.01	-	174.5

The accompanying notes form an integral part of these standalone financial statements.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
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Kedar Upadhye
Global Chief Financial Officer

Mumbai, 22nd May, 2018

Samina Vaziralli
Executive
Vice-Chairperson

Rajendra Chopra
Company Secretary

Notes to the Standalone Financial Statements

Corporate information

Cipla Limited ("Cipla" or "the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Cipla is a global pharmaceutical company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Company has its wide network of operations in local as well foreign markets.

Note 1: Significant accounting policies and key accounting estimates and judgements

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the financial statements.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investment and derivative instruments), defined benefit plans, plan assets and share-based payments. The financial statements are presented in Indian Rupee and all values are rounded to the nearest Crore or decimal thereof, except when otherwise indicated. Amount less than ₹ 50,000 is presented as ₹ 0.00 Crore.

1.2 Use of estimates and judgements

The preparation of financial statements requires management of the Company to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of tangible and intangible assets, valuation of inventories, sales return, employee costs, assessments of recoverable amounts of deferred tax assets and cash generating units, provisions against litigations and contingencies. 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.

1.3 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as upto 12 months for the purpose of current/non-current classification of assets and liabilities.

1.4 Property, plant and equipment

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. The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2015 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

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

Notes to the Standalone Financial Statements

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.

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.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition 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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.5 Intangible assets

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognised in the profit or loss in the period in which the such expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the profit or loss.

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Marketing intangibles, Trademarks, Technical Know-How and Brands 2-10 years.
- Computer software 3 years.

1.6 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 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 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 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

1.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered

Notes to the Standalone Financial Statements

an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss.

1.8 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.

1.9 Foreign currency transactions and balances

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.10 Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores, spares and consumables, Work-in-process, Stock-in-trade and finished goods are valued at lower of cost and net realisable value.

Finished goods and work-in-process include costs of raw material, labour, conversion costs and other related costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined on a weighted moving average basis.

1.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

Government grants that are receivable on satisfying export or revenue conditions with no future related cost are recognised in profit or loss in the period such conditions are met.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

1.12 Revenue recognition

(i) Sale of goods and rendering of services

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns and other allowances including (trade discounts and volume rebates). Accrual for sales returns and other allowances are provided at the point of sale based upon past experience. Adjustments to such returns and other allowances are made as new information becomes available. Revenue includes only the gross inflows of economic benefits, including excise duty (up to 30th June, 2017), received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and goods and service tax (GST) are excluded from revenue.

Profit sharing revenues are generally recognised under the terms of a license and supply agreement in the period such amounts can be reliably measured and collectability is reasonably assured.

Notes to the Standalone Financial Statements

Revenue from sale of goods is recognised when the following conditions are satisfied:

The Company has transferred the significant risks and rewards of ownership of the goods to the buyer;

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;

The amount of revenue can be measured reliably;

Revenue resulting from the achievement of milestone events stipulated in agreements is recognised when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

Other operating revenue is recognised on accrual basis.

(ii) 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.

(iii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

1.13 Employee benefits

(i) Short term employee benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

Post retirement contribution plans such as Employees' Pension Scheme and Employees'

Provident Fund (for employees other than those who are covered under Employees' Provident Fund Trust) are charged to the profit or loss for the year when the contributions to the respective funds accrue.

(ii) Defined benefit plan

Post retirement benefit plans such as gratuity and provident fund are 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.

(iii) Gratuity obligations

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Other benefit plan

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary.

Notes to the Standalone Financial Statements

(v) Termination benefits

Termination benefits are recognised in the profit or loss when:

- the Company has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

1.14 Share-based employee remuneration

The Company operates equity-settled share-based remuneration plans for its employees.

For cash settled share based payments a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled and at the date of settlement the fair value is remeasured with any changes in fair value is recognised in profit or loss for the year.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date. Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the

number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as securities premium.

1.15 Taxes

Income tax expense comprises of current tax expense and deferred tax charged/credit. 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.

(ii) Deferred tax:

Deferred tax is recognised using the 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,

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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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

1.16 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value

of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised under finance costs in the profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the profit or loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

1.19 Provisions

Provisions for legal claims, chargebacks and sales returns 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

Notes to the Standalone Financial Statements

resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

1.22 Fair value measurement

The Company measures financial instruments at fair value at each reporting date.

1.23 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

Initial recognition and measurement

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. 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.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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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.

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.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

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 derecognised 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.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or

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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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(iii) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts and 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 a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(iv) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The Company classifies its forward contract that hedge foreign currency risk associated as cash flow hedges and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'Other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects Statement of Profit and Loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain / loss at that time remains in equity until the forecast transaction occurs, when the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to profit or loss within other income.

1.24 Key accounting estimates and judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures,

and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements

(i) Leases

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used appendix C of Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- . fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- . the arrangement conveys a right to use the asset.

(ii) Deferred income taxes

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(iii) Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs

Notes to the Standalone Financial Statements

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.

Estimates

(i) Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

(ii) Current income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Sales 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.

(iv) Expected credit loss

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables and lease receivables.
- ii Financial assets measured at amortised cost (other than trade receivables and lease receivables).
- iii Financial assets measured at fair value through other comprehensive income (FVTOCI).

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

(v) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. 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.

(vi) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Notes to the Standalone Financial Statements

(vii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

1.25 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the changes in the opening

equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date. On transition, the effect of this change is not expected to be material for the Company.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies ("Indian Accounting Standards") Amended Rules 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- (i) **Retrospective approach** - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- (ii) **Retrospectively with cumulative effect** of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach)

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to the Standalone Financial Statements

Note 2: Property, plant and equipment

₹ in Crore

Particulars	Freehold land	Leasehold land	Buildings and flats	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block								
Balance as at 1 st April, 2016	32.74	21.58	1,675.57	2,249.16	76.43	56.17	4.95	4,116.60
Additions for the year	6.41	1.23	204.60	623.21	19.85	19.52	1.22	876.04
Deletions and adjustments during the year	-	-	0.89	38.55	1.94	1.52	0.35	43.25
Balance as at 31 st March, 2017	39.15	22.81	1,879.28	2,833.82	94.34	74.17	5.82	4,949.39
Additions for the year	-	-	95.85	466.58	7.98	12.30	0.41	583.12
Deletions and adjustments during the year	-	-	5.55	57.54	1.21	0.23	0.32	64.85
Balance as at 31 st March, 2018	39.15	22.81	1,969.58	3,242.86	101.11	86.24	5.91	5,467.66
Depreciation and impairment								
Accumulated balance as at 1 st April, 2016	-	0.23	47.42	334.64	14.44	16.68	0.91	414.32
Depreciation charge for the year	-	0.25	52.25	355.10	12.97	15.71	0.88	437.16
Impairment charge for the year	-	-	-	18.74	-	-	-	18.74
Deletions and adjustments during the year	-	-	0.03	13.77	1.18	0.92	0.09	15.99
Accumulated balance as at 31 st March, 2017	-	0.48	99.64	694.71	26.23	31.47	1.70	854.23
Depreciation charge for the year	-	0.25	58.58	394.95	11.83	13.95	0.89	480.45
Deletions and adjustments during the year	-	-	0.35	23.98	0.79	0.14	0.13	25.39
Accumulated balance as at 31 st March, 2018	-	0.73	157.87	1,065.68	37.27	45.28	2.46	1,309.29
Net block								
As at 31 st March, 2018	39.15	22.08	1,811.71	2,177.18	63.84	40.96	3.45	4,158.37
As at 31 st March, 2017	39.15	22.33	1,779.64	2,139.11	68.11	42.70	4.12	4,095.16

- 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 ₹ 63.37 Crore (31st March, 2017 ₹ 119.34 Crore) used for research and development.

Details of capital work-in-progress

₹ in Crore

	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance	540.52	512.81
Additions during the year	465.17	428.17
Capitalised during the year	(570.41)	(391.33)
Impairment during the year	-	(9.13)
Closing balance	435.28	540.52

Notes to the Standalone Financial Statements

Note 3: Investment property

₹ in Crore	
Particulars	Amount
Gross block	
Balance as at 1 st April, 2017	0.33
Balance as at 31 st March, 2018	0.33
Accumulated depreciation	
Balance as at 1 st April, 2017	0.01
Depreciation	0.00
Net block	
As at 31 st March, 2018	0.32
As at 31 st March, 2017	0.32
Fair value	
As at 31 st March, 2018	1.81
As at 31 st March, 2017	1.40

- Rental income recognised in statement of profit or loss for investment property amounting of ₹ 0.09 Crore (previous year ₹ 0.09 Crore)

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities etc.

This value is based on guidance value notified by local authority. The fair value measurement is categorised in level 2 fair value hierarchy.

Note 4: Intangible assets

₹ in Crore						
Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
Gross block						
Balance as at 1st April, 2016	110.76	24.27	4.66	10.45	1.08	151.22
Additions for the year	51.20	-	-	-	-	51.20
Deletions and adjustment during the year	-	-	-	-	-	-
Balance as at 31st March, 2017	161.96	24.27	4.66	10.45	1.08	202.42
Additions for the year	23.57	47.15	-	-	-	70.72
Balance as at 31st March, 2018	185.53	71.42	4.66	10.45	1.08	273.14
Amortisation and impairment						
Accumulated balance as at 1st April, 2016	21.16	5.02	0.51	0.58	0.12	27.39
Amortisation charge for the year	27.71	5.02	0.93	1.05	0.22	34.93
Accumulated balance as at 31st March, 2017	48.87	10.04	1.44	1.63	0.34	62.32
Amortisation charge for the year	33.89	13.07	0.93	1.05	0.22	49.16
Accumulated balance as at 31st March, 2018	82.76	23.11	2.37	2.68	0.56	111.48
Net book value						
As at 31st March, 2018	102.77	48.31	2.29	7.77	0.52	161.66
As at 31st March, 2017	113.09	14.23	3.22	8.82	0.74	140.10

Details of intangible assets under development

₹ in Crore		
	As at 31 st March, 2018	As at 31 st March, 2017
Opening Balance	15.25	37.91
Additions during the year	82.37	12.77
Capitalised during the year	(70.30)	(35.43)
Closing Balance	27.32	15.25

Notes to the Standalone Financial Statements

Note 5: Non-current investments

₹ in Crore				
Particulars	No. of units	As at 31 st March, 2018	No. of units	As at 31 st March, 2017
Investments in equity instruments				
(Unquoted)				
I. Subsidiaries - carried at cost				
Equity shares of Cipla FZE of AED 10,00,000 each, fully paid *	-	-	15	18.69
Equity shares of Goldencross pharma pvt. Ltd. of Rs. 10 each, fully paid	45,966	191.12	45,966	191.12
Equity shares of Meditab specialities pvt. Ltd. of Rs. 1 each, fully paid	61,72,237	158.42	61,72,237	158.42
Meditab specialities pvt. Ltd. (equity component of inter corporate deposits)	-	107.50	-	107.50
Ordinary shares of Cipla (Mauritius) Ltd. of USD 1 each, fully paid	1,60,00,000	96.09	2,15,50,001	129.42
Shares of Cipla (EU) Ltd. of GBP 1 each, fully paid	2,90,00,000	282.10	2,70,00,000	264.70
Ordinary shares of Cipla medpro South Africa (proprietary) Ltd. of 0.1 cent each, fully paid	45,07,40,684	2,081.09	45,07,40,684	2,081.09
Shares of Cipla holding B.V. of EUR 100 each, fully Paid	2,15,367	172.69	2,15,367	172.69
Equity shares of Cipla BioTec pvt. Ltd. of Rs. 10 each, fully paid	25,87,08,433	124.20	24,69,48,959	104.21
Shares of Saba investment Ltd. of USD 1 each, fully paid	1,74,27,511	230.79	2,01,33,633	266.63
Equity shares of Jay precision pharmaceuticals pvt. Ltd. of Rs. 10 each, fully paid	24,06,000	96.24	24,06,000	96.24
Equity shares of Cipla health Ltd. of Rs. 10 each, fully paid	14,40,208	57.00	14,40,208	57.00
II. Other investments - carried at fair value through profit and loss (FVTPL)				
Equity shares of The Saraswat co-operative bank Ltd. of ₹ 10 each, fully paid ₹ 10,000 (31 st March, 2017- ₹ 10,000)	1,000	0.00	1,000	0.00
Investments in Government and trust securities - carried at cost				
National savings certificates ₹ 41,000 (31 st March, 2017- ₹ 41,000)		0.00		0.00
		3,597.24		3,647.71
Aggregate amount of unquoted investments		3,597.24		3,647.71

* In the process of liquidation as on 31st March, 2018.

Notes to the Standalone Financial Statements

Note 6: Non-current financial assets - Loans

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	33.03	32.55
Considered doubtful	0.88	-
Less: Allowance for doubtful	(0.88)	-
Loans to subsidiaries (refer note 42 and 45)	200.10	183.20
	233.13	215.75

Note 7: Non-current financial assets - Others

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Fixed deposits as margin money (remaining maturity more than 12 months)*	3.80	3.66
Capital subsidy receivable	37.06	33.08
Derivative - carried at fair value	-	20.34
	40.86	57.08

*Amount held as margin money under lien to tax authority and electricity department.

Note 8: Tax expenses

The major components of income tax expense for the years ended 31st March, 2018 and 31st March, 2017 are:

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Statement of profit and loss		
Profit or loss section		
Current income tax charge	431.33	311.06
MAT credit utilisation /entitlement	13.04	(181.23)
Adjustments in respect of deferred tax of previous year	1.08	-
Deferred tax on account of temporary differences	(2.57)	82.17
	442.88	212.00
OCI section - tax related to items recognised in OCI during the year:		
Income tax relating to re-measurements gain on defined benefit plans	0.94	3.67
Income tax relating to cash flow hedge	0.25	-
	1.19	3.67

Notes to the Standalone Financial Statements

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2017:

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Accounting profit before income tax	1,911.40	1,186.94
At India's statutory income tax rate of 34.608 % (31 st March, 2017: 34.608%)	661.50	410.78
Effect of prior year adjustments	1.08	16.64
Effect of weighted deductions and exemption	(282.24)	(316.88)
Effect of non-deductible expenses for tax purpose	44.25	13.75
Effect of impairment of investment	-	87.01
Others	15.38	2.65
Effect of differential tax rate impact	2.91	(1.95)
Income tax expense reported in the profit or loss	442.88	212.00
Effective income tax rate	23.17%	17.86%

Deferred tax:

Deferred tax relates to the following:

₹ in Crore

Particulars	Balance sheet		Profit and loss		Other Comprehensive Income	
	As at 31 st March, 2018	As at 31 st March, 2017	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Property, plant and equipment and intangible assets	(515.08)	(490.92)	24.16	60.92	-	-
Employment benefits	50.95	49.77	(2.12)	23.68	0.94	3.67
Others	14.54	11.64	(3.15)	3.22	0.25	-
Provision for doubtful debts	52.49	45.07	(7.42)	(11.37)	-	-
Deferred revenue	26.09	28.28	2.19	2.45	-	-
Provision for right of return/ discounts and others	66.71	51.56	(15.15)	3.27	-	-
MAT credit entitlement	351.10	364.14	13.04	(181.23)	-	-
Deferred tax expense/ (income) in the profit or loss	-	-	11.55	(99.06)	1.19	3.67
Deferred tax assets/ (liabilities) (net)	46.80	59.54	-	-	-	-

Reflected in the balance sheet as follows:

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Deferred tax assets	561.88	550.46
Deferred tax liabilities	(515.08)	(490.92)
Deferred tax assets/ (liabilities) (net)	46.80	59.54

Notes to the Standalone Financial Statements

Reconciliation of deferred tax assets/ (liabilities) (net):

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance as of 1 st April	59.54	(35.85)
Tax income/ (expense) during the period recognised in statement of profit and loss	(11.55)	99.06
Tax income/(expense) during the period recognised in OCI	(1.19)	(3.67)
Closing balance	46.80	59.54

Note 9: Other non-current assets

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good #	0.78	4.69
Unsecured, considered good *	94.10	212.30
Deferred lease assets	36.79	38.27
Prepaid expenses	2.35	1.90
VAT receivable	38.38	41.05
	172.40	298.21
# Secured against bank guarantees.		
* Includes amount paid to wholly owned subsidiary - Meditab Specialities Pvt. Ltd. (refer note 42)	55.74	55.74

Note 10: Inventories

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Lower of cost and net realisable value)		
Raw materials and packing materials (Includes goods-in- transit ₹ 36.63 Crore (previous year ₹ 5.12 Crore)	1,285.05	1,111.95
Work-in-progress (Includes goods-in- transit ₹ 19.55 Crore (previous year ₹ 12.88 Crore)	729.73	544.95
Finished goods (Includes goods-in- transit ₹ 56.21 Crore (previous year ₹ 93.96 Crore)	700.38	680.12
Stock-in-trade (Includes goods-in- transit ₹ 8.70 Crore (previous year ₹ 18.77 Crore)	289.02	282.01
Stores, spares and consumables	33.80	34.47
	3,037.98	2,653.50

The Company recorded inventory write down (net) of ₹ 152.28 Crore (31st March, 2017 ₹ 180.83 Crore). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock -in- trade in the statement of profit or loss.

Note 11: Current investments

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Investment in mutual funds (unquoted) (Carried at fair value through profit or loss)	1,039.74	638.18
	1,039.74	638.18
Aggregate amount of unquoted investments	1,039.74	638.18

Notes to the Standalone Financial Statements

Note 12: Trade receivables

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good #	2,336.32	1,938.79
Unsecured, considered doubtful	143.15	130.24
Less: Allowance for doubtful debts	(143.15)	(130.24)
	2,336.32	1,938.79

#Includes amount due from related parties. (refer note 42)

633.71 605.06

-Trade receivable are interest and non-interest bearing and are generally upto 180 days term.

-For aging analysis of trade receivables, refer to note 46.

Note 13: Cash and cash equivalents

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Balances with banks		
In current accounts	207.89	43.97
In fixed deposits (original maturity less than 3 months)	0.20	-
Remittance in transit	8.84	-
Cash on hand	0.52	0.63
	217.45	44.60

Note 14: Bank balance other than cash and cash equivalents

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Bank deposits (original maturity between 3 months and 12 months)	-	3.78
Balance earmarked for unclaimed dividend*	10.08	10.08
	10.08	13.86

* The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

Note 15: Current financial assets - Loans

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised Cost, except otherwise stated)		
Deposits with body corporates and others		
Unsecured, considered good	11.45	-
Unsecured, considered doubtful	2.25	2.25
Less: Allowance for doubtful	(2.25)	(2.25)
	11.45	-
Loan to employees	6.29	9.53
	17.74	9.53

Notes to the Standalone Financial Statements

Note 16: Current financial assets - Others

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	203.90	216.55
Deposit (refer note 40 B)	175.08	175.08
Derivative - carried at fair value	32.65	-
Fixed deposits (having remaining maturity less than 12 months) #	3.52	-
Inter-company receivables (refer note 42)	32.75	22.86
Other receivables		
Considered good	22.81	8.93
Considered doubtful	3.93	0.46
Less: allowance for doubtful advances	(3.93)	(0.46)
	470.71	423.42

Amount held as margin money to government authority.

Note 17: Other current assets

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Advances to suppliers	126.49	111.23
Prepaid expenses	41.99	33.39
Balances with statutory/ revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	639.57	478.82
Others	0.10	0.02
	808.15	623.46

Note 18: Share capital

₹ in Crore				
Particulars	Numbers	As at 31 st March, 2018	Numbers	As at 31 st March, 2017
Authorised				
Equity shares of ₹ 2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		175.00		175.00
Issued *				
Equity shares of ₹ 2/- each	80,51,19,164	161.02	80,55,13,469	161.10
		161.02		161.10
Subscribed and Paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,51,19,164	161.02	80,45,10,074	160.90
		161.02		160.90

*The Board of Directors of the Company at its meeting held on 7th February 2018, approved cancellation of the unsubscribed portion of the issued capital of the Company representing 10,03,395 equity shares of ₹ 2/- each aggregating to ₹ 0.20 Crore, effective from 8th February, 2018.

Notes to the Standalone Financial Statements

- Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
No. of shares outstanding at the beginning of the period	80,45,10,074	80,33,84,282
Add: Allotment of equity shares on exercise of employee stock options	6,09,090	11,25,792
No. of shares outstanding at the end of the period	80,51,19,164	80,45,10,074

- Details of shareholders holding more than 5 percent shares in the Company

	As at 31 st March, 2018		As at 31 st March, 2017	
	Number of shares	% of Holdings	Number of shares	% of Holdings
Dr Y. K. Hamied	16,67,42,687	20.71%	16,67,42,687	20.73%
Ms Sophie Ahmed	4,59,82,000	5.71%	4,59,82,000	5.72%
ICICI Prudential Mutual Fund	3,11,49,240	3.87%	4,11,90,092	5.12%
Life Insurance Corporation of India	2,61,22,794	3.24%	4,53,25,137	5.63%

- Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

- The Company does not have any holding company.

- Equity shares reserved for issue under employee stock options

Refer note 43 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes.

Note 19: Other equity

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Capital reserve	0.08	0.08
Securities premium reserve	1,542.15	1,505.24
General reserve	3,141.73	3,141.60
Employee stock options reserve	53.76	59.40
Hedge reserve	0.47	-
Retained earnings	9,214.31	7,933.29
	13,952.50	12,639.61

Share application money pending allotment

- Nil as at 31st March, 2018 (as at 31st March, 2017 is ₹ 11,172).

Notes to the Standalone Financial Statements

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. These 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.

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.

Employee stock options reserve

Companies has established various equity settled share based payments plan for certain categories of employee of the Company.

Note 20: Financial liabilities -Borrowings

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(a) Non-current		
(Carried at amortised cost, except otherwise stated)		
Unsecured loan		
Deferred sales tax loan *	-	0.07
	-	0.07

*Sales tax deferral loan is interest free and repayable by 2018-19 and shown under current maturities of long term borrowings as per repayment schedule.

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(b) Current		
Loans repayable on demand from banks		
Unsecured loans		
Packing credit from banks	142.54	324.25
Buyers' credit	31.89	-
Bank overdraft	-	0.01
	174.43	324.26

Note 21: Other financial liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Security deposits	50.11	45.06
	50.11	45.06

Note 22: Provisions

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Non-current		
Provision for employee benefits [refer note 41]	124.45	125.61
	124.45	125.61
Current		
Provision for employee benefits [refer note 41]	113.34	98.96
Provision for right of return/discounts and others	190.90	148.97
Provision for litigation - DPCO	93.94	14.85
	398.18	262.78

Notes to the Standalone Financial Statements

Note 22: Provisions (Contd..)

Particulars	₹ in Crore	
	Provision for litigation - DPCO	Provision for right of return/ discounts and others
At 1st April, 2016	13.27	158.41
Provided during the year	1.58	77.79
Utilised	-	(87.23)
At 31st March, 2017	14.85	148.97
Provided during the year (refer note 50)	79.09	83.40
Utilised	-	(41.47)
At 31st March, 2018	93.94	190.90

Note 23: Other non-current liabilities

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Deferred Government grant	7.60	5.48
Deferred revenue	67.59	74.66
	75.19	80.14

Note 24: Trade payables

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Due to micro and small enterprises	18.38	36.91
Others	1,561.64	1,261.30
	1,580.02	1,298.21

There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2018, and no interest

payment made during the year to any Micro and Small Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 25: Other financial liabilities - Current

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Current maturities of non-current borrowings		
Deferred sales tax loans	0.07	0.07
Unclaimed dividend*	10.08	10.08
Security deposits	1.65	1.61
Capital creditors	71.26	165.90
Employee dues	86.67	82.67
Derivative liabilities - carried at fair value	2.00	-
Outstanding liabilities	101.34	180.42
	273.07	440.75

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

Note 26: Other current liabilities

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Advance from customers	204.80	169.50
Other payables:		
Statutory dues	92.50	51.71
Deferred government grant	1.63	1.39
Deferred revenue	7.07	7.07
Others	-	0.16
	306.00	229.83

Notes to the Standalone Financial Statements

Note 27: Revenue from sale of products

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Sale of products (refer note 51 (i))	11,004.44	10,637.08
	11,004.44	10,637.08

Note 28: Other operating income

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Rendering of services	66.94	36.44
Export incentives	137.23	162.31
Technical know-how and licensing fees	54.50	52.02
Scrap sales	29.44	26.53
Sale of ANDA and other product license	85.42	-
Miscellaneous other operating income	66.84	60.20
	440.37	337.50

Note 29: Other income

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest income -		
Subsidiaries - carried at amortised cost	20.20	20.33
Others - carried at amortised cost	7.67	7.34
Dividend income -		
Subsidiaries - carried at amortised cost	145.09	11.30

Note 29: Other income (Contd..)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Non-current investments - carried at amortised cost	0.00	-
Current investments - carried at fair value	2.14	-
Government grants \$	1.61	1.39
Net gain on foreign currency transaction and translation	24.81	-
Net gain on sale of investment -		
Current investments - carried at FVTPL	63.35	44.52
Non-current investments - (subsidiaries)	15.36	-
Fair value gain on financial instruments at fair value through profit or loss	2.07	2.44
Net gain on disposal of property, plant and equipments	12.15	-
Sundry balance written back	-	5.77
Insurance claims	3.66	5.33
Rent income	1.39	1.60
Other non-operating income	35.38	29.83
	334.88	129.85

\$ 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.

Notes to the Standalone Financial Statements

Note 30: Cost of materials consumed

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Semi finished goods consumed	1,322.84	1,079.06
Raw material consumed	1,062.08	870.94
Packing material consumed	882.64	878.54
Cost of material supplied - others	35.75	127.50
Total consumption	3,303.31	2,956.04

Note 31: Purchases of stock-in-trade

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Purchase of stock-in-trade	1,064.23	1,128.99
	1,064.23	1,128.99

Note 32: Changes in Inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening stock		
Work-in-progress	544.95	762.20
Finished goods	680.12	602.57
Stock-in-trade	282.01	198.58
	1,507.08	1,563.35
Less: Closing stock (refer note 10)		
Work-in-progress	729.73	544.95
Finished goods	700.38	680.12
Stock-in-trade	289.02	282.01
	1,719.13	1,507.08
(Increase)/decrease	(212.05)	56.27

Note 32: Changes in Inventories of finished goods, work-in-progress and stock-in-trade (Contd..)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Movement of (increase)/decrease in inventories		
Work-in-progress	(184.78)	217.25
Finished goods	(20.26)	(77.55)
Stock-in-trade	(7.01)	(83.43)
	(212.05)	56.27

Note 33: Employee benefits expenses

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Salaries and wages	1,582.96	1,540.14
Contribution to provident and other funds (refer note 41)	100.11	109.71
Expense on employee stock option scheme (refer note 43) *	31.40	22.18
Staff welfare expenses	71.47	56.94
	1,785.94	1,728.97

* - ESOP charges are net of recovery of ₹ 0.05 Crore from subsidiaries. (Previous year ₹ 7.96 Crore charged to subsidiaries).

Note 34: Finance costs

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest expense	11.90	39.20
	11.90	39.20

Notes to the Standalone Financial Statements

Note 35: Depreciation, impairment and amortisation expense

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Depreciation on property, plant and equipment (refer note 2)	480.45	437.16
Impairment of property, plant and equipment (refer note 2)	-	27.87
Depreciation on investment properties (refer note 3)	0.00	0.01
Amortisation of intangible assets (refer note 4)	49.16	34.93
	529.61	499.97

Note 36: Other expenses

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Manufacturing expenses	475.13	443.37
Stores and spares	119.63	94.14
Repairs and maintenance of:		
Buildings	28.00	34.72
Plant and equipment	72.78	63.84
Insurance	16.07	16.49
Rent	50.95	56.76
Rates and taxes	26.09	26.98
Power and fuel	239.01	206.28
Travelling and conveyance	266.26	239.12
Sales promotion expenses	269.67	231.90
Commission on sales	246.35	234.41
Freight and forwarding	162.07	157.82
Allowances and bad debts written off (net)	32.73	41.12
Loss on foreign exchange fluctuation (net)	-	13.30

Note 36: Other expenses (Contd..)

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Contractual services	155.69	163.55
Non-executive directors' remuneration	9.07	6.90
Postage and telephone expenses	34.23	31.54
Legal and Professional fees	430.50	395.26
Payment to auditors		
Audit fee	1.21	1.22
Taxation matters	0.08	0.05
For other services	0.11	0.29
Reimbursement of expenses	0.00	0.04
Net loss on sale/ disposal of property, plant and equipment	-	16.83
CSR expenditure (refer Note 47)	32.20	28.25
Donations [®]	9.09	0.04
Research - clinical trials, samples and grants	273.46	280.03
Excise duty (refer note 51(i))	54.91	206.09
Miscellaneous expenses	302.54	266.30
	3,307.83	3,256.64

[®] Includes ₹ 9.00 Crore (Previous year ₹ nil) towards political contribution.

Note 37: Impairment of investment

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Impairment of investment*	-	251.41
	-	251.41

* The Company's wholly owned subsidiary Cipla BioTec Pvt. Ltd. had decided to reposition the Biotechnology business to explore new business development opportunities including in-licensing to de-risk future investments in the segment without solely relying on in-house development. Accordingly, the Company had re-assessed the carrying value of investment in Cipla BioTec Pvt. Ltd. and recorded impairment charge of ₹ 251.41 Crore during the previous year ended 31st March, 2017.

Notes to the Standalone Financial Statements

Note 38: Research and development expenditure (R &D)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
The amount of expenditure as shown in the respective heads of account is as under:		
R&D capital expenditure (Gross)		
Building	5.56	8.64
Assets other than building	57.81	110.70
	63.37	119.34
Less: Realisation on sale of R&D assets		
Assets other than building	0.09	0.20
	0.09	0.20
	63.28	119.14
R&D revenue expenditure charged to the Profit or Loss		
Materials consumed	243.73	261.51
Employee benefits expenses	196.57	183.08
Power and fuel	24.52	24.77
Repairs and maintenance	25.18	25.46
Manufacturing expenses	19.58	17.75
Professional fees	68.84	48.59
Depreciation	52.74	50.76
Research - clinical trials, samples and grants	100.09	96.08
Printing and stationery	0.47	0.55
Travelling expenses	12.72	12.68
Other research and development expenses	155.31	151.50
Allocated manufacturing expenses for R&D batches	17.21	38.69
	916.96	911.42
	980.24	1,030.56
Amount eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961		
R&D capital expenditure (Gross)	57.81	110.70
R&D revenue expenditure	726.33	749.21
	784.14	859.91
Less: Realisation on sale of R&D assets	0.09	0.20
	784.05	859.71
Sales for the year	11,444.81	10,974.58
Total R&D expenditure/sales	8.56%	9.39%
Total eligible R&D expenditure/sales	6.85%	7.83%

Note 39: Lease accounting

Where the Company is a lessee

The Company has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable operating lease or leave and license agreements ranging from 11 months to 5 years

Notes to the Standalone Financial Statements

or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the profit or loss under 'Rent' in Note 36.

Where the Company is a lessor

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as Operating lease. Lease income on such operating lease is recognised in Statement of Profit and Loss under 'Rent' in Note 29.

Note 40: Contingent liabilities, commitments and other litigations (to the extent not provided for)

A. Details of contingent liabilities and commitments

	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Contingent liabilities		
Claims against the Company not acknowledged as debt	253.93	315.30
Guarantees*	3,800.44	3,794.62
Letters of credit	5.73	26.70
Income tax on account of disallowance/ additions	105.37	100.29
Excise duty/service tax on account of valuation/ cenvat credit	124.30	116.89
Sales tax on account of credit/classification	4.90	2.43
	4,294.67	4,356.23
Commitments		
Estimated amount of contracts unexecuted on capital account	216.39	404.39
	216.39	404.39
	4,511.06	4,760.62

*The Company has given guarantees in favour of various banks for ₹ 3,661.86 Crore (31st March, 2017 ₹ 3,643.60 Crore) against the loan granted to Cipla (EU) Ltd. and InvaGen Pharmaceuticals Inc. (wholly owned subsidiaries)

Note:

- Claims against the Company not acknowledged as debt include claim relating to pricing, commission etc.
- It is not practicable for the group to estimate the timing of cash outflow, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/ decisions pending with various authorities.

B. Details of other litigation:

- 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 Rs. 5.46 Crore along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.
- The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995 ("DPCO, 1995"). The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,606.59 Crore.

Out of the above, demand notices pertaining to a set of products viz, Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company

Notes to the Standalone Financial Statements

and the matters were carried in appeal by the Union of India to the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India vide its judgment dated 1st August, 2003 restored the said Writ Petitions to the Bombay High Court with directions that the Court will have to consider the Petitions afresh, having due regard to the observations made by the Supreme Court in its judgment. On Union of India filing Transfer Petitions, the Supreme Court ordered transfer of the said petitions restored to the Bombay High Court for being heard along with the Appeal filed against the Allahabad High Court order. Subsequently, vide its Order dated 20th July, 2016 the Hon'ble Supreme Court recalled its transfer order and remanded the Petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble Supreme Court directed Cipla to deposit 50% of the demanded amount with NPPA as stated in its order dated 1st August, 2003 which at that point of time was ₹ 350.15 Crore. Complying with the directions passed by the Hon'ble Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble Supreme Court of India vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding basis of fixation of retail prices.

The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court. The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble Supreme Court dated 21st October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble

Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,282.40 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

Note 41: Employee benefits

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, short terms compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

ii Long term employee benefits

Disclosure in respect of employee benefits pursuant to Ind AS -19

a. Brief description of the Plans

Defined contribution plan :

The Company's defined contribution plan is Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions.

Defined benefit and other long term benefit plans :

- i. The Company has two schemes for long term benefits namely, provident fund and gratuity:

Notes to the Standalone Financial Statements

The provident fund plan, a funded scheme is operated by the Company's Provident Fund Trust, which is recognised by the Income tax authorities and administered through trustees/appropriate authorities.

The Company provides for gratuity, a defined benefit plan based on actuarial valuation as of the reporting date, based upon which, the Company contributes all the ascertained liabilities to the Insurer Managed Funds. The Company operates gratuity plan through a trust, wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

- ii. The employees of the Company are also entitled to leave encashment. The provision is made based on actuarial valuation for leave encashment at the year end.

b. Nature of benefits

The Company operates a defined benefit final salary gratuity plan which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

c. Regulatory framework

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is Income tax approved,

the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

d. 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.

e. Inherent risks

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks

f. Charge to the profit or loss

- Based on contribution

	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Employees' pension scheme	26.72	25.65
Provident fund	41.85	42.37
Others - ESIS, Labour welfare fund, etc.	3.81	2.80
	72.38	70.82

Notes to the Standalone Financial Statements

g. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2018

₹ in Crore

	2018 Gratuity (funded plan)	2017 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	139.73	134.06
Interest cost	10.68	10.82
Current service cost	27.37	27.05
Actuarial changes arising from changes in financial assumptions	(3.50)	7.86
Actuarial changes arising from changes in experience assumptions	(2.39)	(16.83)
Benefits paid	(37.54)	(23.23)
Liability at the end of the year	134.35	139.73
ii. Change in fair value of assets		
Opening fair value of plan assets	135.06	96.83
Expected return on plan assets	10.32	7.81
Actuarial gain/(loss) / Return on plan assets, excluding interest income	(3.18)	1.63
Contributions by employer	28.00	52.02
Benefits paid	(31.93)	(23.23)
Closing fair value of plan assets	138.27	135.06
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(134.35)	(139.73)
Fair value of plan assets as at year end	138.27	135.06
Net asset/(liability) recognised	3.92	(4.67)
iv. Expenses recognised in profit or loss		
Current service cost	27.37	27.05
Interest on defined benefit obligation	10.68	10.82
Expected return on plan assets	(10.32)	(7.81)
Benefits paid directly by Company	-	8.83
Total expense recognised in profit or loss	27.73	38.89
v. Expenses recognised in profit or loss [OCI]		
Actuarial changes arising from changes in financial assumptions	(3.50)	7.86
Actuarial changes arising from changes in experience assumptions	(2.39)	(16.83)
Actuarial gain/(loss) return on plan assets, excluding interest income	3.18	(1.63)
Net (income)/expense for the period recognised in OCI	(2.71)	(10.60)
vi. Actual return on plan assets		
Expected return on plan assets	10.32	7.81
Actuarial gain/(loss) on plan assets	(3.18)	1.63
Actual return on plan assets	7.14	9.44
vii. Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	23.23	32.04

Notes to the Standalone Financial Statements

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense :

Principal actuarial assumptions used	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Discounted rate (per annum)	7.83%	7.64%
Expected rate of return on plan assets	7.83%	7.64%
Expected rate of future salary increase (per annum)	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.

The sensitivity analysis below 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:

₹ in Crore

	For the Year ended 31 st March, 2018		For the Year ended 31 st March, 2017	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	(16.47)	20.01	(17.30)	21.14
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	20.39	(17.01)	21.50	(17.84)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase (decrease) in the defined benefit liability	5.97	(6.93)	5.98	(6.93)

h. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust

₹ in Crore

	2018 Provident fund (funded plan)	2017 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	764.86	654.84
Interest cost	66.64	56.90
Current service cost	41.85	42.37
Employee Contribution	76.69	78.09
Liability transferred in	13.52	9.33
Benefits paid	(101.86)	(76.67)
Other experience adjustment	0.61	-
Liability at the end of the year	862.31	764.86
ii. Change in fair value of assets		
Opening fair value of plan assets	778.14	664.83
Expected return on plan assets	66.64	56.90
Actuarial gain	0.32	3.28
Contributions	118.53	120.47
Transfer of plan assets	13.52	9.33

Notes to the Standalone Financial Statements

h. The details of the Company's defined benefit plans in respect of the Company owned provident fund trust

₹ in Crore

	2018 Provident fund (funded plan)	2017 Provident fund (funded plan)
Benefits paid	(101.86)	(76.67)
Other experience adjustment	0.04	
Closing fair value of plan assets	875.33	778.14
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	(862.31)	(764.86)
Fair value of plan assets as at year end	875.33	778.14
Funded status	(13.02)	(13.28)
Net asset/(liability) recognised	-	-
iv. Expenses recognised in Statement of Profit and Loss		
Current service cost	41.85	42.37
Interest cost	66.64	56.90
Expected return on plan assets	(66.64)	(56.90)
Total expense recognised in Statement of Profit and Loss	41.85	42.37
v. Actual return on plan assets		
Expected return on plan assets	66.64	56.90
Actuarial gain on plan assets	0.32	3.28
Actual return on plan assets	66.96	60.18
vi. Asset information		
Investment in PSU bonds	401.94	368.94
Investment in Government Securities	381.58	331.41
Bank Special deposit	15.58	15.58
Investment in other securities	36.31	24.39
Private Sector Bonds	4.00	4.00
Equity/Insurer Managed Funds/Mutual Funds	34.84	32.82
Cash and Cash Equivalents	1.08	1.00
Total Assets at the end of the year	875.33	778.14
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	7.83%	7.64%
Expected rate of return on plan assets (per annum)	8.55%	8.65%
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.	5.00%	5.00%
viii. Experience adjustments		
Defined benefit obligation	862.31	764.86
Plan assets	(875.33)	(778.14)
Deficit/(Surplus)	(13.02)	(13.28)
Experience adjustment on Plan assets -gain	0.32	3.28

Notes to the Standalone Financial Statements

Note: 42 Related Party Disclosures

As per Ind AS-24, "Related Party Disclosures", the related parties where control exists or where significant influence exists and with whom transaction have taken place are as below:

A. Subsidiary Companies including step-down subsidiaries, associate companies and joint venture :

Sr. No.	Name of the Company
Subsidiaries (held directly)	
1	Cipla FZE upto 31 st March, 2018*
2	Cipla (Mauritius) Limited
3	Cipla Medpro South Africa Proprietary Limited
4	Cipla Holding B.V.
5	Cipla BioTec Private Limited
6	Cipla (EU) Limited
7	Cipla Health Limited
8	Goldencross Pharma Private Limited
9	Jay Precision Pharmaceuticals Private Limited
10	Meditab Specialities Private Limited
11	Saba Investment Limited
Subsidiaries (held indirectly)	
12	Four M Propack Private Limited (upto 1 st February, 2017)
13	Cipla (UK) Limited
14	Cipla Australia Pty. Limited
15	Medispray Laboratories Pvt. Limited
16	Sitec Labs Pvt. Limited
17	Meditab Holdings Limited
18	Meditab Specialities New Zealand Limited (upto 10 th July, 2017)
19	Cipla İlaç Ticaret Anonim Şirketi
20	Cipla Kenya Limited
21	Cipla Malaysia Sdn. Bhd.
22	Cipla Europe NV
23	Cipla Quality Chemical Industries Limited
24	Cipla Croatia d.o.o. (upto 19 th January, 2018)
25	Galilee Marketing Proprietary Limited
26	Inyanga Trading 386 Proprietary Limited
27	Xeragen Laboratories Proprietary Limited
28	Cipla Medpro Holdings Proprietary Limited
29	Cape to Cairo Exports Proprietary Limited
30	Cipla Agrimed Proprietary Limited (upto 1 st June, 2017)
31	Cipla Dibcare Proprietary Limited
32	Cipla Life Sciences Proprietary Limited

Sr. No.	Name of the Company
33	Cipla-Medpro Proprietary Limited
34	Cipla-Medpro Distribution Centre Proprietary Limited
35	Cipla Medpro Botswana Proprietary Limited
36	Cipla Medpro Research and Development Proprietary Limited (upto 6 th December, 2016)
37	Cipla Nutrition Proprietary Limited
38	Cipla Vet Proprietary Limited (upto 1 st June, 2017)
39	Medpro Pharmaceutica Proprietary Limited
40	Med Man Care Proprietary Limited
41	Breathe Free Lanka (Private) Limited
42	Cipla Canada Inc. (upto 1 st March, 2017)
43	Medica Pharmaceutical Industries Company Limited
44	Al-Jabal For Drugs and Medical Appliances Company Limited (upto 26 th March, 2018)
45	Cipla Pharma Lanka (Private) Limited
46	Cipla Pharma Nigeria Limited (upto 9 th January, 2018)
47	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.
48	Cipla Maroc SA
49	Cipla Middle East Pharmaceuticals FZ-LLC
50	Quality Chemicals Limited
51	Cipla Philippines Inc.
52	Cipla USA Inc.
53	InvaGen Pharmaceuticals Inc.
54	Exelan Pharmaceuticals Inc.
55	Anmaraté (Pty) Limited, South Africa (w.e.f 12 th April, 2017)
56	Cipla BioTec South Africa (Pty) Limited (w.e.f. 10 th June, 2016)
57	Cipla Algérie (w.e.f. 6 th June, 2016)
58	Cipla Technology LLC, USA (w.e.f. 13 th November, 2017)
Associates	
59	Stempeutics Research Private Limited

* in the process of liquidation

B. Key management personnel

- Ms Samina Vaziralli - Executive Vice-Chairperson

[appointed as executive director (w.e.f. 10th July, 2015) and as Executive Vice-Chairperson (w.e.f. 1st September, 2016)]

Notes to the Standalone Financial Statements

- 2 Mr Umang Vohra – Managing Director and Global Chief Executive Officer

(Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016)

- 3 Mr S. Radhakrishnan – Whole-time Director (upto 11th November, 2017)
- 4 Mr Kedar Updhye – Global Chief Financial Officer (w.e.f 1st August, 2016)
- 5 Mr Subhanu Saxena – Managing Director and Global Chief Executive Officer (resigned w.e.f close of business hour on 31st August, 2016)

C. Non-executive Chairman & Non Executive Vice Chairman

- 1 Dr Y. K. Hamied, Chairman
- 2 Mr M. K. Hamied, Vice Chairman

D. Non-executive Directors

- 1 Mr Ashok Sinha
- 2 Mr Adil Zainulbhai
- 3 Ms Punita Lal
- 4 Ms Naina Lal Kidwai
- 5 Ms Ireena Vittal (w.e.f. 1st December, 2016)
- 6 Mr Peter Lankau (w.e.f. 10th January, 2017)
- 7 Dr Peter Mugenyi
- 8 Mr S. Radhakrishnan – (w.e.f. 12th November, 2017)

E. Entities over which Key management personnel are able to exercise significant influence

- 1 Cipla Foundation
- 2 Hamied Foundation (w.e.f. 3rd February 2016)
- 3 Cipla Cancer & AIDS Foundation

F. Trust over which entity has control/significant influence

- 1 Cipla Limited Employee's Provident Fund Trust
- 2 Cipla Limited Employee's Gratuity Trust
- 3 Cipla Employees Stock Option Trust
- 4 Cipla Health Employees Stock Option 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:

₹ in Crore

Transaction	As at 31 st March, 2018	As at 31 st March, 2017
A. Loan repaid		
Jay Precision Pharmaceuticals Pvt. Ltd	3.25	21.75
Cipla Health Ltd.	-	0.50
	3.25	22.25
B. Investment made - equity		
Cipla (EU) Ltd.	17.41	31.19
Cipla Biotec Pvt. Ltd.	19.99	151.67
	37.40	182.86
C. Sale/buy-back of investment - equity		
Cipla FZE	24.04	-
Saba Investments Ltd.	43.14	-
Cipla (Mauritius) Limited	36.05	-
	103.23	-
D. Loans given		
Meditab Specialities Pvt. Ltd.	20.15	18.56
	20.15	18.56
E. Outstanding payables		
Goldencross Pharma Pvt. Ltd.	99.04	45.25
Sittec Labs Pvt. Ltd.	13.85	14.37
Cipla Europe NV	38.19	-
Cipla (UK) Ltd.	1.09	0.44
Cipla Ilac Ticaret Anonim Sirketi	0.09	0.07
Cipla Kenya Ltd.	-	0.26
Cipla Malaysia Sdn. Bhd.	0.91	1.52
Cipla (EU) Ltd.	129.59	103.35
Jay Precision Pharmaceuticals Pvt. Ltd	10.93	10.79
Medpro Pharmaceutica Proprietary Ltd.	1.25	-
	294.94	176.05

Notes to the Standalone Financial Statements

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
F. Outstanding receivables		
Four M Propack Pvt. Ltd.	-	-
Al-Jabal For Drugs and Medical Appliances Company Ltd.	0.13	67.86
Meditab Specialities Pvt. Ltd.	49.07	51.36
Medispray Laboratories Pvt. Ltd.	2.72	31.23
Quality Chemicals Ltd.	9.44	7.01
Breathe Free Lanka (Pvt) Ltd.	73.23	62.56
Cipla Biotech Pvt. Ltd.	2.65	0.44
Cipla Quality Chemical Industries Ltd.	23.16	4.12
Cipla (EU) Ltd.	-	-
Cipla Australia Pty. Ltd.	31.36	10.54
Cipla USA Inc.	20.69	148.55
Cipla Life Sciences Proprietary Limited	0.21	-
Cipla Vet Proprietary Limited	1.68	-
Cipla Medpro South Africa (Pty) Ltd.	409.63	207.59
Cipla Europe NV	-	2.07
Cipla Holding B.V.	0.24	7.52
Cipla Croatia d.o.o., Croatia	-	0.69
Cipla Health Ltd.	8.33	3.52
Cipla Kenya Ltd.	20.91	-
Cipla Middle East Pharmaceuticals FZ-LLC	62.60	-
Invagen Pharmaceuticals Inc.	1.48	-
Saba Investments Ltd.	0.13	-
Cipla Maroc SA	0.05	-
Exelan Pharmaceuticals Inc.	0.20	-

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Cipla Technologies LLC	8.71	-
Medica Pharmaceutical Industries Company Ltd.	0.97	-
	727.59	605.06
G. Loan to subsidiaries		
Meditab Specialities Pvt. Ltd.	200.10	179.95
Jay Precision Pharmaceuticals Pvt. Ltd.	-	3.25
	200.10	183.20
H. Interest received		
Jay Precision Pharmaceuticals Pvt. Ltd.	0.05	1.61
Meditab Specialities Pvt. Ltd.	20.15	18.56
Cipla Health Ltd.	-	0.00
Cipla (EU) Ltd. (Guarantee Commission)	7.39	14.67
Invagen Pharmaceuticals Inc. (Guarantee Commission)	10.99	8.01
	38.58	42.85
I. Remuneration		
Dr Y.K. Hamied	2.03	2.02
Mr M.K. Hamied	2.10	2.09
Ms Samina Vaziralli	4.83	3.90
Mr Umang Vohra	14.67	12.90
Mr S.Radhakrishnan	4.03	4.06
Mr Kedar Upadhye	3.31	3.13
Mr Ashok Sinha	0.47	0.51
Mr Adil Zainulbhai	0.36	0.42
Ms Punita Lal	0.39	0.38
Ms Naina Lal Kidwai	0.40	0.43
Ms Ireena Vittal	0.41	0.14
Mr Peter Lankau	0.44	0.11
Dr Peter Mugenyi	0.43	0.42
Mr Subhanu Saxena	-	25.34
	33.87	55.85

Notes to the Standalone Financial Statements

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
J. Purchase of goods		
Goldencross Pharma Pvt. Ltd.	113.36	133.27
Medispray Laboratories Pvt. Ltd.	154.27	155.14
Meditab Specialities Pvt. Ltd.	0.35	0.94
Four M Propack Pvt. Ltd.	-	6.79
Sitec Labs Pvt. Ltd.	2.16	1.07
Jay Precision Pharmaceuticals Pvt. Ltd.	100.97	91.96
Cipla Quality Chemical Industries Ltd.	-	21.62
Cipla Health Ltd.	0.38	0.27
Invagen Pharmaceuticals Inc.	1.81	-
Stempeutics Research Pvt. Ltd.	1.10	0.57
	374.40	411.63
K. Processing charges paid		
Goldencross Pharma Pvt. Ltd.	60.15	43.04
Medispray Laboratories Pvt. Ltd.	43.31	43.12
Meditab Specialities Pvt. Ltd.	37.91	29.45
	141.37	115.61
L. Testing and analysis charges paid		
Sitec Labs Pvt. Ltd.	78.81	68.10
	78.81	68.10
M. Freight charges paid		
Medispray Laboratories Pvt. Ltd.	0.02	-
Meditab Specialities Pvt. Ltd.	0.19	-
Goldencross Pharma Pvt. Ltd.	0.45	0.49
	0.66	0.49

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
N. Sale of goods		
Goldencross Pharma Pvt. Ltd.	1.14	1.73
Meditab Specialities Pvt. Ltd.	0.72	3.75
Medispray Laboratories Pvt. Ltd.	35.65	37.12
Cipla Quality Chemical Industries Ltd.	17.40	23.92
Cipla Health Ltd.	0.08	0.53
Sitec Labs Pvt. Ltd.	0.31	0.66
Cipla (EU) Ltd.	(2.03)	42.43
Cipla Europe NV	15.61	24.95
Cipla Life Sciences Proprietary Limited	12.83	-
Cipla Vet Proprietary Limited	0.67	-
Cipla Medpro South Africa (Pty) Ltd.	752.25	439.58
Cipla Australia Pty. Ltd.	32.07	11.58
Cipla USA Inc.	415.96	243.20
Al-Jabal For Drugs and Medical Appliances Company Ltd.	4.41	124.58
Quality Chemicals Ltd.	5.44	8.22
Invagen Pharmaceuticals Inc.	5.21	0.03
Cipla Kenya Ltd.	21.71	-
Cipla Maroc SA	0.07	-
Cipla Middle East Pharmaceuticals FZ-LLC	97.39	-
Breathe Free Lanka (Pvt) Ltd.	102.28	99.11
	1519.17	1061.39
O. Sale of assets		
Goldencross Pharma Pvt. Ltd.	2.13	1.49
Meditab Specialities Pvt. Ltd.	10.32	-

Notes to the Standalone Financial Statements

₹ in Crore		
Transaction	As at 31 st March, 2018	As at 31 st March, 2017
Medispray Laboratories Pvt. Ltd.	22.31	-
Cipla Health Ltd.	-	1.27
	34.76	2.76
P. Purchase of assets		
Cipla Biotech Pvt. Ltd.	0.22	-
Medispray Laboratories Pvt. Ltd.	0.07	0.03
	0.29	0.03
Q. Processing charges received		
Meditab Specialities Pvt. Ltd.	1.62	1.99
Medispray Laboratories Pvt. Ltd.	8.48	5.83
	10.10	7.82
R. Contribution to provident and other fund		
Cipla Employee gratuity trust	28.00	52.02
Cipla Employee's Provident fund trust	41.85	42.37
	69.85	94.39
S. Service charges paid:		
Cipla Biotech Pvt. Ltd.	16.97	0.05
Cipla (EU) Ltd.	18.96	54.42
Cipla (UK) Ltd.	1.78	2.02
Cipla Australia Pty. Ltd.	12.18	11.87
Cipla Ilac Ticaret Anonim Sirketi	1.39	1.16
Cipla USA Inc.	41.93	31.71
Cipla Kenya Ltd.	0.78	6.38
Cipla Malaysia Sdn. Bhd.	18.49	9.51
Cipla Europe NV	15.24	70.76
Cipla Maroc SA	0.42	-
Cipla Canada Inc.	-	(0.01)
Quality Chemicals Ltd.	1.87	0.13
Hamied Foundation	4.87	2.49
Cipla Pharma Nigeria Ltd.	-	0.00
	134.88	190.49

₹ in Crore		
Transaction	As at 31 st March, 2018	As at 31 st March, 2017
T. Service charges received		
Cipla Biotech Pvt. Ltd.	2.63	3.81
Cipla Health Ltd.	6.93	-
Saba Investments Ltd.	-	0.27
Al-Jabal For Drugs and Medical Appliances Company Ltd.	0.20	-
Cipla (EU) Ltd.	0.98	-
Cipla (UK) Ltd.	0.05	-
Cipla Europe NV	0.14	-
Cipla Holding B.V.	0.32	-
Cipla Medpro South Africa (Pty) Ltd.	0.30	-
Cipla Technologies LLC	6.77	-
Cipla USA Inc.	0.15	-
Invagen Pharmaceuticals Inc.	0.21	-
Cipla Quality Chemical Industries Ltd.	19.78	17.96
	38.46	22.04
T. Donations given		
Cipla Foundation	31.30	16.50
Hamied Foundation	-	1.64
Cipla Cancer & Aids Foundation	-	5.16
	31.30	23.30
U. Rent received		
Dr Y.K. Hamied (₹ 20,040/- in both the year)	0.00	0.00
Cipla Biotech Pvt. Ltd.	1.56	1.72
	1.56	1.72
V. Reimbursement of operating/other expenses		
Meditab Specialities Pvt. Ltd.	-	0.45
Cipla Biotech Pvt. Ltd.	0.23	-
Cipla Medpro South Africa (Pty) Ltd.	1.54	-

Notes to the Standalone Financial Statements

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Invagen Pharmaceuticals Inc.	1.15	-
Jay Precision Pharmaceuticals Pvt. Ltd.	0.06	-
Meditab Specialities Pvt. Ltd.	0.00	-
Medispray Laboratories Pvt. Ltd.	0.02	0.11
	3.00	0.56
X. Reimbursement received of operating/other expenses		
Goldencross Pharma Pvt. Ltd.	0.54	0.35
Meditab Specialities Pvt. Ltd.	0.32	0.24
Jay Precision Pharmaceuticals Pvt. Ltd.	0.61	0.62
Cipla Health Ltd.	1.08	13.04
Cipla (EU) Ltd.	0.17	0.26
Cipla Australia Pty. Ltd.	0.02	-
Cipla (UK) Limited	0.01	0.06
Cipla Medpro South Africa (Pty) Ltd.	0.97	3.52
Cipla Quality Chemical Industries Ltd.	-	0.42
Cipla USA Inc.	0.27	(5.14)
Medispray Laboratories Pvt. Ltd.	0.90	0.57
Cipla Biotec Pvt. Ltd.	0.01	0.23

Transaction	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Sitec Labs Pvt. Ltd.	0.18	-
Cipla Europe NV	0.09	(1.86)
Invagen Pharmaceuticals Inc.	0.36	0.96
Breathe Free Lanka (Pvt) Ltd.	0.01	-
Cipla Malaysia Sdn. Bhd.	0.01	-
Cipla Maroc SA	0.01	-
Cipla Holding B.V.	0.06	0.13
Cipla Technologies LLC	1.93	-
Exelan Pharmaceuticals Inc.	0.20	-
	7.75	13.40
Y. Royalty received		
Cipla Health Ltd.	2.85	2.44
	2.85	2.44
Z. Royalty paid		
Cipla (EU) Ltd.	5.51	-
	5.51	-
AA. Dividend received		
Saba Investments Ltd.	-	5.80
Cipla (Mauritius) Limited	-	5.50
Cipla Medpro South Africa (Pty) Ltd.	145.09	-
	145.09	11.30
AB. Guarantee given on behalf of subsidiary Company		
Cipla (EU) Ltd.	1,472.96	1,465.61
Invagen Pharmaceuticals Inc.	2,188.90	2,177.99
	3,661.86	3,643.60

Notes to the Standalone Financial Statements

Note 43: Employee stock option scheme

Employee stock option plans

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the Shareholders on 8th April 2013, 22nd August 2013 and 22nd August 2013 respectively. Details of the Options granted during the year under the Scheme(s) are as given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	25-May-17	4,25,093	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	06-Nov-17	54,850	2.00	1 years	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average share price for Options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average Share price (₹)	585.86

ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	17,01,043	2.00	2.00	5.36
Granted during the year	4,79,943	2.00	2.00	6.09
Forfeited/Cancelled during the year	1,42,164	2.00	2.00	5.05
Exercised during the year	6,09,090	2.00	2.00	2.99
Outstanding at the end of the year	14,29,732	2.00	2.00	5.03
Exercisable at the end of the year	4,48,336	2.00	2.00	3.37

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013	ESOS 2013 - A	ESOS 2013 - B
Expected Dividend yield (%)		0.37%	
Expected volatility		24.86%	
Risk-free interest rate		6.75%	
Weighted average share price (₹)	No options granted during the year	533.42	No options granted during the year
Exercise price (Rs.)		2.00	
Expected life of options granted in years		4.39	
Weighted average fair value of Options (₹)		523.32	

Notes to the Standalone Financial Statements

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 st March, 2018	31 st March, 2017
Profit after tax as reported (₹ in Crore)	1,468.52	974.94
ESOS cost (₹ in Crore)	31.40	22.18
Earnings per share		
Basic (₹)	18.64	12.40
Diluted (₹)	18.61	12.38

Note 44: Segment information

In accordance with Indian Accounting Standard (Ind AS) -108 "Operating Segments", Segment information has been given in the consolidated financial statements of Cipla Limited, and therefore, no separate disclosure on segment information is given in these financial statements.

Note 45: Details of loans given, investment made and guarantees given

(a) Disclosure as per Regulations 34(3) and 53 (f) of Securities Exchange Board of India - Listing Obligations and Disclosure Requirements (LODR)

₹ in Crore						
Sr. No.	Name of the Company	Nature	As at 31 st March, 2018	Maximum balance during the year	As at 31 st March, 2017	Maximum balance during the year
1	Meditab Specialities Pvt.Ltd.	Subsidiary	200.10	200.10	179.95	179.95
2	Jay Precision Pharmaceuticals Pvt. Ltd.	Subsidiary	-	3.25	3.25	25.00
3	Cipla Health Ltd.	Subsidiary	-	-	-	0.50

(b) Disclosure as per Section 186(4) of the Companies Act, 2013

₹ in Crore			
Sr. No.	Name of the Company	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
1	Meditab Specialities Pvt. Ltd. (refer note 42)	20.15	18.56

Notes:

- All the above loans have been given for business purposes.
- The loanees have not made any investment in the shares of the Company.
- Loans given to employees as per the Company's policy are not considered.

c) Refer note 5 for investments.

d) Corporate guarantees given by the Company in respect of loans as at 31st March, 2018

₹ in Crore		
Particulars	31 st March, 2018	31 st March, 2017
Cipla (EU) Ltd. (refer note 42)	1,472.96	1,465.61
Invagen Pharmaceuticals Inc. (refer note 42)	2,188.90	2,177.99
	3,661.86	3,643.60

Notes to the Standalone Financial Statements

Note 46:

Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, cash and cash equivalents and other bank balances as at 31st March 2018 and 31st March 2017 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 and the same are classified as level 3.

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 counter party. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method at 31st March 2018 and

31st March, 2017. The different levels have been defined as follows.

Level 1 - category includes financial assets and liabilities, that are measured in whole or in significant part be reference to published quotes in an active market.

Level 2 - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Company's own valuation models whereby the material assumptions are market observable. The majority of Company's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

As at 31st March, 2018

₹ in Crore				
Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Investment property (refer note 3)	0.32	-	1.81	-
Investments - National Saving Certificate (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through profit or loss:				
Derivative instrument (refer note 16)	32.65	-	32.65	-
Investments in mutual funds (refer note 11)	1,039.74	-	1,039.74	-
Financial liabilities at fair value through other comprehensive income:				
Derivative instrument (refer note 25)	2.00	-	2.00	-

₹ in Crore

Notes to the Standalone Financial Statements

As at 31st March, 2017

				₹ in Crore
Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Investment property (refer note 3)	0.32	-	1.40	-
Investments - National Saving Certificate (refer note 5)	0.00	-	-	0.00
Financial assets at fair value through profit or loss:				
Derivative instruments (refer note 7)	20.34	-	20.34	-
Investments in mutual funds (refer note 11)	638.18	-	638.18	

₹ in Crore

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. arises from its operation.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise 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 risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

The Company has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The

framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets/ instruments. The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the 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 adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), Euro (EUR), South African Rand (ZAR) and British Pound (GBP).

Notes to the Standalone Financial Statements

(a) Foreign exchange derivatives and exposures outstanding at the year end

₹ in Crore

Nature of Instrument	Currency	Cross currency	As at 31 st March, 2018	As at 31 st March, 2017
Forward contracts - Sold	USD	INR	1,527.34	428.01
Forward contracts - Sold	ZAR	INR	451.78	221.93
Forward contracts - Sold	EUR	INR	23.03	38.11
Forward contracts - Bought	USD	INR	31.89	-
Unhedged foreign exchange exposures:				
- Receivables			797.74	1,110.84
- Payables			(747.15)	(517.51)
- Current Borrowings			(142.54)	(324.25)

Note: The Company uses forward contracts/derivatives for hedging purposes.

(b) Foreign currency risk from financial instruments as of :

₹ in Crore

Particulars	31 st March, 2018				
	U.S. dollars	Euro	GBP	Other Currency	Total
Trade and other receivables	605.55	97.91	31.62	62.66	797.74
Trade and payables	(468.02)	(174.30)	(97.79)	(7.04)	(747.15)
Borrowings	(142.54)	-	-	-	(142.54)
Net assets / (liabilities)	(5.01)	(76.39)	(66.17)	55.62	(91.95)

₹ in Crore

Particulars	31 st March, 2017				
	U.S. dollars	Euro	GBP	Other Currency	Total
Trade and other receivables	925.96	183.47	-	1.41	1,110.84
Trade and other payables	(416.80)	(68.20)	(5.02)	(27.49)	(517.51)
Borrowings	(324.25)	-	-	-	(324.25)
Net assets / (liabilities)	184.91	115.27	(5.02)	(26.08)	269.08

Notes to the Standalone Financial Statements

Sensitivity analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

Particulars	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Movement in exchange rate		
USD - INR	2%	2%
Euro - INR	2%	2%
GBP - INR	2%	2%
Impact on profit/ loss		
USD - INR	(0.10)	3.70
Euro - INR	(1.53)	2.31
GBP - INR	(1.32)	(0.10)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

The Company's interest-bearing financial instruments is reported as alongside:

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Variable rate instruments		
Financial liabilities	174.43	324.26

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 Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Impact on profit/ loss		
Increase	(0.87)	(1.62)
Decrease	0.87	1.62

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and

Notes to the Standalone Financial Statements

financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organisations and certificates of deposit which are funds deposited at a bank for a specified time period.

The Company measures the expected credit loss of trade receivables and loan from individual customers based

on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The aging analysis of the receivable (gross of provision) has been considered from the date the invoice falls due.

₹ in Crore

Particulars	Neither past due nor impaired	Neither past due nor impaired			Total
		0-180 days	0-180 days	180-365 days	
As on 31 st March, 2018	1,664.74	589.65	60.70	164.38	2,479.47
As on 31 st March, 2017	1,406.40	504.54	44.90	113.18	2,069.03

₹ in Crore

Movement of allowances	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	Total
As at 1st April, 2016	2.25	-	0.46	97.40	100.11
Provided during the year	-	-	-	67.22	67.22
Amounts written off	-	-	-	-	-
Reversals of provision	-	-	-	(34.38)	(34.38)
As at 31st March, 2017	2.25	-	0.46	130.24	132.95
Provided during the year	-	0.88	3.47	81.30	85.65
Amounts written off	-	-	-	(19.82)	(19.82)
Reversals of provision	-	-	-	(48.57)	(48.57)
As at 31st March, 2018	2.25	0.88	3.93	143.15	150.21

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

₹ in Crore

Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings	174.43	-	-	-	174.43
Trade payables	1,580.02	-	-	-	1,580.02
Other financial liabilities	273.07	-	-	50.11	323.18
	2,027.52	-	-	50.11	2,077.63

Notes to the Standalone Financial Statements

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Crore					
Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings	324.26	0.07	-	-	324.33
Trade payables	1,298.21	-	-	-	1,298.21
Other financial liabilities	440.75	-	-	45.06	485.81
	2,063.22	0.07	-	45.06	2,108.35

Impact of hedging activities

The Company uses foreign exchange forward contracts to hedge against the foreign currency risk of highly probable USD/ZAR sales. Such derivative financial instruments are governed by the 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 Company's balance sheet

31st March 2018

₹ in Crore							
Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate	Line item in the balance sheet where hedging instrument is included
	Nominal amount	Assets	Liabilities				
Cash flow hedge							
Foreign exchange risk							
i) Foreign exchange forward contracts	1,348.80	-	2.00	April 2018 - March 2019	1:1*	USD 1 = ₹ 67.06 ZAR 1 = ₹ 4.94	Note 25 - Other financial liabilities

* The foreign currency forward contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

The Company did not do hedge accounting in the year ended 31st March 2017.

b) Disclosure of effects of hedge accounting in Company's statement of profit and loss and other comprehensive income

31st March 2018

₹ in Crore				
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cash flow hedging reserve to Profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge				
i) Foreign exchange risk	0.72	-	2.39	Note 27- Revenue from operation and Note 36 - Other expenses.

Notes to the Standalone Financial Statements

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.

c) Movement in cash flow hedging reserve and costs of hedging reserve

₹ in Crore	
Risk category	Foreign currency risk
Derivative instruments	Foreign exchange forward contracts
Cash flow hedging reserve	
As at 1 April 2017	-
Add: Changes in fair value of foreign exchange forward contracts	3.11
Less: Amount reclassified to P&L	(2.39)
Less: Deferred tax relating to above (net)	(0.25)
As at 31st March 2018	0.47

Note 47: Corporate Social Responsibility (CSR) Expenditure

The Company has incurred ₹ 32.20 Crore (previous year ₹ 28.25 Crore) towards CSR activities, as per Section 135 of the Companies Act, 2013 and Rules thereon. It is included in other expenses head in the Statement of Profit and Loss. Amount spent on construction/aquisition of any assets is Nil during the year.

Gross amount required to be spent by the company during the year ₹ 31.05 Crore (previous year ₹ 33.38 Crore.)

Note 48:

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.

Net Debt = Total Borrowings less Cash and Cash Equivalents including Current Investments.

Total 'Equity' is as shown in the Balance Sheet.

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Total Debt	174.50	324.39
Less: Cash and Cash Equivalent (including Mutual Funds)	1,257.19	682.77
Net Debt (A)	(1,082.69)	(358.38)
Total Equity (B)	14,113.52	12,800.51
Net Debt to Equity Ratio (A/B)	(8%)	(3%)

B. Dividend

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Dividend on equity shares paid during the year		
Final dividend for FY 2017-18		
[₹ 2.00 (FY 2016-17 ₹ 2.00) per equity share of ₹ 2.00 each]	160.94	160.87
Tax on dividend	28.33	32.71
Total	189.27	193.58

Proposed dividend:

The Board of Directors of the Company at its meeting held on 22nd May 2018 has recommended a final dividend of ₹ 3.00 per equity share (face value of ₹ 2 each) for the financial year ended 31st March 2018. The same amounts to ₹ 289.83 Crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Notes to the Standalone Financial Statements

Note 49: Earnings Per Share (EPS)

Disclosure as required by Indian Accounting Standard (Ind AS) 33 Earnings Per Share

Particulars	31 st March, 2018	31 st March, 2017
Profit after tax as per statement of profit and loss (₹ in Crore)	1,468.52	974.94
Basic weighted average no of shares outstanding	80,47,65,162	80,39,79,037
Basic earnings per share	₹ 18.25	₹ 12.13
Add- Dilutive impact of employee stock options	13,16,409	13,38,647
Diluted weighted average no of shares outstanding	80,60,81,571	80,53,17,684
Diluted earnings per share	₹ 18.22	₹ 12.11

Note 50: Exceptional Items

With respect to various notices of demand received from the NPPA, Government of India on account of alleged overcharging in relation to products which are not part of the writ proceedings in the Hon'ble Bombay High Court (refer note 40 B), based on recent correspondence with NPPA and notices received, the Company performed a thorough legal evaluation. Of the total demand received for such products, basis the facts and legal advice, the

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta

Partner
Membership No. 504662

New Delhi, 22nd May, 2018

Company has recorded an additional provision of ₹ 77.52 Crore in profit or loss for the year ended 31st March, 2018, disclosed as exceptional item. The total provision against these demands is ₹ 93.94 Crore as of 31st March, 2018..

Note 51: - Other significant notes

- (i) The Government of India introduced the Goods and Service Tax (GST) with effect from 1st July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31st March 2018 is reported net of GST. The revenue for year ended 31st March 2018 includes excise duty up to 30th June 2017. Accordingly, income from operations for the year ended 31st March 2018 and 31st March 2017 are not comparable.
- (ii) Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

Note 52: - Authorisation of financial statements

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors on 22nd May 2018.

For and on behalf of the Board of Directors

Umang Vohra

Managing Director and
Global Chief Executive Officer

Samina Vaziralli

Executive
Vice-Chairperson

Kedar Upadhye

Global Chief Financial Officer

Rajendra Chopra

Company Secretary

Mumbai, 22nd May, 2018

Independent Auditor's Report

To the Members of Cipla Limited

Report on the consolidated financial statements

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 associate, which comprise the Consolidated Balance Sheet as at 31 March 2018, 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.

Management's responsibility for the consolidated financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group, and its associate are responsible for the design, implementation and maintenance of internal control 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. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, and its associate Company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the

assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Directors of the Holding Company, as aforesaid.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness

Independent Auditor's Report

of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8 of the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. 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 associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its associate as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other matter

9. We did not audit the financial statements of 45 subsidiaries, whose financial statements reflect total assets of ₹ 3,333.83 Crore and net assets of ₹ 1,100.08 Crore as at 31 March 2018, total revenues of ₹ 3,094.71 Crore and net cash inflows/outflows amounting to ₹ 6.80 Crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group share of net loss (including other comprehensive income) of ₹ 2.78 Crore for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports 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 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 associate, is based solely on the reports of the other auditors.

Further, of these subsidiaries and associate, 43 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries 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 matter with respect to our reliance on the work done by and the reports of the other auditors.

Report on other legal and regulatory requirements

10. 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 associate, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

Independent Auditor's Report

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors,
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate Company covered under the Act, none of the directors of the Group companies and its associate Company covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associate Company covered under the Act and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors

on separate financial statements as also the other financial information of the subsidiaries and associate:

- (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 46 to the consolidated financial statements.
- (ii) the Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate Company covered under the Act during the year ended 31 March 2018.
- (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place: New Delhi

Date: 22 May 2018

Annexure I

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Cipla Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associate as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies and its associate Company, which are companies covered under the Act, as at that date.

Management's responsibility for internal financial controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate Company, 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 Accountant of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, its subsidiary companies and its associate Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of

India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company, its subsidiary companies and its associate Company as aforesaid.

Meaning of internal financial controls over financial reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are

Annexure I

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 Over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies and associate Company, the Holding Company, its subsidiary companies and its associate Company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, 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 Accountant of India .

Other matter

9. We did not audit the IFCoFR in so far as it relates to 2 subsidiary companies, which are companies covered under the Act, whose financial statements/ financial information reflect total assets of ₹ 163.85 Crore and net assets of ₹ 188.99 Crore as at 31 March 2018, total revenues of ₹ 1.84 Crore and net cash inflows/outflows amounting to ₹ 16.46 Crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group share of net loss (including other comprehensive income) of ₹ 2.78 Crore for the year ended 31 March 2018, in respect of an associate Company, which are companies covered under the Act, whose financial statements and other financial information have not been audited by us. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, its subsidiary companies and its associate Company, which are the companies incorporated in India, under Section 143(3)(i) of the Act in so far as it relates to aforesaid subsidiaries and associate is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Ashish Gupta

Partner

Membership No.: 504662

Place: New Delhi

Date: 22 May 2018

Consolidated Balance Sheet

as at 31st March, 2018

₹ in Crore

Particulars	Notes	As at 31 st March, 2018	As at 31 st March, 2017
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2	5,315.35	5,008.69
(b) Capital work-in-progress	2	512.35	719.23
(c) Investment properties	3	1.03	1.74
(d) Goodwill	4	2,814.74	2,696.67
(e) Other intangible assets	5	1,819.05	1,784.88
(f) Intangible assets under development	5	468.98	963.75
(g) Investment in associate	6	9.62	12.40
(h) Financial assets			
(i) Investments	7	147.01	123.22
(ii) Loans	8	41.66	39.48
(iii) Other financial assets	9	159.14	113.77
(i) Advance tax assets (net)		388.60	308.28
(j) Deferred tax assets (net)	10	187.65	168.13
(k) Other non-current assets	11	181.27	292.20
		12,046.45	12,232.44
(2) Current assets			
(a) Inventories	12	4,044.70	3,485.28
(b) Financial assets			
(i) Investments	13	1,102.21	837.39
(ii) Trade receivables	14	3,102.45	2,563.05
(iii) Cash and cash equivalents	15	853.46	610.35
(iv) Bank balance other than cash and cash equivalents	16	112.15	13.86
(v) Loans	17	19.91	9.53
(vi) Other financial assets	18	574.82	542.10
(c) Other current assets	19	1,004.40	674.01
		10,814.10	8,735.57
(3) Assets classified as held for sale (net)	20	-	69.06
Total assets		22,860.55	21,037.07
Equity and liabilities			
(1) Equity			
(a) Share capital	21	161.02	160.90
(b) Other equity	22	14,068.17	12,382.76
Equity attributable to owner		14,229.19	12,543.66
(c) Non-controlling Interest	23	352.44	438.23
Total equity		14,581.63	12,981.89
(2) Share application money pending allotment	22	-	0.00
(3) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	3,662.11	3,645.36
(ii) Other financial liabilities	25	50.11	45.06
(b) Provisions	26	137.92	140.52
(c) Deferred tax liabilities (net)	10	503.31	756.89
(d) Other non-current liabilities	27	93.25	93.65
		4,446.70	4,681.48
(4) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	435.87	467.23
(ii) Trade payables	28	2,119.12	1,571.14
(iii) Other current financial liabilities	29	420.19	642.59
(b) Other current liabilities	30	226.85	266.36
(c) Provisions	26	627.11	402.37
(d) Current tax liabilities (net)		3.08	24.01
		3,832.22	3,373.70
Total equity and liabilities		22,860.55	21,037.07
Significant accounting policies and key accounting estimates and judgements	1		
The accompanying notes form an integral part of these financial statements.	2-57		

As per our report of even date

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm Reg. No. 001076N/N500013

Ashish Gupta

Partner

Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang VohraManaging Director and
Global Chief Executive Officer**Kedar Upadhye**

Global Chief Financial Officer

Samina VaziralliExecutive
Vice-Chairperson**Rajendra Chopra**

Company Secretary

Mumbai, 22nd May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

₹ in Crore

Particulars	Notes	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(1) Revenue from operations			
(a) Revenue from sale of products	31	14,750.86	14,280.86
(b) Other operating income	32	468.39	349.38
		15,219.25	14,630.24
(c) Other income	33	357.65	228.69
		15,576.90	14,858.93
(2) Expenditure			
(a) Cost of materials consumed	34	4,497.16	4,272.66
(b) Purchases of stock-in-trade	35	1,174.20	933.50
(c) Changes in inventories of finished goods , work-in-progress and stock-in-trade	36	(232.94)	110.96
(d) Employee benefits expense	37	2,690.10	2,633.82
(e) Finance costs	38	114.23	159.38
(f) Depreciation, impairment and amortisation expense	39	1,322.82	1,322.93
(g) Other expenses	40	4,264.35	4,203.51
		13,829.92	13,636.76
(3) Profit before exceptional items and tax		1,746.98	1,222.17
(4) Exceptional items	53	77.52	-
(5) Profit before tax		1,669.46	1,222.17
(6) Tax expense (net)			
(a) Current tax (net)	10	561.06	479.48
(b) Deferred tax charge/(credit)	10	(310.95)	(299.72)
(7) Profit after Tax before share of associates		1,419.35	1,042.41
(8) Share of loss from associates		(2.78)	(6.99)
(9) Profit for the year		1,416.57	1,035.42
(10) Other comprehensive income/(loss)	41		
A. (i) Items that will not be reclassified to profit or loss		28.41	11.42
(ii) Income tax relating to Items that will not be reclassified to profit or loss		(4.11)	(3.96)
		24.30	7.46
(B) (i) Items that will be reclassified to profit or loss		382.73	123.89
(ii) Income tax relating to these items		(13.50)	-
		369.23	123.89
Other comprehensive income for the year		393.53	131.35
(11) Total comprehensive income for the year		1,810.10	1,166.77
(12) Profit for the year attributable to			
(a) Owners		1,410.53	1,006.39
(b) Non-controlling interest		6.04	29.03
(13) Total comprehensive profit attributable to			
(a) Owners		1,764.52	1,173.67
(b) Non-controlling interest		45.58	(6.90)
(14) Earnings per equity share of face value of ₹ 2 each	42		
Basic (in ₹)		17.53	12.52
Diluted (in ₹)		17.50	12.50
Significant accounting policies and key accounting estimates and judgements	1		
The accompanying notes form an integral part of these financial statements	2-57		

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Reg. No. 001076N/N500013

Ashish Gupta

Partner

Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra

Managing Director and
Global Chief Executive Officer

Kedar Upadhye

Global Chief Financial Officer

Samina Vaziralli

Executive
Vice-Chairperson

Rajendra Chopra

Company Secretary

Mumbai, 22nd May, 2018

Consolidated Statement of Changes in Equity

 for the year ended 31st March, 2018

₹ in Crore

(a) Equity share capital (refer note 21)	As at 31 st March, 2018	As at 31 st March, 2017
Balance at the beginning of the year	160.90	160.68
Changes in equity share capital during the year on exercise of employee stock options scheme (ESOSs)	0.12	0.22
Balance at the end of the year	161.02	160.90

₹ in Crore

(b) Other equity (refer note 22)	Attributable to the owners								Total	Non controlling interest	Total equity
	Reserves and surplus					Other reserve					
	Capital reserve	Securities premium reserve	General reserve	Employee stock options reserve	Retained earnings	Foreign currency translation reserve	Equity instrument through other comprehensive income	Hedge reserve			
Balance as at 1 st April ,2016	(45.02)	1,449.28	3,141.43	89.41	6,953.84	(215.16)	-	-	11,373.78	350.09	11,723.87
Profit for the year	-	-	-	-	1,006.39	-	-	-	1,006.39	29.03	1,035.42
Other comprehensive income/ (loss)	-	-	-	-	7.46	109.56	-	50.26	167.28	(35.93)	131.35
Payment of dividend (including tax on dividend) (Refer note 44 (c))	-	-	-	-	(193.58)	-	-	-	(193.58)	(34.05)	(227.63)
Exercise of ESOSs	-	55.96		(44.20)					11.76		11.76
Share based payments	-	-	0.17	16.81	-	-	-	-	16.98	-	16.98
Non-controlling interest	0.15	-	-	-	-	-	-	-	0.15	129.09	129.24
Balance as at 31 st March, 2017	(44.87)	1,505.24	3,141.60	62.02	7,774.11	(105.60)	-	50.26	12,382.76	438.23	12,820.99
Profit for the year	-	-	-	-	1,410.53	-	-	-	1,410.53	6.04	1,416.57
Other comprehensive income/ (loss)	-	-	-	-	3.41	314.58	20.85	15.15	353.99	39.54	393.53
Payment of dividend (including tax on dividend) (Refer note 44 (c))	-	-	-	-	(189.27)	-	-	-	(189.27)	(7.37)	(196.64)
Exercise of ESOSs	-	36.91	-	(36.91)	-	-	-	-	-	-	-
Share based payments	-	-	0.13	41.15	-	-	-	-	41.28	-	41.28
Non-controlling interest	68.88	-	-	-	-	-	-	-	68.88	(124.00)	(55.12)
Balance as at 31 st March ,2018	24.01	1,542.15	3,141.73	66.26	8,998.78	208.98	20.85	65.41	14,068.17	352.44	14,420.61

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

 New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer

Kedar Upadhye
Global Chief Financial Officer

Samina Vaziralli
Executive
Vice-Chairperson

Rajendra Chopra
Company Secretary

 Mumbai, 22nd May, 2018

Consolidated Statement of Cash Flows

for the year ended 31st March, 2018

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Cash flow from operating activities		
Profit before tax	1,669.46	1,222.17
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment expense	1,322.82	1,322.93
Interest expense	114.23	159.38
Unrealised foreign exchange (gains)/loss (net)	2.67	9.58
Expense on employee stock option scheme (ESOs)	41.28	16.86
Provision for bad and doubtful debts and advances (net)	33.21	52.17
Interest income	(29.64)	(12.48)
Dividend income	(3.54)	-
Net gain on sale of current investment carried at FVTPL	(72.96)	(54.63)
Net gain on sale of current investment	(76.53)	(123.25)
Fair value gain on financial instruments at fair value through profit and loss	(2.32)	(9.47)
Net (gain)/loss on sale/disposal of property, plant and equipment	(24.66)	20.52
Rent income	(5.97)	(7.19)
Operating profit before working capital changes	2,968.05	2,596.59
Adjustments for :		
Decrease/(increase) in inventories	(559.34)	322.77
(Increase) in trade and other receivables	(854.77)	(288.47)
Increase in trade payables and other liabilities	630.86	201.14
Working capital adjustments	(783.25)	235.44
Cash generated from operations	2,184.80	2,832.03
Income taxes paid (including tax deducted at source)	(722.04)	(450.27)
Net cash flow from operating activities	1,462.76	2,381.76
Cash flow from investing activities		
Purchase of property, plant & equipment, intangibles/capital work-in-progress	(816.21)	(1,135.98)
Proceeds from sale of property, plant & equipment and intangibles	76.75	37.75
Proceeds from sale of investments in subsidiaries & associates	142.56	20.63
Purchase consideration for acquisition of subsidiaries	(14.27)	(187.93)
Investment in associates	-	(2.57)
Proceeds from sale of non-current investments	10.31	136.99
(purchase)/sale of current investments	(189.54)	(197.78)
Fixed deposits placed with banks as margin money	(102.76)	(0.61)
Interest received	29.64	12.11
Dividend received	3.54	-
Rent received	5.97	7.18
Net cash flow used in investing activities	(854.01)	(1,310.21)

Consolidated Statement of Cash Flows

for the year ended 31st March, 2018

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Cash flow from financing activities		
Proceeds from issue of equity shares	0.12	11.96
Transaction with non-controlling interest	(44.07)	95.60
Proceeds/ (repayment) from short-term borrowings (net)	(31.98)	(4,500.47)
Proceeds from non current borrowings	-	3,652.31
Repayment of non current borrowings	(2.50)	(232.09)
Interest paid	(117.78)	(159.42)
Dividend paid	(160.94)	(160.84)
Tax paid on dividend	(28.33)	(32.73)
Net cash flow used in financing activities	(385.48)	(1,325.68)
Net increase/(decrease) in cash and cash equivalents	223.27	(254.13)
Cash and cash equivalents at the beginning of the year	610.35	858.15
Exchange difference on translation of foreign currency cash and cash equivalents	19.84	6.33
Cash and cash equivalents at the end of the year (refer note 15)	853.46	610.35

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS-7)-Statement of Cashflows.

Reconciliation of Financing Activities

₹ in Crore

Particulars	As at 31 st March, 2017	Cashflows	Non cash changes			As at 31 st March, 2018
			Acquisition	Foreign exchange movement	Fair value changes	
Long term borrowings	3,645.36	(2.50)	-	19.25	-	3,662.11
Short term borrowings	467.23	(31.98)	-	0.62	-	435.87
Current maturity of long term borrowings	0.07	-	-	-	-	0.07
Total	4,112.66	(34.48)	-	19.87	-	4,098.05

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer

Kedar Upadhye
Global Chief Financial Officer

Mumbai, 22nd May, 2018

Samina Vaziralli
Executive
Vice-Chairperson

Rajendra Chopra
Company Secretary

Notes to the Consolidated Financial Statements

Corporate information

The Consolidated Financial Statements comprise Financial Statements of Cipla Limited ("the Company"), Subsidiaries and its Associate (collectively, "the Group" refer annexure A to Note 1) for the year ended 31st March, 2018. The Company is a public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Cipla Limited is a global pharmaceutical Company which uses cutting edge technology and innovation to meet the everyday needs of all patients. The Group has its wide network of operations in local as well foreign markets.

Note: 1 Significant Accounting Policies and Key Accounting Estimates and Judgements

Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards (hereinafter referred to as 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act. The accounting policies are applied consistently to all the periods presented in the Financial Statements. The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investment and derivative instruments), defined benefit plans, plan assets and share based payments. The Consolidated Financial Statements are presented in Indian Rupee and all values are rounded to the nearest crore or decimal thereof, except when otherwise indicated. Amount less than ₹ 50,000 is presented as ₹ 0.00 Crore.

Use of Estimates and judgements

The preparation of Consolidated Financial Statements requires the Management of the Group to make estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the Consolidated Financial Statements are prudent and reasonable. Examples of such estimates include estimation of useful lives of tangible and intangible assets, valuation of inventories, sales return, employee costs, assessments of recoverable amounts of deferred tax assets and cash generating units, provisions against litigations and

contingencies. 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.

Principles of Consolidation

The Consolidated Financial Statements relate to Cipla Limited, its subsidiaries, joint venture and associates.

Subsidiaries are all entities over which Cipla Limited exercises control. Cipla Limited 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 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.
- 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.

Notes to the Consolidated Financial Statements

- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group share of the profit or loss after the date of acquisition. The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. 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 and joint ventures are eliminated to the extent of the Group interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.
- The Financial Statements of the subsidiaries, associates and joint ventures 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.

Current/non-current classification

All assets and liabilities have been classified as current and non-current as per the Group normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as upto 12 months for the purpose of current/non-current classification of assets and liabilities.

Property, plant and equipment

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. The Group had applied for the one time transition exemption of considering the carrying cost on the transition date i. e. 1st April, 2015 as the deemed cost under IND AS. Hence regarded thereafter as historical cost.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the Statement of Profit and 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.

Depreciation on property, plant and equipment (other than Freehold Land) is provided based on useful life of the assets. 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 Statement of Profit and loss.

The estimated useful life for property, plant and equipment are mentioned below:

Type of Asset	Useful Lives
Buildings	20 years
Leasehold Improvements	Lease Term
Plant and Equipment	2 to 25 years
Computer Equipment	3 to 5 years
Vehicles	5 years
Office Equipment	5 to 10 years
Electrical Installations	5 to 10 years
Furniture and Fixtures	5 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Notes to the Consolidated Financial Statements

An item of property, plant and equipment, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets such as Marketing Intangibles, Trademarks, Technical Know-How, Brands, Computer Software, Product Related Intangibles, Distribution Network, Non-compete Rights, Government Contracts acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Internally generated intangibles including research cost are not capitalised and the related expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any. Goodwill is tested for impairment on annual basis

Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the Statement of Profit and Loss.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the period of useful life of an asset.

The estimated useful life for Intangible Assets are mentioned below:

Type of Asset	Useful Lives
Marketing Intangibles	2 to 15 years
Trademarks	2 to 15 years
Technical Know-How	2 to 15 years
Brands	2 to 15 years
Computer Software	2 to 6 years
Product related Intangibles	2 to 12 years

Distribution Network	25 years
Non-compete Rights	2 to 7 years
Government Contracts	6 years

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 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

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.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

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 statement of profit and loss.

Foreign currency translation

Functional and presentation currency

Items included in the Consolidated Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (₹), which is Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the 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 assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are translated at fair value in a foreign currency are translated using the exchange rates prevailing on the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in Statement of Profit and Loss

as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair Value through Other Comprehensive Income (FVTOCI) are recognised in other comprehensive income.

Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores, spares and consumables, work-in-progress, stock-in-trade and are valued at lower of cost and net realisable value.

Finished goods and work-in-progress include costs of raw material, labour, conversion costs and other related costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is determined on a weighted moving average basis.

Government grants

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

Government grants that are receivable on satisfying export or revenue conditions with no future related cost are recognised in profit or loss in the period such conditions are met.

The loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Notes to the Consolidated Financial Statements

Revenue recognition

(i) Sale of goods and rendering of services

Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns and other allowances including (trade discounts and volume rebates).

Accrual for sales returns, chargebacks and other allowances are provided at the point of sale based upon past experiences. Adjustments to such returns, chargebacks and other allowances are made prospectively as new information becomes available.

Revenue includes only the gross inflows of economic benefits, including excise duty (upto 30th June, 2017) received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services tax (GST) are excluded from revenue.

Profit sharing revenues are generally recognised under the terms of a license and supply agreement in the period in which such amounts can be reliably measured and collectability is reasonably assured.

Revenue from sale of goods is recognised when the following conditions are satisfied:

- The Group has transferred the significant risks and rewards of ownership of the goods to the buyer.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold.
- The amount of revenue can be measured reliably.

Revenue resulting from the achievement of milestone events stipulated in agreements is recognised when the milestone is achieved. Milestones are based upon the occurrence of a substantive element specified in the contract or as a measure of substantive progress towards completion under the contract.

Other operating revenue is recognised on accrual basis.

(ii) 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 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.

iii) 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.

Employee benefits

(i) Short term employee benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/ vesting period of the benefit.

Post retirement contribution plans such as Employees' Pension scheme and Employees' Provident Fund (for employees other than those who are covered under Employees' Provident Fund Trust) are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue.

(ii) defined benefit plan

Post retirement benefit plans such as gratuity and provident fund are 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 Statement of Profit and Loss.

(iii) Gratuity obligations

The present value of the defined benefit obligation is determined by discounting the estimated future

Notes to the Consolidated Financial Statements

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 Statement of Profit and Loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

(iv) Other benefit plan

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary.

(v) Termination benefits

Termination benefits arising are recognised in the Statement of Profit and 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.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees.

For cash settled share based payments a liability is recognised for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled and at the date of settlement the fair value is remeasured with any

changes in fair value is recognised in the Statement of Profit and Loss for the year.

All services received in exchange for the grant of any share-based payment are measured at their fair values on the grant date. Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in Statement of Profit and Loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted. Services received from employees satisfying another vesting condition irrespective of whether market conditions are satisfied.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as securities premium.

Taxes

Income Tax expense comprises of current tax expense and deferred tax charged/credit. Current and deferred taxes are recognised in Statement of Profit and Loss, except

Notes to the Consolidated Financial Statements

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 Income Tax Act of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

(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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Deferred tax liabilities are not recognised for temporary differences between the tax bases of investment in subsidiaries & associate and carrying amount, where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of Profit and Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Consolidated Financial Statements

Operating lease payments are recognised as an expense in the statement of Profit and Loss on accrual basis as escalation in lease arrangements are for expected inflationary cost.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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.

Provisions

Provisions for legal claims, chargebacks and sales returns are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the

reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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.

Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

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

Initial recognition and measurement

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. 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 trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The classification depends on the Group business

Notes to the Consolidated Financial Statements

model for managing the financial assets and the contractual terms of the cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost.
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and 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 Statement of Profit and Loss.

Derecognition

The Group derecognises 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 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.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired.

A financial asset or a Group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an expected 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the Statement of Profit and Loss.

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 financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through the Statement of Profit and Loss include financial liabilities designated upon initial recognition as at

Notes to the Consolidated Financial Statements

fair value through the Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised 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 Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(iii) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which derivative

contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(iv) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The Group classifies its interest rate swaps that hedge foreign currency risk associated as cash flow hedges and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, and is included in the 'Other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects Statement of Profit and Loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to the Statement of Profit and loss within other income.

(v) Net investment hedge

Hedge of net investments in foreign operations are accounted for similar to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in Profit and Loss within other gains/(losses).

Gain and losses accumulated in equity are reclassified to Statement of Profit and Loss on the disposal of a foreign operation.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary

Notes to the Consolidated Financial Statements

economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date.
- 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).
- All resulting exchange differences are recognised in other comprehensive income.

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.

Foreign operations

In the Group Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the ₹ are translated into ₹ upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into ₹ at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into ₹ at the closing rate. Income and expenses have been translated into ₹ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the Consolidated Financial Statements prior

to acquisition. As on the acquisition-date, the identifiable assets and liabilities assumed are included in the consolidated statement of financial position at their acquisition date fair values.

The excess of consideration transferred, the amount of any Non-Controlling Interests (NCI) in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets acquired, the difference is recognised in Capital Reserve. The NCI is measured at proportionate value of its interest.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Maker is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions.

Key accounting estimates and judgements

The preparation of the Group Consolidated Financial Statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements

(i) Leases

The Group has evaluated each lease agreement for its classification between finance lease and

Notes to the Consolidated Financial Statements

operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind-AS 17 "Leases" for the said classification. The Group has also used appendix C of Ind-AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- Fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- The arrangement conveys a right to use the asset.

(ii) Deferred income taxes

The assessment of the probability of future taxable profit and consequent utilisation of deferred tax assets is based on the Group latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full.

(iii) Research and 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.

Estimates

(i) Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group.

(ii) Current income taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also files tax returns in other foreign jurisdictions.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

(iii) Deferred tax

Deferred tax liabilities are not recognised for temporary differences between the tax bases of investment in subsidiaries & associate and carrying amount, where the management believes that Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iv) Sales returns and chargeback

The Group accounts for sales returns and chargeback accruals by recording an allowance for sales returns and chargeback concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group estimate of expected sales returns and charge-back. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group historical experience in the markets in which the Group operates.

(v) 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 case of trade receivables and lease receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance.

Notes to the Consolidated Financial Statements

In case of other assets (listed above), 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 month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

(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 judgment. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(vii) Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, 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 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.

Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the changes in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must

Notes to the Consolidated Financial Statements

disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date. On transition, the effect of this change is not expected to be material for the Company.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to

be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1st April 2018.

The standard permits two possible methods of transition:

- (i) **Retrospective approach** Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- (ii) **Retrospectively with cumulative effect** of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach).

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Annexure 'A' to Note 1: Significant accounting policies

Name of the Company	Name of the Company	% Ownership Interest		With effect from
		As at 31 st March, 2018	As at 31 st March, 2017	
Subsidiaries (held directly)				
Cipla FZE ⁷	United Arab Emirates	100%	100%	04/10/06
Golden Cross Pharma Private Limited	India	100%	100%	14/05/10
Cipla (Mauritius) Limited	Mauritius	100%	100%	27/01/11
Meditab Specialities Private Limited	India	100%	100%	01/10/10
Cipla Medpro South Africa Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Holding BV	Netherlands	100%	100%	28/08/13
Cipla Biotec Private Limited	India	100%	100%	24/07/14
Cipla EU Limited	United Kingdom	100%	100%	27/01/11
Saba Investment Limited	United Arab Emirates	51%	51%	02/10/14
Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/15
Cipla Health Limited	India	73.89%	73.89%	27/08/15
Subsidiaries (held indirectly)				
Cipla (UK) Limited	United Kingdom	100%	100%	27/01/11
Cipla Australia Pty Ltd	Australia	100%	100%	04/03/11
Medispray Laboratories Private Limited	India	100%	100%	01/10/10
Sitec Labs Private Limited	India	100%	100%	01/10/10
Meditab Holdings Limited	Mauritius	100%	100%	01/10/10
Meditab Specialities New Zealand Limited ¹	New Zealand	0%	100%	21/01/11
Cipla İlaç Ticaret Anonim Şirketi	Turkey	100%	100%	20/02/12
Cipla USA Inc.	USA	100%	100%	12/09/12

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Annexure 'A' to Note 1: Significant accounting policies

Name of the Company	Name of the Company	% Ownership Interest		With effect from
		As at 31 st March, 2018	As at 31 st March, 2017	
Cipla Kenya Limited	Kenya	100%	100%	08/10/12
Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/13
Cipla Europe NV	Belgium	100%	100%	30/09/13
Cipla Quality Chemical Industries Limited	Uganda	62.30%	62.30%	20/11/13
Cipla Croatia d.o.o. ²	Croatia	0%	100%	04/12/13
Galilee Marketing Proprietary Limited	South Africa	100%	100%	15/07/13
Inyanga Trading 386 Proprietary Limited	South Africa	100%	100%	15/07/13
Xeragen Laboratories Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Medpro Holdings Proprietary Limited	South Africa	100%	100%	15/07/13
Cape to Cairo Exports Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Agrimed Proprietary Limited ³	South Africa	0%	100%	15/07/13
Cipla Dibcare Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Life Sciences Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla-Medpro Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla-Medpro Distribution Centre Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Medpro Botswana Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Nutrition Proprietary Limited	South Africa	100%	100%	15/07/13
Cipla Vet Proprietary Limited ⁴	South Africa	0%	100%	15/07/13
Medpro Pharmaceutica Proprietary Limited	South Africa	100%	100%	15/07/13
Med Man Care Proprietary Limited	South Africa	100%	100%	15/07/13
Breathe Free Lanka (Pvt) Ltd	Sri Lanka	100%	100%	16/06/14
Medica Pharmaceutical Industries Company Limited	Yemen	50.49%	50.49%	02/10/14
Al-Jabal For Drugs and Medical Appliances Company Limited ⁵	Yemen	0%	50.49%	02/10/14
Cipla Pharma Lanka (Pvt) Ltd	Sri Lanka	60%	60%	17/11/14
Cipla Pharma Nigeria Ltd ⁶	Nigeria	0%	100%	06/02/15
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/15
Cipla Maroc SA	Morocco	60%	60%	08/05/15
Cipla Middle East Pharmaceuticals FZ-LLC	United Arab Emirates	51%	51%	31/05/15
Quality Chemicals Limited	Uganda	51%	51%	06/08/15
Cipla Philippines Inc.	Philippines	100%	100%	06/01/16
Invagen Pharmaceuticals Inc.	USA	100%	100%	17/02/16
Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/16
Cipla Algérie	Algeria	40%	40%	06/06/16
Cipla BioTec South Africa (Pty) Ltd	South Africa	100%	100%	10/06/16
Anmarate Proprietary Limited	South Africa	100%	0%	12/04/17
Cipla Technologies LLC	USA	100%	0%	13/11/17
Associate				
Stempeutics Research Private Limited	India	48.99%	48.99%	01/10/10

1. Dissolved on 10th July 20172. Divested on 19th Jan 2018.3. Divested on 1st Jun 2017.4. Divested on 1st Jun 2017.5. Divested on 26th Mar 2018.6. Dissolved on 9th Jan 2018

7. In the process of liquidation

Notes to the Consolidated Financial Statements

Note 2: Property, plant and equipment

₹ in Crore

Particulars	Freehold land	Leasehold land	Leasehold Buildings	Buildings and flats	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block									
Balance as at 1st April, 2016	62.87	32.42	73.12	1,960.27	2,776.16	104.24	65.95	10.43	5,085.46
Additions	6.41	0.23	1.02	226.27	763.27	23.68	21.98	4.29	1,047.15
Deletions and adjustments	1.27	3.01	8.26	4.99	68.13	6.52	10.73	0.69	103.60
Foreign currency translations adjustments	(0.18)	(0.16)	7.41	(7.37)	4.98	0.64	(0.07)	(1.51)	3.74
Balance as at 31st March, 2017	67.83	29.48	73.29	2,174.18	3,476.28	122.04	77.13	12.52	6,032.75
Additions	5.02	0.54	1.31	220.15	684.31	17.08	17.30	2.52	948.23
Deletions and adjustments	-	-	-	5.55	70.23	2.18	1.65	1.13	80.74
Foreign currency translations adjustments	(0.03)	(0.15)	9.28	1.00	28.09	3.25	1.54	(0.57)	42.41
Balance as at 31st March, 2018	72.82	29.87	83.88	2,389.78	4,118.45	140.19	94.32	13.34	6,942.65
Depreciation and impairment									
Accumulated balance as at 1st April, 2016	-	0.30	4.14	57.05	383.07	16.69	18.27	1.09	480.61
Depreciation	-	0.35	8.56	65.36	424.77	16.78	20.12	2.53	538.47
Impairment	-	-	-	13.25	45.20	-	-	-	58.45
Deletions and adjustments	-	-	5.78	2.33	27.46	5.29	9.78	-	50.64
Foreign currency translations adjustments	-	-	2.45	(2.21)	(2.67)	0.44	0.10	(0.94)	(2.83)
Accumulated balance as at 31st March, 2017	-	0.65	9.37	131.12	822.91	28.62	28.71	2.68	1,024.06
Depreciation	-	0.61	8.70	74.09	487.41	16.48	18.86	2.52	608.67
Impairment	-	-	-	-	10.12	-	-	-	10.12
Deletions and adjustments	-	-	-	0.35	28.85	1.30	0.86	-	31.36
Foreign currency translations adjustments	-	(0.14)	0.71	1.00	11.75	1.77	1.13	(0.41)	15.81
Accumulated balance as at 31st March, 2018	-	1.12	18.78	205.86	1,303.34	45.57	47.84	4.79	1,627.30
Net block									
As at 31st March, 2018	72.82	28.75	65.10	2,183.92	2,815.11	94.62	46.48	8.55	5,315.35
As at 31st March, 2017	67.83	28.83	63.92	2,043.06	2,653.37	93.42	48.42	9.84	5,008.69

- The gross value of buildings and flats includes the cost of shares in co-operative housing societies.
- The above additions to property, plant and equipments during the year includes ₹ 63.37 Crore (previous year ₹ 123.34 Crore) used for research and development.

Details of capital work-in-progress

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance	719.23	741.01
Additions during the year	592.89	531.39
Capitalised during the year	(800.64)	(519.27)
Impairment during the year	-	(30.33)
Foreign currency translations adjustments	0.87	(3.57)
Closing balance	512.35	719.23

Notes to the Consolidated Financial Statements

Note 3: Investment properties

₹ in Crore	
Particulars	Amount
Gross block	
As at 1 st April, 2017	1.80
Less: deduction	(0.69)
As at 31st March, 2018	1.11
Accumulated depreciation	
As at 1 st April, 2017	0.06
Depreciation for the year	0.02
At 31st March, 2018	0.08
Net block	
At 31st March, 2018	1.03
At 31 st March, 2017	1.74
Fair value	
At 31st March, 2018	8.59
At 31st March, 2017	7.97

Rental income recognised in statement of profit or loss for investment property amounting to ₹ 0.09 Crore (previous year ₹ 0.09 Crore)

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro & 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 guidance value notified by statutory authority. The fair value measurement is categorised in level 2 fair value hierarchy.

Note 4: Goodwill

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening balance	2,696.67	2,723.81
De-recognised on disposal of subsidiaries	(4.23)	(0.26)
Foreign currency translation adjustments	122.30	(26.88)
Closing balance	2,814.74	2,696.67

Note 4: Goodwill (Contd..)

Goodwill acquired in business combination is allocated to the cash generating units (CGUs) that are expected to benefit from that business combination as follows:

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
United States of America	1,567.00	1,569.13
South Africa	1,011.01	887.06
Yemen	111.16	112.42
India	75.46	75.46
Uganda	46.50	47.35
Others	3.61	5.25
Total	2,814.74	2,696.67

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the group at which goodwill is monitored for internal management purposes, which is not higher than the Group operating segments. The Group goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

The recoverable amount of each CGUs are determined based on value in use calculated using, estimated discounted cash flows.

The Group prepares its cash flow forecasts based on the most recent financial budgets approved by management.

Growth rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 3 % to 25.40 %.

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 Company and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 11.10% to 22%.

Notes to the Consolidated Financial Statements

Note 5: Other intangible assets

₹ in Crore

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and Patents	Brands	Total
Gross block							
Balance as at 1st April, 2016	119.46	1,089.12	4.65	207.16	924.85	31.35	2,376.59
Additions	54.16	9.38	-	-	160.68	-	224.22
Deletions and adjustments	0.04	-	-	-	-	-	0.04
Foreign currency translations adjustments	(0.15)	44.84	-	-	(21.47)	(0.63)	22.59
Balance as at 31st March, 2017	173.43	1,143.34	4.65	207.16	1,064.06	30.72	2,623.36
Business combination				13.15			13.15
Additions	23.77	53.59	3.49	5.27	426.35	-	512.47
Deletions and adjustments	-	-	-	10.74	-	-	10.74
Foreign currency translations adjustments	1.65	109.32	-	29.58	5.92	0.15	146.62
Balance as at 31st March, 2018	198.85	1,306.25	8.14	244.42	1,496.33	30.87	3,284.86
Amortisation and impairment							
Accumulated balance as at 1st April, 2016	23.48	267.45	0.52	0.58	18.56	8.10	318.69
Amortisation	30.25	118.13	0.93	1.05	180.53	2.10	332.99
Impairment	-	-	-	-	194.38		194.38
Deletions and adjustments	0.02	-	-	-	-	-	0.02
Foreign currency translations adjustments	0.03	4.87	-	-	(12.46)	-	(7.56)
Accumulated balance as at 31st March, 2017	53.74	390.45	1.45	1.63	381.01	10.20	838.48
Amortisation	36.78	100.28	1.79	22.25	177.97	2.07	341.14
Impairment	-	-	-	5.08	261.74	-	266.82
Deletions and adjustments	-	-	-	4.02	3.21	-	7.23
Foreign currency translations adjustments	1.19	16.98	-	0.53	7.77	0.13	26.60
Accumulated balance as at 31st March, 2018	91.71	507.71	3.24	25.47	825.28	12.40	1,465.81
Net block							
As at 31st March, 2018	107.14	798.54	4.90	218.95	671.05	18.47	1,819.05
As at 31st March, 2017	119.69	752.89	3.20	205.53	683.05	20.52	1,784.88

Details of intangible assets under development

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Opening balance	963.75	1,319.86
Additions during the year	97.38	23.79
Capitalised during the year	(499.75)	(62.74)
Impairment during the year	(96.05)	(168.29)
Foreign currency translations adjustments	3.65	(148.87)
Closing balance	468.98	963.75

Notes to the Consolidated Financial Statements

Note 6: Investment in associate

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Investments in unquoted Equity Instruments (refer note 45)		
2,05,02,525 (31 st March, 2017 2,05,02,525) Equity Shares of Stempeutics Research Private Limited of ₹ 10 each, fully paid including Goodwill of 31 st March, 2018 ₹ 5.43 Crore (31 st March, 2017 ₹ 5.43 Crore)	9.62	12.40
	9.62	12.40

Note 7: Investments

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Other investments		
Investments in equity instruments (Unquoted)		
Investments at fair value through OCI (fully paid)		
16.50% (31 st March, 2017 16.50%) Equity Interest in Shanghai Desano Pharmaceuticals Co., Ltd.	147.01	123.22
Investments carried at fair value through Profit and loss (FVTPL)		
Equity shares of The Saraswant co-operative bank Ltd of ₹ 10 each, fully paid ₹ 10,000 (31 st March, 2017 ₹ 10,000)	0.00	0.00
Investment in government securities carried at cost		
National saving certificates ₹ 41,000 (31 st March, 2017 ₹ 41,000)	0.00	0.00
	147.01	123.22
Aggregate amount of unquoted investments	147.01	123.22

Note 8: Non current asset - loans

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Unsecured, considered goods (carried at amortised cost)		
Deposits with body corporates and others		
Considered good	41.08	37.02
Considered doubtful	0.88	-
Less: allowance for doubtful	(0.88)	-
Other loans and advances	0.58	2.46
	41.66	39.48

Notes to the Consolidated Financial Statements

Note 9: Other non-current financial assets

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Fixed deposits as margin money (remaining maturity more than 12 months)*	12.59	11.64
Capital subsidy receivable	67.32	62.19
Derivatives designated as hedges carried at fair value		
Interest rate swap	79.23	19.60
Derivatives not designated as hedges carried at fair value		
Forward contracts	-	20.34
	159.14	113.77

*Amount held as margin money under lien to tax authority and electricity department.

Note 10 : Income taxes

The major components of income tax expense for the years ended 31st March, 2018 and 31st March, 2017 are:

(A) Statement of profit and loss:

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Current income tax charge	561.06	479.48
MAT Credit Utilisation / Entitlement	12.00	(181.23)
Adjustments in respect of deferred tax of previous year	(107.85)	(8.25)
Deferred Tax on account of Temporary Differences	(215.10)	(110.24)
Income tax expense reported in the statement of profit or loss	250.11	179.76

(B) Other comprehensive income section

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Income tax relating to re-measurements gain on defined benefit plans	(1.79)	(3.96)
Income tax relating to changes in fair value of FVTOCI Equity instrument	(2.32)	-
Income tax relating to cashflow hedge and interest rate swap	(13.50)	-
Income tax expense/ (income) charged to OCI	(17.61)	(3.96)

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd..)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2018 and 31st March, 2017:

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Accounting profit before tax	1,669.46	1,222.17
Income tax expense at tax rates applicable to respective tax jurisdiction	529.20	369.28
Effect of prior year adjustments to deferred tax	(107.85)	(8.25)
Weighted deductions and exemptions	(339.08)	(349.82)
Non-deductible expenses for tax purposes	122.22	49.78
Deferred tax not recognised (net)	38.94	117.82
Others	1.23	(2.00)
Differential tax impact	5.45	2.95
Income tax expense reported in the statement of profit and loss	250.11	179.76
Effective income tax rate	14.98%	14.71%

There are unused tax losses amounting to ₹ 465.92 Crore as at 31st March, 2018 (31st March, 2017 ₹ 470.27 Crore) for which no deferred tax asset has been recognised as the Company believes that availability of taxable profit against which such temporary difference can be utilised, is not probable. Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹ 1,057.90 Crore, (31st March, 2017 ₹ 1,357.10 Crore).

Deferred tax:

Deferred tax relates to the following:

₹ in Crore

Particulars	Balance sheet		Profit and loss		Other comprehensive income	
	As at 31 st March, 2018	As at 31 st March, 2017	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Property plant and equipment and intangible assets	(1,051.73)	(1,350.47)	313.37	174.26	-	-
Employee benefit expenses	74.67	72.28	2.67	(18.92)	1.79	3.96
Others	110.04	128.37	14.32	14.56	15.82	-
Provision for doubtful debts	53.44	51.77	4.09	12.67	-	-
Deferred revenue	26.09	28.28	(2.20)	(2.45)	-	-
Provision for right of return, sales return and discount	66.71	51.56	15.15	(3.27)	-	-
Tax loss carried forward	48.58	60.91	(24.45)	(58.36)	-	-
Mat credit entitlement	356.54	368.54	(12.00)	181.23	-	-
Deferred tax expense/(income) in statement of profit and loss	-	-	310.95	299.72	17.61	3.96
Deferred tax assets/(liabilities) (net)	(315.66)	(588.76)	-	-	-	-

Notes to the Consolidated Financial Statements

Note 10 : Income taxes (Contd.)

Reflected in the balance sheet as follows:

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Deferred tax assets	187.65	168.13
Deferred tax liabilities	(503.31)	(756.89)

Reconciliation of deferred tax liabilities (net):

Particulars	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening balance	588.76	897.04
Tax income during the period recognised in profit or loss	(310.95)	(299.72)
Tax expense during the period recognised in OCI	17.61	3.96
Assets held for sale(net)	-	1.64
Exchange difference	20.24	(14.16)
Closing balance	315.66	588.76

Note 11: Other non-current assets

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good*	0.78	4.69
Unsecured, considered good	83.92	191.22
Deferred lease assets	41.56	43.16
Prepaid expenses	2.37	2.19
VAT receivable	50.03	50.19
Others	2.61	0.75
	181.27	292.20

* secured against bank guarantees

Note 12: Inventories

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
(Lower of cost and net realisable value)		
Raw materials and packing materials	1,708.10	1,374.28
(Includes goods-in-transit ₹ 42.41 Crore (previous year ₹ 31.41 Crore))		
Work in progress	787.73	613.57
(Includes goods-in-transit ₹ 19.55 Crore (previous year ₹ 12.88 Crore))		
Finished goods	1,094.82	1,056.50
(Includes goods-in-transit ₹ 71.71 Crore (previous year ₹ 142.02 Crore))		
Stock-in-trade	413.99	393.53
(Includes goods-in-transit ₹ 91.96 Crore (previous year ₹ 54.29 Crore))		
Stores, spares and consumables	40.06	47.40
	4,044.70	3,485.28

The Group recorded Inventory write down (net) of ₹ 209.45 Crore (31st March, 2017 ₹ 270.12 Crore). This is included as part of cost of material consumed and changes in inventories of finished goods, work in progress and stock-in-trade.

Note 13: Current investments

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Investments - mutual funds (unquoted)	1,102.21	837.39
(Carried at fair value through profit and loss)		
	1,102.21	837.39
Aggregate amount of unquoted investments	1,102.21	837.39

Notes to the Consolidated Financial Statements

Note 14: Trade receivables

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Considered good (Carried at amortised cost, except otherwise stated)		
Secured	443.34	252.26
Unsecured	2,659.11	2,310.79
Considered Doubtful		
Unsecured	158.99	149.42
Less: Allowance for doubtful debts	(158.99)	(149.42)
	3,102.45	2,563.05

For ageing analysis of trade receivables, refer to note 43

Note 15: Cash and cash equivalents

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Balances with banks		
In current accounts	806.63	597.52
In fixed deposits (original maturity less than 3 months)	37.05	8.05
Remittance in transit	8.84	-
Cash on hand	0.94	4.78
	853.46	610.35

Note 16: Bank balance other than cash and cash equivalents

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Bank deposits (original maturity between 3 months and 12 months)	102.07	3.78
Balances earmarked for unclaimed dividend*	10.08	10.08
	112.15	13.86

* The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 and 31st March, 2017.

Note 17: Current financial assets-loans

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Deposits with body corporates and others		
Considered good	12.76	-
Considered doubtful	2.25	2.25
Less: Allowance for doubtful	(2.25)	(2.25)
	12.76	-
Loan to employees	7.15	9.53
	19.91	9.53

Note 18: Current financial assets-others

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Incentives benefit receivable from government	206.24	216.80
Deposits (refer note 46(B))	175.08	175.08
Derivatives designated as hedges carried at fair value		
Interest rate swap	-	28.22
Derivatives not designated as hedges carried at fair value		
Forward contracts	32.65	-
Fixed deposit (having remaining maturity less than 12 Month)#	3.52	-
Other receivables		
Considered good	157.33	122.00
Considered doubtful	3.93	0.46
Less: Allowance for doubtful advances	(3.93)	(0.46)
	574.82	542.10

Amount held as margin money to Government authority.

Notes to the Consolidated Financial Statements

Note 19: Other current assets

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Advance to suppliers	189.19	95.63
Prepaid expenses	78.93	44.77
Balances with statutory/ Revenue authorities like goods and service tax(GST),excise, customs, service tax and value added tax, etc.	735.16	527.23
Others	1.12	6.38
	1,004.40	674.01

Note 20: Assets and liabilities classified as held for sale

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Non-current assets:		
Property, plant and equipment	-	0.45
Other intangible assets	-	17.47
Current tax assets (net)	-	0.37

Note 20: Assets and liabilities classified as held for sale (Contd..)

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Current assets:		
Inventories	-	34.44
Trade receivables	-	19.12
Cash and cash equivalents	-	14.06
Total asset held for sale	-	85.91
Non-current liabilities:		
Deferred tax liabilities (net)	-	1.64
Other non-current liabilities	-	0.00
Current liabilities:		
Trade payables	-	15.16
Other current liabilities	-	0.00
Current tax liabilities (net)	-	0.05
Total liabilities held for sale	-	16.85
Assets held for sale (net)	-	69.06

On 4th March, 2017, A definitive agreement was entered into between Inyanga Trading 386 Proprietary Limited ("Inyanga") and Ascendis Health Limited on 4th March, 2017 whereby Inyanga disposed of its 100% shareholding in Cipla Agrimed Proprietary Limited and Cipla Vet Proprietary Limited (refer note 47)

Note 21: Share capital

₹ in Crore				
Particulars	Numbers	As at 31 st March, 2018	Numbers	As at 31 st March, 2017
Authorised				
Equity shares of ₹ 2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		175.00		175.00
Issued *				
Equity shares of ₹ 2/- each	80,51,19,164	161.02	80,55,13,469	161.10
		161.02		161.10
Subscribed and Paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,51,19,164	161.02	80,45,10,074	160.90
		161.02		160.90

* The Board of Directors of the Company at its meeting held on 7th February 2018, approved cancellation of the unsubscribed portion of the issued capital of the Company representing 10,03,395 equity shares of ₹ 2/- each aggregating to ₹ 0.20 Crore, effective from 8th February 2018.

Notes to the Consolidated Financial Statements

Note 21: Share capital (Contd..)

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
No. of shares outstanding at the beginning of the period	80,45,10,074	80,33,84,282
Add: Allotment of equity shares on exercise of employee stock options	6,09,090	11,25,792
No. of shares outstanding at the end of the period	80,51,19,164	80,45,10,074

Details of shareholders holding more than 5 percent shares in the Company

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
	Number of shares	% of Holdings	Number of shares	% of Holdings
Dr. Y. K. Hamied	16,67,42,687	20.71%	16,67,42,687	20.73%
Ms. Sophie Ahmed	4,59,82,000	5.71%	4,59,82,000	5.72%
ICICI Prudential Mutual Fund	3,11,49,240	3.87%	4,11,90,092	5.12%
Life Insurance Corporation of India	2,61,22,794	3.24%	4,53,25,137	5.63%

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Equity shares reserved for issue under employee stock options

Refer to note 49 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes.

Note 22: Other equity

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Retained earnings	8,998.78	7,774.11
Capital reserve	24.01	(44.87)
Securities premium reserve	1,542.15	1,505.24
General reserve	3,141.73	3,141.60
Employee stock options reserve	66.26	62.02
Foreign currency translation reserve	208.98	(105.60)
Fair value through other comprehensive income (net of tax)	20.85	-
Hedge reserve (net of tax)	65.41	50.26
Total	14,068.17	12,382.76

Share application money pending allotment

Nil as at 31st March, 2018 (as at 31st March, 2017 is ₹ 11,172)

Notes to the Consolidated Financial Statements

Note 22: Other equity (Contd.)

1. Nature and Purpose of Reserve:-

Capital reserve

Capital reserve represents gain arising from business combination and loss on account of acquisition of non controlling interest.

Securities premium account

Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.

General reserve

The General reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Employee stock options reserve

Companies has established various equity settled share based payments plan for certain categories of employee of the Company.

Foreign currency translation reserve

Foreign Currency Translation Reserve represents the unrealised gains and losses on account of translation of foreign subsidiaries into the presentation currency.

Hedge reserve

The hedging reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments.

Fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised/disposed off.

Note 23: 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 interests:

Name of the Company	As at 31 st March, 2018	As at 31 st March, 2017
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Quality Chemical Industries Limited	37.70%	37.70%
Saba Investment Limited	49.00%	49.00%
Quality Chemicals Limited	49.00%	49.00%
Cipla Health Ltd.	26.11%	26.11%

B. Information regarding non-controlling interest

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Accumulated balances of material non-controlling interest:		
Jay Precision Pharmaceuticals Pvt. Ltd.	49.77	41.12
Cipla Quality Chemical Industries Limited	135.17	112.92
Saba Investment Limited	136.91	167.79
Quality Chemicals Limited	5.73	5.35
Cipla Health Ltd.	20.37	33.69
Others	4.49	(10.14)
Preferred stock Issued during the year in Cipla Health Ltd.	-	87.50
Total	352.44	438.23

Notes to the Consolidated Financial Statements

Note 23: Non controlling interest (Contd..)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Profit/(loss) allocated to material non-controlling interest:		
Jay Precision Pharmaceuticals Private Limited	8.65	9.94
Cipla Quality Chemical Industries Limited	12.53	11.78
Saba Investment Limited	(1.76)	15.50
Quality Chemicals Limited	0.90	4.54
Cipla Health Ltd.	(13.46)	(7.91)
Others	(0.82)	(4.82)
Total	6.04	29.03

Summarised statement of profit and loss for the year ended 31st March, 2018

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Revenue from operations	94.57	405.11	329.43	29.02	119.84
Profit for the year	21.62	33.22	(3.59)	1.84	(51.56)
Other comprehensive income	-	69.73	23.61	(1.07)	(3.63)
Total comprehensive income	21.62	102.95	20.02	0.77	(55.19)
Profit attributable to non-controlling interests	8.65	12.53	(1.76)	0.90	(13.46)
Dividends paid to non-controlling interests	-	(7.37)	-	-	-

Summarised statement of profit and loss for the year ended 31st March, 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Revenue from operations	90.05	410.55	234.19	30.36	99.94
Profit for the year	24.85	31.25	31.64	9.27	(30.29)
Other comprehensive income	(0.01)	(76.23)	(27.84)	18.62	0.04
Total comprehensive income	24.84	(44.98)	3.80	27.89	(30.25)
Profit attributable to non-controlling interests	9.94	11.78	15.50	4.54	(7.91)
Dividends paid to non-controlling interests	-	(17.02)	(5.33)	(11.70)	-

Notes to the Consolidated Financial Statements

Note 23: Non Controlling Interest (Contd..)

Summarised balance sheet as at 31st March, 2018

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Non-current assets	94.32	158.70	177.07	9.47	48.97
Non-current liabilities	9.94	17.34	-	0.87	1.39
Net non-current assets	84.38	141.36	177.07	8.60	47.58
Current assets	46.31	275.01	443.69	19.69	88.75
Current liabilities	6.27	57.84	341.35	16.60	58.32
Net current assets	40.04	217.17	102.34	3.09	30.43
Total equity	124.42	358.53	279.41	11.69	78.01
Attributable to:					
Equity holders of parent	74.65	223.36	142.50	5.96	57.64
Non-controlling interest	49.77	135.17	136.91	5.73	20.37

Summarised balance sheet as at 31st March, 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Non-current assets	94.99	110.33	217.41	8.87	32.79
Non-current liabilities	6.30	-	-	-	0.74
Net non-current assets	88.69	110.33	217.41	8.87	32.05
Current assets	17.37	234.91	218.99	16.20	140.36
Current liabilities	3.27	45.71	93.98	14.15	43.36
Net current assets	14.10	189.20	125.01	2.05	97.00
Total equity	102.79	299.53	342.42	10.92	129.05
Attributable to:					
Equity holders of parent	61.67	186.61	174.63	5.57	95.36
Non-controlling interest	41.12	112.92	167.79	5.35	33.69

Summarised cash flow information as at 31st March 2018

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Operating activities	26.44	81.50	142.65	(0.05)	(69.34)
Investing activities	(3.81)	(67.54)	(107.36)	(0.01)	70.78
Financing activities	(5.84)	(1.92)	(109.51)	(0.01)	-
Net increase/ (decrease) in cash and cash equivalents	16.79	12.04	(74.22)	(0.07)	1.44

Notes to the Consolidated Financial Statements

Note 23: Non controlling interest (Contd..)

Summarised Cash Flow Information as at 31st March 2017

₹ in Crore

Particulars	Name of the Subsidiary				
	Jay Precision Pharmaceuticals Private Limited	Cipla Quality Chemical Industries Limited	Saba Investment Limited	Quality Chemicals Limited	Cipla Health Ltd.
Operating activities	37.76	69.77	59.17	2.99	(30.20)
Investing activities	(1.43)	(13.15)	4.11	(0.01)	(98.07)
Financing activities	(36.70)	(45.15)	(51.65)	(8.45)	128.46
Net increase/ (decrease) in cash and cash equivalents	(0.37)	11.47	11.63	(5.47)	0.19

Note 24: Financial liabilities - borrowings

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(a) Non current (note 43)		
(Carried at amortised cost, except otherwise stated)		
Unsecured loans:		
Term loan from Banks (note 1)	3,662.11	3,642.79
Other Loans (note 2)	-	2.50
Deferred sales tax loan (note 3)	-	0.07
	3,662.11	3,645.36
(b) Current (note 43)		
(Carried at amortised cost, except otherwise stated)		
Loans repayable on demand		
Unsecured loans:		
Packing credit from bank	142.54	324.25
Buyers credit	31.89	-
Bank overdraft	1.39	0.01
Others borrowings	260.05	142.97
	435.87	467.23

- Includes loans of ₹ 3,597.29 Crore (31st March, 2017 ₹ 3,563.25 Crore) taken by the Company's wholly owned subsidiaries in connection with acquisition of two US based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. These loans carry interest at LIBOR + 0.96% p.a. and the guarantee given by Cipla Ltd to the bankers for repayment of principal and interest on this loan.
- Loan of a subsidiary Company located in India amounting to ₹ Nil as on 31st March, 2018 (31st March, 2017 ₹ 2.50 Crore).
- Sales tax deferral loan is interest free and repayable by 2018-19 and shown under current maturities of long term borrowings as per repayment schedule.

Notes to the Consolidated Financial Statements

Note 25: Other financial liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except as otherwise stated)		
Security deposits	50.11	45.06
	50.11	45.06

Note 26: Provisions

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Non-current		
Provision for employee benefits (refer note 48)	137.92	140.52
	137.92	140.52
Current		
Provision for employee benefits (refer note 48)	192.73	122.22
Provision for right of return/discounts and others	340.43	265.31
Provision for litigation - DPCO	93.95	14.84
	627.11	402.37

Movement of Provisions

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Provision for right of return/discounts and other sales related accruals		
Balances at the beginning of the year	265.31	177.89
Arising during the year	199.25	192.71
Utilised during the year	(124.13)	(105.29)
Balances at the close of the year	340.43	265.31
Provision for litigation-DPCO		
Balances at the beginning of the year	14.84	13.26
Arising during the year	79.11	1.58
Utilised during the year	-	-
Balances at the close of the year	93.95	14.84

Note 27: Other non current liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Deferred government grant	15.53	14.05
Deferred revenue	67.59	74.66
Others	10.13	4.94
	93.25	93.65

Note 28: Trade payables

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Due to micro and small enterprises	18.38	36.91
Others	2,100.74	1,534.23
	2,119.12	1,571.14

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018, and no interest payment made during the year to any Micro and Small Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 29: Other current financial liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
(Carried at amortised cost, except otherwise stated)		
Current maturities of Non-Current debt;		
Deferred sales tax loans	0.07	0.07
Unclaimed dividends*	10.08	10.08
Security deposits	1.42	1.82
Capital creditors	80.92	170.66
Employee dues	110.77	112.92
Derivative designated as hedge	2.00	-

Notes to the Consolidated Financial Statements

Note 29: Other current financial liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Derivative not designated as hedge	9.21	-
Other payable	205.72	347.04
	420.19	642.59

* There are no amount due and outstanding to be credited to Investor Education & Protection Fund.

Note 32: Other operating income (contd..)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Scrap Sales	30.90	28.13
Sale of ANDA and other product license	91.42	-
Others	43.46	34.64
	468.39	349.38

Note 30: Other current liabilities

₹ in Crore

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Advances from customers	84.60	51.66
Other payables:		
Statutory dues	119.12	80.19
Deferred government grant	2.20	2.50
Deferred revenue	7.07	7.07
Others	13.86	124.94
	226.85	266.36

Note 33: Other income

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest income		
Bank deposit	20.50	2.94
Others	9.14	9.54
Government grants \$	3.88	2.46
Dividend income	3.54	-
Net gain on disposal of property, plant and equipments and Intangible assets	24.66	-
Insurance claim	4.56	5.33
Rent income	5.97	7.19
Sundry balances written back	4.77	5.85
Net gain on foreign currency transaction and translation	18.69	-
Current investments - carried at FVTPL	72.96	54.63
Non-current investments*	76.53	123.25
Fair value gain on financial instruments at fair value through profit or loss	2.32	9.47
Miscellaneous income	110.13	8.03
	357.65	228.69

\$ 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.

* Current year includes profit on Veterinary business sale at South Africa of ₹ 112.90 Crore(previous year includes ₹ 119.80 Crore profit on sale of investment in Chase Pharmaceutical Corporations, USA)

Note 31: Revenue from sale of products

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Sale of products [Refer note 54(i)]	14,750.86	14,280.86
	14,750.86	14,280.86

Note 32: Other operating income

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Rendering of services	103.43	70.11
Export incentives	144.68	164.48
Technical Know-how and licensing fees	54.50	52.02

Notes to the Consolidated Financial Statements

Note 34: cost of materials consumed

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Cost of materials consumed	4,497.16	4,272.66

Note 35: Purchase of stock in trade

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Purchase of stock in trade	1,174.20	933.50

Note 36: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Opening stock		
Work-in-progress	613.57	848.64
Finished goods	1,056.50	574.77
Stock-in-trade	393.53	751.15
Less: Closing stock		
Work-in-progress	787.73	613.57
Finished goods	1,094.82	1,056.50
Stock-in-trade	413.99	393.53
	(232.94)	110.96

Note 37: Employee benefits expenses

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Salaries and wages	2,399.96	2,392.83
Contribution to provident and other funds (refer note 48)	130.31	140.08

Note 37: employee benefits expenses (contd..)

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Employee stock option scheme (refer note 49)	41.28	16.86
Staff welfare expenses	118.55	84.05
	2,690.10	2,633.82

Note 38: Finance costs

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest expense	109.24	156.53
Other borrowing cost	4.99	2.85
	114.23	159.38

Note 39: Depreciation, impairment and amortisation expense

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Depreciation on property, plant and equipment (refer note 2)	608.67	538.47
Depreciation on investment properties (refer note 3)	0.02	0.02
Amortisation of intangible assets (refer note 5)	341.14	332.99
Impairment of intangible/ property, plant and equipment (refer note 2 and note 5)	372.99	451.45
	1,322.82	1,322.93

- The Group has decided to reposition the Biotechnology business to explore new business development opportunities including in-licensing

Notes to the Consolidated Financial Statements

to derisk future investments in the segment without solely relying on in-house development. Accordingly, the value in use of certain assets in Cipla Biotec Pvt Ltd was reassessed and an impairment charge of ₹ 10.12 Crore has been recognised during the year ended 31st March 2018 (31st March 2017 ₹ 56.89 Crore).

- Due to the uncertain regulatory developments and litigations for certain intangible assets on the existing and IP R&D portfolio relating to US generics business, the Group recorded an impairment charge of ₹ 357.77 Crore during the year ended 31st March 2018 (31st March 2017 ₹ 348.65 Crore). Refer note 5 for details relating to assumptions used in determination of value in use.

Note 40: Other expenses

Particulars	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Manufacturing expenses	472.86	446.25
Stores and spares	142.96	127.89
Repairs and maintenance		
Plant and equipment	104.17	97.26
Buildings	38.03	42.26
Insurance	31.34	37.41
Rent	117.20	113.93
Sales promotion expenses	607.43	553.02
Commission on sales	253.52	242.63
Freight and forwarding	221.95	213.56
Rates and taxes	38.11	36.11
Power and fuel	298.82	251.73

Note 40: Other expenses (Contd..)

Particulars	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Contractual services	194.00	198.84
Postage and telephone expenses	41.63	37.90
Travelling and conveyance	311.89	280.80
Allowances and Bad Debts written off (net)	33.21	52.17
Loss on foreign exchange fluctuation (net)	-	30.95
Non executive directors' remuneration	9.22	7.00
Legal and professional fees	450.45	352.05
Donations [®]	11.10	0.35
Payment to auditors		
Audit fees	2.01	2.31
Taxation matters	0.09	0.06
For other services	0.49	0.74
Net loss on disposal of property, plant and equipment	-	20.52
CSR expenditure (refer note 52)	34.54	29.53
Research - clinical trials, samples & grants	268.65	280.27
Excise duty (refer note 54 (i))	63.54	235.95
Miscellaneous expenses	517.14	512.02
	4,264.35	4,203.51

[®] includes ₹ 9 Crore (previous year ₹ nil) towards political contribution.

Note 41 : Other comprehensive income

Particular	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
A. (1) Items that will not be reclassified to Profit or Loss		
(i) Re-measurements of post-employment benefit obligation	5.24	11.42
(ii) Changes in fair value of FVTOCI equity instruments	23.17	-
	28.41	11.42

Notes to the Consolidated Financial Statements

Note 41 : Other comprehensive income

₹ in Crore

Particular	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
(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	(1.79)	(3.96)
(ii) Income tax relating to changes in fair value of FVTOCI equity instruments	(2.32)	-
	(4.11)	(3.96)
	24.30	7.46
B. (1) Items that will be reclassified to Profit or Loss		
(i) Exchange difference on translation of foreign operations	175.85	288.06
(ii) Net investment hedge loss	178.23	(214.43)
(iii) Cash flow hedge (refer note 43)	28.65	50.26
	382.73	123.89
(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	(13.50)	-
	(13.50)	-
	369.23	123.89
	393.53	131.35

Note 42 : Earnings per share (EPS)

Particular	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Profit after tax as per Statement of Profit or Loss (₹ in Crores)	1,410.53	1,006.39
Basic Weighted average number of Equity shares outstanding	80,47,65,162	80,39,79,037
Basic earning per share (₹)	17.53	12.52
Dilutive impact of employee stock options	13,16,409	13,38,647
Weighted average number of equity shares adjusted for the effect of dilution	80,60,81,571	80,53,17,684
Diluted earning per share (₹)	17.50	12.50

Note 43:

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 and cash and cash equivalents as at 31st March 2018 and 31st March 2017 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

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented and same are classified as Level 3.

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

Level 1 - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quotes in an active market.

Level 2 - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is

obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Company's own valuation models whereby the material assumptions are market observable. The majority of Company's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

The carrying value and fair value of financial instruments by categories as of 31st March, 2018 were as follows:

₹ in Crore

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortised cost:				
Investment property (refer note 3)	1.03	-	8.59	-
Investment (refer note 7)*	0.00	-	-	0.00
Financial assets at fair value through Profit and Loss:				
Investments in mutual funds (refer note 13)	1,102.21	-	1,102.21	-
Financial assets at fair value through other comprehensive income:				
Investments in Equity instrument (refer note 7)	147.01	-	-	147.01
Derivatives designated as hedges				
Interest rate swap used for hedging (refer note 9)	79.23	-	79.23	-
Derivatives not designated as hedges				
Other forward contracts refer (note 18)	32.65	-	32.65	-
Financial liabilities				
Financial liabilities at amortised cost:				
Borrowings (refer note 24)	4,098.05	-	-	4,098.05
Financial assets at fair value through Profit and Loss:				
Derivatives not designated as hedges (refer note 29)	9.21	-	9.21	-
Financial assets at fair value through other comprehensive income:				
Derivatives designated as hedges (refer note 29)	2.00	-	2.00	-

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

The carrying value and fair value of financial instruments by categories as of 31st March, 2017 were as follows:

₹ in Crore				
Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortised cost:				
Investment property (refer note 3)	1.74	-	7.97	-
Investment (refer note 7)*	0.00	-	-	0.00
Financial assets at fair value through Profit and Loss:				
Investments in mutual funds (refer note 13)	837.39	-	837.39	-
Financial assets at fair value through other comprehensive income:				
Investments in Equity instrument(refer note 7)*	123.22	-	-	123.22
Derivatives designated as hedges				
Interest rate swap used for hedging (refer note 9 and note 18)	47.82	-	47.82	-
Derivatives not designated as hedges				
Other forward contracts (refer note 9)	20.34	-	20.34	-
Financial liabilities				
Financial liabilities at amortised cost:				
Borrowings (refer note 24)	4,112.66	-	-	4,112.66

* includes less than one lakh

B. Financial risk management objectives and policies

The Group activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables, etc. arises from its operation.

The Group has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives

and enhance Group 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 Company level as also separately for business segments.

The Group has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clear-cut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation. The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

i. Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect Group income or value of its holding financial assets/ instruments. The Group also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Rupee and foreign currencies

has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the Rupee appreciates/ depreciates against US dollar (USD), South African Rand (ZAR), Euro (EUR), Chinese Yuan (CNY).

(a) Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for the second tracts is generally a bank or a financial institution.

₹ in Crore				
Nature of Instrument	Currency	Cross currency	As at 31 st March, 2018	As at 31 st March, 2017
Forward contracts - Sold	USD	₹	1527.34	428.01
Forward contracts - Sold	ZAR	₹	451.78	221.93
Forward contracts - Sold	EUR	₹	23.03	38.11
Forward contracts - Bought	USD	₹	31.89	-
Forward contracts - Bought	USD	ZAR	133.04	60.89
Forward contracts - Bought	EUR	ZAR	17.44	11.84
Forward contracts - Bought	CNY	ZAR	5.90	17.38
Unhedged foreign exchange exposures:				
- Receivables			938.25	1,132.80
- Payables			758.74	695.47
- Current borrowings			244.61	428.49

Note: The Company uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.

(b) Foreign currency risk from financial instruments

₹ in Crore					
Particulars	31 st March, 2018				
	U.S. Dollars	Euro	GBP	Other Currency	Total
Trade and other receivables	740.30	99.45	31.63	66.87	938.25
Trade and payables	(470.04)	(184.29)	(97.21)	(7.20)	(758.74)
Borrowings	(244.61)	-	-	-	(244.61)
Net assets / (liabilities)	25.65	(84.84)	(65.58)	59.67	(65.10)

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

Particulars	₹ in Crore				
	31 st March, 2017				
	U.S. Dollars	Euro	GBP	Other Currency	Total
Trade and other receivables	924.98	206.41	-	1.41	1,132.80
Trade and other payables	(309.26)	(331.21)	(5.02)	(49.98)	(695.47)
Borrowings	(428.49)	-	-	-	(428.49)
Net assets / (liabilities)	187.23	(124.80)	(5.02)	(48.57)	8.84

(c) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 2% would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Movement in exchange rate		
USD - ₹	2%	2%
Euro - ₹	2%	2%
GBP - ₹	2%	2%
Impact on profit/ loss		
USD - ₹	0.51	3.74
Euro - ₹	(1.70)	(2.50)
GBP - ₹	(1.31)	(0.10)

(d) Net investment hedge

In 2017, the Group has entered into a bank loan amounting to ₹ 1,326.48 Crore. This loan, which was taken to invest in InvaGen Pharmaceuticals Inc, United States subsidiary, has been designated as a hedge of the net investment in this subsidiary. The fair value and carrying amount of the borrowing at 31st March 2018 is ₹ 1,446.35 Crore (31st March, 2017 ₹ 1,423.20 Crore). The foreign exchange gain of ₹ 178.23 Crore (31st March, 2017 loss ₹ 214.43 Crore) on translation

of the borrowing to ₹ at the end of the reporting period is recognised in other comprehensive income and accumulated in the foreign currency translation reserve, in Shareholders equity. There is no ineffectiveness during the year ended 31st March, 2018.

(e) Interest rate risk

The Group main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 31st March 2018 and 31st March, 2017, the Group borrowings at variable rate were mainly denominated in USD.

Exposure to interest rate risk

The exposure of the Group borrowings to interest rate changes at the end of the reporting period are as follows:

Particulars	₹ in Crore	
	As at 31 st March, 2018	As at 31 st March, 2017
Variable Rate Instruments		
Financial liabilities	4,097.98	4,112.59

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

As at the end of the reporting period, the group had the following variable rate borrowings and interest rate swap contract outstanding:

Particulars	As at 31 st March, 2018			As at 31 st March, 2017		
	Weighted average interest cost	Balance	% of total loans	Weighted average interest cost	Balance	% of total loans
Bank overdraft and bank loans	2.77%	4,097.98	100%	2.73%	4,112.59	100%
Interest rate swap (notional principal amount)	2.62%	1,792.31		2.16%	1,394.28	
Net exposure to cash flow interest rate risk		2,305.67			2,718.31	

₹ in Crore

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 Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Impact on profit/ loss		
Increase	(11.53)	(13.59)
Decrease	11.53	13.59

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.

ii. Credit risk

Credit risk refers to the risk of default on its obligation by the customer/ counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organisations and certificates of deposit which are funds deposited at a bank for a specified time period.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

The ageing analysis of the receivable (gross of provision) has been considered from the date the invoice falls due:

Particulars	Neither past due nor impaired	Past due but not impaired			₹ in Crore
		Total			
		0-180 days	180-365 days	Above 365 days	
As at 31st March, 2018	1,326.80	1,482.28	100.12	352.24	3,261.44
As at 31st March, 2017	1,319.81	1,046.12	110.97	235.57	2,712.47

Movement of allowances

Particulars	Loans (current)	Loans (non-current)	Other financial assets	Trade receivables	₹ in Crore
					Total
As at 1st April, 2016	2.25	-	0.46	128.86	131.57
Provided during the year	-	-	-	70.23	70.23
Amounts written off	-	-	-	(0.65)	(0.65)
Reversals of provision	-	-	-	(49.02)	(49.02)
As at 31st March, 2017	2.25	-	0.46	149.42	152.13
Provided during the year	-	0.88	3.47	99.92	104.27
Amounts written off	-	-	-	(23.64)	(23.64)
Reversals of provision	-	-	-	(66.71)	(66.71)
As at 31st March, 2018	2.25	0.88	3.93	158.99	166.05

iii. Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Group closely monitors its liquidity position and maintains adequate source of funding.

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2018:

₹ in Crore					
Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings	435.94	814.79	2,847.32	-	4,098.05
Trade payables	2,119.12	-	-	-	2,119.12
Other financial liabilities	420.19	-	-	50.11	470.30

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2017:

₹ in Crore					
Particulars	Less than 1 year	1-2 years	2-5 years	Above 5 years	Total
Borrowings	467.30	2.57	3,642.79	-	4,112.66
Trade payables	1,571.14	-	-	-	1,571.14
Other financial liabilities	642.59	-	-	45.06	687.65

The Company uses foreign exchange forward contracts to hedge against the foreign currency risk of highly probable USD/ZAR sales. Such derivative financial instruments are governed by the 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 Company's balance sheet

₹ in Crore							
Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate	Line item in the balance sheet where hedging instrument is included
	Nominal amount	Assets	Liabilities				
31 st March 2018							
Cash flow hedge							
Foreign exchange risk							
Foreign exchange forward contracts	1,348.80	-	2.00	April 2018 - March 2019	1:1	USD 1 = ₹ 67.06 ZAR 1 = ₹ 4.94	Note 29: Other financial liabilities
Interest rate risk							
Interest rate swap	1,792.31	79.23	-	April 2020 - March 2022	1:1	2.62%	Note 9: Other financial assets

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio	Weighted average strike price/rate	Line item in the balance sheet where hedging instrument is included
	Nominal amount	Assets	Liabilities				
31st March 2017							
Cash flow hedge							
Foreign exchange risk							
Foreign exchange forward contracts	-	-	-	-	-	-	-
Interest rate risk							
Interest rate swap	1,394.28	47.82	-	April 2020 - March 2022	1:1	2.16%	Note 9: Other financial assets Note 18: Other financial assets-others

* The foreign currency forward contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

b) Disclosure of effects of hedge accounting in Company's statement of profit and loss and other comprehensive income

Type of hedge	₹ in Crore			
	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cash flow hedging reserve to Profit and loss	Line item affected in statement of profit and loss because of the reclassification
31st March 2018				
Cash flow hedge				
i) Foreign exchange risk	0.72	-	2.39	Note 31- Revenue from operation Note 40 - Other expenses.
ii) Interest rate risk	27.91	-	-	
31st March 2017				
Cash flow hedge				
i) Foreign exchange risk	-	-	-	
ii) Interest rate risk	50.26	-	-	

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.

Notes to the Consolidated Financial Statements

Note 43 (Contd..)

c) Movement in cash flow hedge reserve and costs of hedge reserve

₹ in Crore			
Derivative instruments	Foreign exchange forward contracts	Interest rate swap	Total hedge reserve
i) Cash flow hedging reserve			
As at 1 st April, 2016			
Add: Changes in fair value of foreign exchange forward contracts	-	50.26	50.26
Less: Amount reclassified to P&L	-	-	-
Less: Deferred tax relating to above (net)	-	-	-
As at 31st March 2017	-	50.26	50.26
Add: Changes in fair value of foreign exchange forward contracts	3.11	27.93	31.04
Less: Amount reclassified to P&L	(2.39)	-	(2.39)
Less: Deferred tax relating to above (net)	(0.25)	(13.25)	(13.50)
As at 31st March 2018	0.47	64.94	65.41

Note : 44 Capital management

(A) Risk management

The Company 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.

Net Debt = total borrowings less cash and cash equivalent + bank balance other than cash and cash equivalent (excluding earmarked balance for dividend) + current investments Total 'equity' as shown in the the balance sheet, including non-controlling interest

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Total debt	4,098.05	4,112.66
Less: Cash and cash equivalent including mutual fund	2,057.74	1,451.52
Net debt (A)	2,040.31	2,661.14
Total equity (B)	14,581.63	12,981.89
Net debt to equity ratio (A/B)	15%	21%

(B) Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- the ratio of Total Debt to EBITDA on the last day of each Relevant Period shall not exceed 3.50:1
- the ratio of Total Debt to Tangible Net Worth on the last day of each Relevant Period shall not exceed 2:1; and
- the ratio of EBITDA to Gross Interest and Finance Charges shall not be less than 3.50:1.

The group has complied with these covenants throughout the reporting periods.

(C) Dividend

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Dividend on equity shares paid during the year		
Final dividend for FY 2017-18 [₹ 2.00 (FY 2016-17 ₹ 2.00) per equity share of ₹ 2.00 each]	160.94	160.87
Tax on dividend	28.33	32.71
Total	189.27	193.58

Notes to the Consolidated Financial Statements

Note 44: Capital management (contd..)

Proposed dividend:

The Board of Directors at its meeting held on 22nd May, 2018 have recommended a payment of final dividend of ₹ 3.00 per equity share of the face value of ₹ 2 each for the financial year ended 31st March, 2018. The same amounts to ₹ 289.83 Crore including dividend distribution tax.

The above is subject to approval at the ensuing Annual General Meeting of the Group and hence is not recognised as a liability.

Note 45: Investment in an associate

The Group has a 48.99% interest in Stemputics Research Private Limited. Following table shows the summarised financial information.

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Current assets	8.32	6.83
Non-current assets	32.49	32.86
Current liabilities	(4.03)	(4.46)
Non-current liabilities	(28.23)	(21.01)
Equity	8.55	14.22
Proportion of the Group ownership	48.99%	48.99%
Proportion of the Group ownership	4.19	6.97
Goodwill Stemputics Research Pvt Ltd	5.43	5.43
Carrying amount of the Investment	9.62	12.40

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Revenue from sale of products	3.03	0.54
Profit for the year	(5.67)	(14.26)
Total comprehensive income for the year	(5.67)	(14.26)
Group share of profit for the year	(2.78)	(6.99)

Note 46: Contingent liabilities, other litigations and commitments (to the extent not provided for)

A. Details of contingent liabilities and commitments

₹ in Crore		
Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Contingent Liabilities		
Claims against the Company not acknowledged as debt	387.99	466.72
Financial guarantees	141.90	153.87
Letters of credit	5.73	26.70
Income tax on account of disallowances/additions	107.08	102.01
Excise duty/service tax on account of valuation/cenvat credit	126.30	118.48
Sales tax on account of credit/classification	5.01	2.43
	774.01	870.21
Commitments		
Estimated amount of contracts unexecuted on capital account	228.85	571.69
	1,002.86	1,441.90

Note :

- (1) Claims against the Company not acknowledged as debt include claims related to pricing, commission, etc.
- (2) 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.

B. Details of other litigations

The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹ 5.46 Crore along with interest due thereon is payable into the DPEA

Notes to the Consolidated Financial Statements

Note 46: Contingent liabilities, other litigations and commitments (to the extent not provided for) (contd..)

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.

The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995 ("DPCO, 1995"). The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,606.59 Crore.

Out of the above, demand notices pertaining to a set of products viz, Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India vide its judgment dated 1st August, 2003 restored the said Writ Petitions to the Bombay High Court with directions that the Court will have to consider the Petitions afresh, having due regard to the observations made by the Supreme Court in its judgment. On Union of India filing Transfer Petitions, the Supreme Court ordered transfer of the said petitions restored to the Bombay High Court for being heard along with the Appeal filed against the Allahabad High Court order. Subsequently, vide its Order dated 20th July, 2016 the Hon'ble Supreme Court recalled its transfer order and remanded the Petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble Supreme Court directed Cipla to deposit 50% of the demanded amount with NPPA as stated in its order dated 1st August, 2003 which at that

point of time was ₹ 350.15 Crore. Complying with the directions passed by the Hon'ble Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble Supreme Court of India vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding basis of fixation of retail prices.

The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court. The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble Supreme Court dated 21st October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,282.40 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

Note 47: Disposal of subsidiaries

(i) Disposal of Al Jabal for Drugs and Medical Appliances Company Limited

On 26th March, 2018, Saba Investment Limited, a subsidiary of the Company completed the disposal of its entire interest in Al Jabal for Drugs and Medical Appliances Company Limited, Yemen ('AJDMS').

Consideration	₹ in Crore
Consideration receivable	69.97

Notes to the Consolidated Financial Statements

Note 47: Disposal of subsidiaries (Contd..)

Analysis of asset and liabilities over which control was lost

Particulars	As at 31 st March, 2018
Non-current assets	1.05
Current assets	128.23
Total Assets	129.28
Non-current liabilities	-
Current liabilities	59.32
Total liabilities	59.32
Net assets disposed off	69.96

Gain on disposal of a subsidiary

Particulars	As at 31 st March, 2018
Consideration	69.96
Net assets disposed off	69.96
Gain on sale before income tax and reclassification of foreign currency translation reserve	-
Reclassification of foreign currency translation reserve	(51.17)
Income tax	-
Loss on sale after income tax	(51.17)

Net cash inflow on disposal of a subsidiary

Particulars	As at 31 st March, 2018
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalent balances disposed of	24.54
	(24.54)

(ii) Disposal of Cipla Vet Proprietary Limited and Cipla Agrimed Proprietary Limited

On 1st June 2017, the Group disposed of its 100% equity interest in Cipla Vet Proprietary Limited and Cipla Agrimed Proprietary Limited to Ascendis Health Proprietary Limited. The subsidiaries were classified as held for sale in the 2017 financial statements (refer note 20).

(a) Cipla Vet Proprietary Limited

Consideration	₹ in Crore
Consideration received	115.16
Fair value of deferred consideration	13.98
	129.14

Analysis of asset and liabilities over which control was lost

Particulars	₹ in Crore
Non-current assets	1.62
Current assets	29.50
Total assets	31.12
Non-current liabilities	-
Current liabilities	6.85
Total liabilities	6.85
Net assets disposed off	24.27

Gain on disposal of a subsidiary

Consideration	₹ in Crore
Consideration	129.14
Net assets disposed off	24.27
Gain on sale before income tax and reclassification of foreign currency translation reserve	104.87
Reclassification of foreign currency translation reserve	(0.28)
Income Tax	(5.80)
Profit on sale after income tax	98.79

Net cash inflow on disposal of a subsidiary

Consideration received in cash and cash equivalents	₹ in Crore
Consideration received in cash and cash equivalents	115.16
Less: cash and cash equivalent balances disposed of	-
	115.16

(b) Cipla Agrimed Proprietary Limited

Consideration	₹ in Crore
Consideration received	64.95
Fair value of deferred consideration	8.21
	73.16

Notes to the Consolidated Financial Statements

Note 47: Disposal of subsidiaries (Contd..)

Analysis of asset and liabilities over which control was lost

Particulars	₹ in Crore
Non-current assets	19.14
Current assets	58.13
Total assets	77.27
Non-current liabilities	5.94
Current liabilities	9.84
Total liabilities	15.78
Net assets disposed off	61.49

Gain on disposal of a subsidiary	₹ in Crore
Consideration	73.16
Net assets disposed off	61.49
Gain on sale before income tax and reclassification of foreign currency translation reserve	11.67
Reclassification of foreign currency translation reserve	(3.36)
Income Tax	(1.52)
Profit on sale after income tax	6.79

Net cash inflow on disposal of a subsidiary	₹ in Crore
Consideration received in cash and cash equivalents	64.95
Less: cash and cash equivalent balances disposed of	16.79
	48.16

(iii) Disposal of Cipla Croatia d.o.o.

On 19th January, 2018, Cipla Holding B.V, a subsidiary of the Company completed the disposal of its entire interest in Cipla Croatia d.o.o.

Consideration	₹ in Crore
Consideration received in cash and cash equivalents	7.99
Consideration receivable	3.40
	11.39

Analysis of asset and liabilities over which control was lost

₹ in Crore

Particulars	As at 31 st March, 2018
Non-current assets	1.64
Current Assets	10.43
Total Assets	12.07
Non-current Liabilities	1.33
Current Liabilities	3.62
Total Liabilities	4.95
Net Assets Disposed off	7.12

Gain on disposal of a subsidiary

₹ in Crore

Particulars	As at 31 st March, 2018
Consideration	11.39
Net assets disposed off	7.12
Gain on sale before income tax and reclassification of foreign currency translation reserve	4.27
Reclassification of foreign currency translation reserve	0.23
Income Tax	-
Profit on sale after income tax	4.50

Net cash inflow on disposal of a subsidiary

₹ in Crore

Particulars	As at 31 st March, 2018
Consideration received in cash and cash equivalents	7.99
Less: cash and cash equivalent balances disposed of	4.21
	3.78

(iv) Disposal of Four M Propack Private Limited

On 1st February, 2017, the Group disposed of Four M Propack Limited which carried out manufacturing operations of pet bottles rotacaps and containers.

Consideration

₹ in Crore

Particulars	As at 31 st March, 2018
Consideration received	20.86

Notes to the Consolidated Financial Statements

Note 47: Disposal of subsidiaries (Contd..)

Analysis of asset and liabilities over which control was lost

₹ in Crore	
Particulars	As at 31 st March, 2018
Non-current assets	11.79
Current Assets	7.45
Total assets	19.24
Non-current liabilities	0.33
Current liabilities	1.83
Total liabilities	2.16
Net assets disposed off	17.08

₹ in Crore	
Particulars	As at 31 st March, 2018
Consideration	20.86
Net assets disposed off	(17.08)
Gain on disposal	3.78

₹ in Crore	
Particulars	As at 31 st March, 2018
Consideration received in cash and cash equivalents	20.86
Less: cash and cash equivalent balances disposed of	(0.23)
	20.63

Note 48 : 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, short terms compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

ii Long term employee benefits

a. Brief description of the plans

Disclosure in respect of employee benefits pursuant to Ind AS -19

Note 48 : Employee benefits (Contd..)

Defined contribution plan :

The Company's defined contribution plan is Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions.

Defined benefit and other long term benefit plans :

i. The Company has two schemes for long term benefits namely, provident fund and gratuity:

- The provident fund plan, a funded scheme is operated by the Company's Provident Fund Trust, which is recognised by the Income tax authorities and administered through trustees/appropriate authorities.

- The Company provides for gratuity, a defined benefit plan based on actuarial valuation as of the reporting date, based upon which, the Company contributes all the ascertained liabilities to the Insurer Managed Funds. The Company operates gratuity plan through a trust, wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

ii. The employees of the Company are also entitled to leave encashment. The provision is made based on actuarial valuation for leave encashment at the year end.

b. Nature of benefits

The Company operates a defined benefit final salary gratuity plan which is open to new

Notes to the Consolidated Financial Statements

Note 48 : Employee benefits (Contd..)

entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

c. Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is Income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act and Rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

d. 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.

e. Inherent risks:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

f. Charge to the profit or loss

- i Based on contribution

₹ in Crore		
Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Employees' Pension Scheme	28.58	27.56
Provident Fund	62.43	67.64
Others - ESIS, Labour welfare fund, etc.	8.51	3.34
	99.52	98.54

g. Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2018

₹ in Crore		
Particulars	2018 Gratuity (funded plan)	2017 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	152.99	146.42
Interest cost	11.70	11.82
Current service cost	30.10	29.43
Actuarial (gain)/loss on obligations-due to change in financial assumptions	(3.79)	8.40
Actuarial (gain)/loss on obligations-due to experience	(4.69)	(18.49)
Benefit paid directly by the employer	(5.60)	-
Benefits paid	(32.87)	(24.59)
Liability at the end of the year	147.84	152.99
ii. Change in fair value of assets		
Opening fair value of plan assets	144.05	104.68
Expected return on plan assets (interest income only)	11.01	2.36

Notes to the Consolidated Financial Statements

Note 48 : Employee benefits (Contd..)

₹ in Crore

Particulars	2018 Gratuity (funded plan)	2017 Gratuity (funded plan)
Return on plan assets excluding interest income	(3.24)	7.83
Contributions by employer	29.26	54.07
Benefits paid	(32.87)	(24.92)
Closing fair value of plan assets	148.21	144.02
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(147.84)	(152.99)
Fair value of plan assets as at year end	148.21	144.02
Net asset/(liability) recognised	0.37	(8.97)
iv. Expenses recognised in Statement of profit and loss		
Current service cost	30.10	29.43
Interest on defined benefit obligation	11.70	5.64
Expected return on plan assets (Interest Income Only)	(11.01)	(2.36)
Benefits paid Directly by the Company	-	8.83
Total expense recognised in Statement of Profit and Loss	30.79	41.54
v. Expenses recognised in Statement of profit and loss [OCI]		
Actuarial (gains)/losses on obligation for the period	(8.48)	(10.06)
Return on Plan Assets, Excluding Interest Income	3.24	(1.36)
Net (income)/expense For the period recognised in OCI	(5.24)	(11.42)
vi. Asset information		
Insurer managed funds	100%	100%
vii. Expected employer's contribution for the next year	26.52	35.80

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense :

Principal actuarial assumptions used	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Discounted rate (per annum)	7.78% to 7.87%	7.20% to 7.74%
Expected rate of return on plan assets	7.82% to 7.87%	7.64% to 7.74%
Expected rate of future salary increase	5.00%	5.00%*

* For the next 5 years & 4.00% p.a. thereafter

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.

Amount for current and previous are as follows :

₹ in Crore

	2018	2017
Gratuity		
Defined benefit obligation	147.84	152.99
Plan assets	(148.21)	(144.05)
(Surplus)/deficit	(0.37)	8.94

Notes to the Consolidated Financial Statements

Note 48 : Employee benefits (Contd..)

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

₹ in Crore

Principal	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Discount Rate (1% Movement Increase)	(18.15)	(18.15)
Discount Rate (1% Movement Decrease)	21.86	22.08
Future Salary Growth (1% Movement Increase)	21.41	25.94
Future Salary Growth (1% Movement Decrease)	(17.72)	(20.94)
Attrition rate (1% Movement Increase)	6.56	6.28
Attrition rate (1% Movement Decrease)	(7.56)	(7.25)

The sensitivity analyses 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.

h. The following table sets out the status of the provident fund plan and the amounts recognised in the Group financial statements as on 31st March, 2018.

₹ in Crore

	2018 Provident fund (funded plan)	2017 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	764.86	654.84
Interest cost	66.64	56.90
Current service cost	41.85	42.37
Employee contribution	76.69	78.09
Liability transferred in	13.52	9.33
Benefits paid	(101.86)	(76.67)
Other experience adjustment	0.61	-
Liability at the end of the year	862.31	764.86
ii. Change in fair value of assets		
Opening fair value of plan assets	778.14	664.83
Expected return on plan assets	66.64	56.90
Actuarial gain	0.32	3.28
Contributions by employer	118.53	120.47
Transfer of plan assets	13.52	9.33
Benefits paid	(101.86)	(76.67)
Other experience adjustment	0.04	-
Closing fair value of plan assets	875.33	778.14
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(862.31)	(764.86)
Fair value of plan assets as at year end	875.33	778.14
Funded status	(13.02)	(13.28)
Net asset/(liability) recognised	-	-

Notes to the Consolidated Financial Statements

Note 48 : Employee benefits (Contd..)

h. The following table sets out the status of the provident fund plan and the amounts recognised in the Group financial statements as on 31st March, 2018.

	₹ in Crore	
	2018 Provident fund (funded plan)	2017 Provident fund (funded plan)
iv. Expenses recognised in Statement of profit and loss		
Current service cost	41.85	42.37
Interest cost	66.64	56.90
Expected return on plan assets	(66.64)	(56.90)
Total expense recognised in Statement of profit and loss	41.85	42.37
v. Actual return on plan assets		
Expected return on plan assets	66.64	56.90
Actuarial gain on plan assets	0.32	3.28
Actual return on plan assets	66.96	60.18
vi. Asset information		
Investment in PSU bonds	401.94	368.94
Investment in Government Securities	381.58	331.42
Bank Special deposit	15.58	15.58
Investment in other securities	36.30	24.39
Private Sector Bonds	4.00	4.00
Equity/Insurer Managed Funds/Mutual Funds	34.85	32.81
Cash and Cash Equivalents	1.08	1.00
Total Assets at the end of the year	875.33	778.14
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	7.83%	7.64%
Expected rate of return on plan assets (per annum)	8.55%	8.65%
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.	5.00% p.a.	5.00% p.a.
viii. Experience adjustments		
Defined benefit obligation	862.31	764.86
Plan assets	(875.33)	(778.14)
Deficit/(Surplus)	(13.02)	(13.28)
Experience adjustment on plan assets gain	0.32	3.28

Note 49: Employee stock option Scheme

1. Parent Company

The Company has implemented "ESOS 2013", "ESOS 2013 - A" and "ESOS 2013 - B" as approved by the Shareholders on 8th April 2013, 22nd August 2013 and 22nd August 2013 respectively. Details of the Options granted during the year under the Scheme(s) are as given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	25-May-17	4,25,093	2.00	2 years	5 years from Vesting date
ESOS 2013 - A	06-Nov-17	54,850	2.00	1 years	5 years from Vesting date

Notes to the Consolidated Financial Statements

Note 49: Employee stock option Scheme (Contd..)

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average share price for Options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	585.86

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
ESOS 2013 - A				
Outstanding at the beginning of the year	17,01,043	2.00	2.00	5.36
Granted during the year	4,79,943	2.00	2.00	6.09
Forfeited/Cancelled during the year	1,42,164	2.00	2.00	5.05
Exercised during the year	6,09,090	2.00	2.00	2.99
Outstanding at the end of the year	14,29,732	2.00	2.00	5.03
Exercisable at the end of the year	4,48,336	2.00	2.00	3.37

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	ESOS 2013	ESOS 2013 - A	ESOS 2013 - B
Expected Dividend yield (%)		0.37%	
Expected volatility		24.86%	
Risk-free interest rate		6.75%	
Weighted average share price (₹)	No options granted during the year	533.42	No options granted during the year
Exercise price (₹)		2.00	
Expected life of options granted in years		4.39	
Weighted average fair value of Options (₹)		523.32	

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 st March, 2018	31 st March, 2017
Profit after tax as reported	1,410.53	1,006.39
ESOS cost	31.40	22.18

Particulars	31 st March, 2018	31 st March, 2017
Earnings per share		
Basic	17.92	12.79
Diluted	17.89	12.77

Notes to the Consolidated Financial Statements

Note 49: Employee stock option Scheme (Contd..)

2. Subsidiary Company

Cipla Health Limited

Share-based employee remuneration

The Subsidiary Company instituted Employees' Stock Option Plan under which the stock options have been granted to employees. The scheme was approved by the board of directors at the board meeting held on 1st January 2017. The details of activity under the ESOP scheme are summarised below:

The carrying amount of the liability relating to the stock options at 31st March, 2018 was ₹ 12.50 Crore (31st March, 2017 ₹ 2.66 Crore)

The expense recognised for employee services received during the year is shown in the following table:

Principal	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Expense arising from equity-settled share-based payment transactions	9.88	2.66

There were no cancellations or modifications to the awards in FY 2017-18

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 st March, 2018		As at 31 st March, 2017	
	Number	WAEP	Number	WAEP
Outstanding at 1 st April, 2017	73,498	-	-	-
Granted during the year	12,365	10	73,498	10
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31st March, 2018	85,863	10	73,498	10
Exercisable at 31st March, 2018	-	-	-	-

The following table lists the inputs to the models used for the years ended 31st March, 2018 and 31st March, 2017, respectively.

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Dividend yield(%)	0	0
Expected Volatility(%)	25	25
Risk free investment rate(%)	7	7
Exercise price at date of grant	10	10
Share price at date of grant	2408	2408

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Grant date	1 st January 2018	1 st January 2017
Vesting Period	1 to 4 years	1 to 4 years
Exercise Period	5 years from vesting date	5 years from vesting date
Model Used	Black Scholes	Black Scholes

Notes to the Consolidated Financial Statements

Note 50: Lease accounting

Where Group is lessee

The Group has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under cancellable and non cancellable operating lease or leave and license agreements ranging from 11 months to 5 years or longer which are subject to renewal at mutual consent. The cancellable lease arrangements can be terminated by either party after giving due notice. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 40 -Other expenses

The details of non-cancellable operating leases contracted by subsidiaries/step down subsidiaries, but not recognised in the financial statements are as below:

Principal	₹ in Crore	
	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Minimum lease payment		
Not later than one year	48.01	44.90
Later than one year but not later than five years	133.44	116.99
Later than five years	61.37	62.38
	242.82	224.27

Where Company is lessor

The Group has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in statement of Profit and Loss under 'Rent' in note 33.

Note 51: Related party disclosures

As per Ind AS 24 Related party disclosures, the related party is where control exists or where significant influence exists and with whom transaction have taken place are as below:

A. Associate

Stempeutics Research Pvt. Ltd.

B. Key management personnel

Ms. Samina Vaziralli - Executive Vice-Chairperson [appointed as executive director (w.e.f. 10th July, 2015) and as Executive Vice-Chairperson (w.e.f. 1st September, 2016)]

Mr. Umang Vohra - Managing Director and Global Chief Executive Officer (Global Chief Operating Officer and Global Chief Financial Officer upto 31st July, 2016; Global Chief Operating Officer from 1st August, 2016 to 31st August, 2016 and Managing Director and Global Chief Executive Officer w.e.f. 1st September, 2016)

Mr. S. Radhakrishnan - Whole-time Director (upto 11th November, 2017)

Mr. Kedar Updhyay - Global Chief Financial Officer (w.e.f 1st August, 2016)

Mr. Subhanu Saxena - Managing Director and Global Chief Executive Officer (resigned w.e.f close of business hour on 31st August, 2016)

C. Non-executive Chairman & Non Executive Vice Chairman

Dr. Y. K. Hamied, Chairman

Mr. M. K. Hamied, Vice Chairman

D. Non-executive Directors

Mr. Ashok Sinha

Mr. Adil Zainulbhai

Ms. Punita Lal

Ms. Naina Lal Kidwai

Ms. Ireena Vittal(w.e.f. 1st December,2016)

Mr. Peter Lankau(w.e.f. 10th January,2017)

Dr. Peter Mugenyi

Mr. S. Radhakrishnan (w.e.f. 12th November, 2017)

E. Entities over which Key management personnel are able to exercise significant influence

Cipla Foundation

Hamied Foundation (w.e.f. 3rd February 2016)

Cipla Cancer & AIDS Foundation

Notes to the Consolidated Financial Statements

F. Trust over which entity has control/significant influence

Cipla Limited Employee's Provident Fund Trust
Cipla Limited Employee's Gratuity Trust
Cipla Employees Stock Option Trust
Cipla Health Employees Stock Option 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:

₹ in Crore		
Particulars	2018	2017
A. Investment - Equity		
Stempeutics Research Pvt. Ltd	-	2.57
B. Remuneration		
Dr. Y. K. Hamied	2.03	2.02
Mr. M. K. Hamied	2.10	2.09
Ms. Samina Vaziralli	4.83	3.90
Mr. Umang Vohra	14.67	13.66
Mr. S.Radhakrishnan	4.03	4.06
Mr. Kedar Updhaye	3.31	3.13
Mr. Ashok Sinha	0.47	0.51
Mr. Adil Zainulbhai	0.36	0.42
Ms. Punita Lal	0.39	0.38
Ms. Naina Lal Kidwai	0.40	0.43
Ms. Ireena Vittal	0.41	0.14
Mr. Peter Lankau	0.44	0.11
Dr. Peter Mugenyi	0.43	0.42
Mr. Subhanu Saxena	-	25.34
	33.87	56.61
C. Contribution to provident fund and other fund		
Cipla Employee gratuity trust	28.00	52.02
Cipla Employee's Provident fund trust	41.85	42.37
	69.85	94.39
D. Purchase of goods		
Stempeutics Research Pvt. Ltd	1.10	0.57
	1.10	0.57
E. Donations given		
Cipla Foundation	31.30	16.50
Cipla Cancer and AIDS foundation	-	5.16
Hamied Foundation	-	1.64

Note 51: Related party disclosures (Contd..)

₹ in Crore		
Particulars	2018	2017
	31.30	23.30
F. Rent received		
Dr. Y.K. Hamied (₹ 20,040/- in both the year)	0.00	0.00
	0.00	0.00
G. Service charges paid		
Hamied Foundation	4.87	2.49
	4.87	2.49

Note 52: Corporate social responsibility (CSR) expenditure

The Company has incurred ₹ 34.54 Crore (previous year ₹ 29.53 Crore) towards CSR activities, as per Section 135 of the Companies Act, 2013, and Rules thereon. It is included in other expenses head in the Statement of Profit and Loss. Amount spent on construction/aquisition of any assets is Nil during the year.

Gross amount required to be spent by the Company during the year ₹ 33.57 Crore (previous year ₹ 35.77 Crore.)

Note: 53 - Exceptional items

With respect to various notices of demand received from the NPPA, Government of India on account of alleged overcharging in relation to products which are not part of the writ proceedings in the Hon'ble Bombay High Court (refer note 46 B), based on recent correspondence with NPPA and notices received, the Company performed a thorough legal evaluation. Of the total demand received for such products, basis the facts and legal advice, the Company has recorded an additional provision of ₹ 77.52 Crore in profit or loss for the year ended 31st March, 2018, disclosed as exceptional item. The total provision against these demands is ₹ 93.94 Crore as of 31st March, 2018.

Note: 54 - Other significant notes

- The Government of India introduced the Goods and Service Tax (GST) with effect from 1st July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for

Notes to the Consolidated Financial Statements

the year ended 31st March 2018 are reported net of GST. The revenue for year ended 31st March 2018 includes excise duty up to 30th June 2017. Accordingly, income from operations for the year ended 31st March 2018 and 31st March 2017 are not comparable.

- (ii) Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

Note 55: Segment information

The Chief Operating Decision Maker ("CODM") evaluates the Group performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group reportable segments are as follows:

- 1 Pharmaceuticals - This segment develops, manufactures, sells and distributes generic or branded generic medicines as well as active pharmaceutical ingredients ("API").
- 2 New Ventures - This includes the operations of the Company's two wholly-owned subsidiaries, Cipla Health Ltd., a consumer healthcare Company and Cipla BioTec Pvt. Ltd, which is into the business of Biosimilars. This segment also includes CipTec (a division within the Company) is to establish a strong Specialty business in US with significant focus on business development and evaluating investment opportunities.

The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group consolidated financial statements.

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the group level.

₹ in Crore

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	15,110.03	14,537.06
b) New Ventures	134.78	95.29
Total	15,244.81	14,632.35
Less : Inter segment revenue	25.56	2.11
Total Income from operations	15,219.25	14,630.24
Segment results:		
Profit / (Loss) before tax and interest from each segment		
a) Pharmaceuticals	1,966.48	1,502.47
b) New Ventures	(105.27)	(120.92)
Total	1,861.21	1,381.55
Less:		
Finance Cost	114.23	159.38
ii) Other net un-allocable expenditure / (income)	-	-
Total profit / (Loss) before tax before exceptional	1,746.98	1,222.17
Less: Exceptional item (refer note 53)	77.52	-
Total profit / (Loss) after tax after exceptional	1,669.46	1,222.17

Notes to the Consolidated Financial Statements

Note 55: Segment information (Contd..)

Segment assets and liabilities

As some of the assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The management also evaluates the Group revenue performance based on geographical segments. The Group geographical segments are as follows:

- 1 India
- 2 United States of America
- 3 South Africa
- 4 Rest of the world

The geographical segments derives their revenues from the sale of pharmaceuticals products (generics, speciality) and milestone payments. The management reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group consolidated financial statements.

Analysis of Revenue (by customers location)

₹ in Crore					
Year	India	United States of America	South Africa	Rest of the World	Total
2018	5,999.12	2,819.39	2,589.24	3,811.50	15,219.25
2017	5,952.90	2,675.02	2,300.78	3,701.54	14,630.24

Analysis of non current assets (by assets location)

₹ in Crore					
Year	India	United States of America	South Africa	Rest of the World	Total
2018	5,423.58	2,981.47	2,065.00	642.72	11,112.77
2017	5,545.14	3,371.77	1,878.11	672.14	11,467.16

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2017-18		2017-18		2017-18		2017-18	
Parent Company								
Cipla Limited	99.06%	14,113.52	104.11%	1,468.52	0.63%	2.24	83.35%	1,470.76
Subsidiaries								
Indian								

Notes to the Consolidated Financial Statements

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2017-18		2017-18		2017-18		2017-18	
Golden Cross Pharma Private Limited	2.02%	287.11	1.18%	16.69	0.08%	0.28	0.96%	16.97
Meditab Specialities Private Limited	1.21%	172.17	(0.95%)	(13.33)	0.02%	0.06	(0.75%)	(13.27)
Jay Precision Pharmaceuticals Private Limited	0.86%	122.34	1.75%	24.72	0.00%	0.01	1.40%	24.73
Medispray Laboratories Private Limited	1.55%	220.79	2.38%	33.63	0.15%	0.54	1.94%	34.17
Sitec Labs Private Limited	0.23%	32.48	0.04%	0.62	0.10%	0.35	0.05%	0.97
Cipla Biotech Private Limited	0.69%	98.59	(1.84%)	(25.95)	0.09%	0.32	(1.45%)	(25.63)
Cipla Health Limited	0.64%	90.49	(3.66%)	(51.56)	0.03%	0.09	(2.92%)	(51.47)
Foreign								
Cipla FZE	0.00%	-	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Cipla (Mauritius) Limited	0.73%	104.37	(0.01%)	(0.15)	0.00%	-	(0.01%)	(0.15)
Cipla Medpro South Africa Proprietary Limited	1.00%	141.82	19.84%	279.86	0.00%	-	15.86%	279.86
Cipla Holding BV	1.20%	170.65	(0.12%)	0.27	0.00%	-	(0.10%)	(0.27)
Cipla EU Limited	3.45%	451.70	10.71%	134.02	2.44%	-	9.05%	139.02
Saba Investment Limited	2.22%	316.93	9.95%	140.33	0.00%	-	7.95%	140.33
Cipla (UK) Limited	0.02%	2.18	0.01%	0.17	0.00%	-	0.01%	0.17
Cipla Australia Pty Ltd	0.03%	3.65	0.05%	0.75	0.00%	-	0.04%	0.75
Meditab Holdings Limited	2.26%	322.56	0.61%	8.63	0.00%	-	0.49%	8.63
Cipla İlaç Ticaret Anonim Şirketi	0.00%	0.32	0.01%	0.07	0.00%	-	0.00%	0.02
Cipla USA Inc.	0.26%	37.52	0.46%	6.48	0.00%	-	0.37%	6.48
Cipla Kenya Limited	0.01%	0.94	0.03%	0.49	0.00%	-	0.03%	0.49
Cipla Malaysia Sdn. Bhd.	0.02%	2.20	0.03%	0.40	0.00%	-	0.02%	0.40
Cipla Europe NV	0.46%	65.19	(0.10%)	(1.45)	0.00%	-	(0.08%)	(1.45)
Cipla Quality Chemical Industries Limited	2.13%	307.39	5.64%	79.53	0.00%	-	4.51%	79.53
Quality Chemicals Limited	0.08%	11.49	0.12%	1.63	0.00%	-	0.09%	1.63
Cipla Croatia d.o.o.	0.00%	-	0.05%	0.70	0.00%	-	0.04%	0.70
Galilee Marketing Proprietary Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inyanga Trading 386 Proprietary Limited	0.38%	53.77	11.46%	161.60	0.00%	-	9.16%	161.60
Xeragen Laboratories Proprietary Limited	0.05%	6.43	0.00%	-	0.00%	-	0.00%	-
Cipla Medpro Holdings Proprietary Limited	0.00%	-	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
Cape to Cairo Exports Proprietary Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Agrimed Proprietary Limited	0.00%	-	0.21%	2.99	0.00%	-	0.17%	2.99
Cipla Dibcare Proprietary Limited	0.00%	0.22	0.00%	-	0.00%	-	0.00%	-

Notes to the Consolidated Financial Statements

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2017-18		2017-18		2017-18		2017-18	
Cipla Life Sciences Proprietary Limited	1.02%	145.22	0.03%	0.40	0.00%	-	0.02%	0.40
Cipla-Medpro Proprietary Limited	2.55%	363.23	2.92%	41.16	0.00%	-	2.33%	41.16
Cipla-Medpro Distribution Centre Proprietary Limited	(0.01%)	(0.81)	(0.03%)	(0.39)	0.00%	-	(0.02%)	(0.39)
Cipla Medpro Botswana Proprietary Ltd.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Nutrition Proprietary Limited	(0.20%)	(28.47)	0.02%	0.32	0.00%	-	0.02%	0.32
Cipla Vet Proprietary Limited	0.00%	-	0.01%	0.10	0.00%	-	0.01%	0.10
Anmarate Proprietary Limited	0.01%	0.73	(0.05%)	(0.74)	0.00%	-	(0.04%)	(0.74)
Medpro Pharmaceutica Proprietary Limited	1.33%	189.37	5.21%	73.46	0.00%	-	4.16%	73.46
Breathe Free Lanka (Pvt) Ltd	0.04%	5.28	0.14%	1.99	0.00%	-	0.11%	1.99
Medica Pharmaceutical Industries Company Limited	0.18%	25.28	(0.57%)	(7.98)	0.00%	-	(0.45%)	(7.98)
Al-Jabal For Drugs and Medical Appliances Company Limited.	0.00%	-	1.55%	21.82	0.00%	-	1.24%	21.82
Cipla Pharma Lanka (Pvt) Ltd	(0.02%)	(3.49)	0.14%	1.98	0.00%	-	0.11%	1.98
Cipla Pharma Nigeria Ltd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.06%	8.10	(0.12%)	(1.71)	0.00%	-	(0.10%)	(1.71)
Cipla Maroc SA	0.10%	14.77	(0.29%)	(4.02)	0.00%	-	(0.23%)	(4.02)
Invagen Pharmaceuticals Inc.	10.86%	1,545.75	(15.29)	(215.70)	1.71%	6.04	(11.88%)	(209.66)
Cipla Middle East Pharmaceuticals FZ-LLC	0.04%	5.75	4.96%	70.01	0.00%	-	3.97%	70.01
Cipla Philippines Inc.	0.01%	0.99	(0.01%)	(0.09)	0.00%	-	(0.01%)	(0.09)
Cipla Algérie	0.00%	0.06	0.00%	-	0.00%	-	0.00%	-
Cipla BioTec South Africa (Pty) Ltd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Med Man Care Proprietary Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Meditab Specialities New Zealand Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Exelan Pharmaceuticals Inc.	0.01%	1.17	0.94%	13.20	0.00%	-	0.75%	13.20
Cipla Technologies LLC	(0.13%)	(18.18)	(1.50%)	(21.21)	0.00%	-	(1.20%)	(21.21)
Subtotal		19,391.57		2,246.68		9.93		2,256.61
Inter-Company Elimination and Consolidation Adjustments	33.86%	(4,819.56)	(59.51%)	(839.41)	86.03%	304.52	(30.31%)	(534.89)
Minority Interest in Subsidiaries	(2.46%)	(352.44)	0.43%	6.04	11.17%	39.54	2.58%	45.58
Share of Profit in Associates	0.08%	9.62	(0.20%)	(2.78)	0.00%	-	(0.16%)	(2.78)
Grand Total		14,229.19		1,410.53		353.99		1,764.52

Notes to the Consolidated Financial Statements

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2016-17		2016-17		2016-17		2016-17	
Parent								
Cipla Limited	102.05%	12800.51	97.56%	981.87	4.14%	6.93	84.25%	988.80
Subsidiaries								
Indian								
Golden Cross Pharma Private Limited	2.15%	270.15	1.96%	19.70	0.12%	0.20	1.70%	19.90
Meditab Specialities Private Limited	1.48%	185.44	(3.34%)	(33.58)	0.23%	0.39	(2.83%)	(33.19)
Jay Precision Pharmaceuticals Private Limited	0.78%	97.61	2.60%	26.14	0.07%	0.11	2.24%	26.25
Four M Propack Private Limited	0.00%	0.00	0.12%	1.18	0.00%	0.00	0.10%	1.18
Medispray Laboratories Private Limited	1.49%	186.62	3.34%	33.66	0.00%	0.00	2.87%	33.66
Sifec Labs Private Limited	0.20%	24.57	0.11%	1.08	(0.08%)	(0.14)	0.08%	0.94
Cipla Biotec Private Limited	0.83%	104.22	(24.69%)	(248.48)	(0.04%)	(0.07)	(21.18%)	(248.55)
Cipla Health Limited	1.05%	132.09	(3.01%)	(30.28)	0.02%	0.04	(2.58%)	(30.24)
Foreign								
Cipla FZE	0.19%	23.98	0.00%	(0.01)	0.00%	0.00	0.00%	(0.01)
Cipla (Mauritius) Limited	1.12%	139.99	(0.01%)	(0.13)	0.00%	0.00	(0.01%)	(0.13)
Cipla Medpro South Africa Proprietary Limited	(0.03%)	(4.10)	(29.16%)	(293.49)	0.00%	0.00	(25.01%)	(293.49)
Cipla Holding BV	1.18%	147.92	(0.11%)	(1.13)	0.00%	0.00	(0.10%)	(1.13)
Cipla EU Limited	1.98%	248.32	3.82%	38.47	12.69%	21.22	5.09%	59.69
Saba Investment Limited	2.06%	258.46	0.57%	5.74	0.00%	0.00	0.49%	5.74
Cipla (UK) Limited	0.01%	1.75	0.01%	0.12	0.00%	0.00	0.01%	0.12
Cipla Australia Pty Ltd	0.02%	2.87	0.04%	0.43	0.00%	0.00	0.04%	0.43
Meditab Holdings Limited	2.49%	312.27	2.23%	22.40	0.00%	0.00	1.91%	22.40
Meditab Specialities New Zealand Limited	0.00%	0.00	0.00%	(0.03)	0.00%	0.00	0.00%	(0.03)
Cipla İlaç Ticaret Anonim Şirketi	0.00%	0.27	0.01%	0.09	0.00%	0.00	0.01%	0.09
Cipla USA Inc.	0.25%	30.81	2.43%	24.49	0.00%	0.00	2.09%	24.49
Cipla Kenya Limited	0.00%	0.43	0.02%	0.21	0.00%	0.00	0.02%	0.21
Cipla Malaysia Sdn. Bhd.	0.01%	1.54	0.03%	0.33	0.00%	0.00	0.03%	0.33
Cipla Europe NV	0.45%	56.93	0.20%	2.00	0.00%	0.00	0.17%	2.00
Cipla Quality Chemical Industries Limited	1.98%	248.26	8.13%	81.77	0.00%	0.00	6.97%	81.77
Quality Chemicals Limited	0.09%	10.92	0.92%	9.28	0.00%	0.00	0.79%	9.28
Cipla Croatia d.o.o.	0.03%	4.18	(0.04%)	(0.45)	0.00%	0.00	(0.04%)	(0.45)
Galilee Marketing Proprietary Limited	0.00%	0.00	0.00%	0.01	0.00%	0.00	0.00%	0.01
Inyanga Trading 386 Proprietary Limited	0.28%	34.67	1.07%	10.75	0.00%	0.00	0.92%	10.75

Notes to the Consolidated Financial Statements

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17	2016-17
Xeragen Laboratories Proprietary Limited	0.04%	5.59	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Medpro Holdings Proprietary Limited	0.00%	0.04	27.50%	276.77	0.00%	0.00	23.58%	276.77
Cape to Cairo Exports Proprietary Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Agrimed Proprietary Limited	0.46%	57.30	0.89%	8.95	0.00%	0.00	0.76%	8.95
Cipla Dibcare Proprietary Limited	0.00%	0.19	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Life Sciences Proprietary Limited	1.00%	125.88	0.02%	0.18	0.00%	0.00	0.02%	0.18
Cipla-Medpro Proprietary Limited	2.20%	275.71	3.69%	37.17	0.00%	0.00	3.17%	37.17
Cipla-Medpro Distribution Centre Proprietary Limited	0.00%	(0.33)	(0.04%)	(0.37)	0.00%	0.00	(0.03%)	(0.37)
Cipla Medpro Botswana Proprietary Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Medpro Research and Development Proprietary Ltd.	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Nutrition Proprietary Limited	(0.20%)	(25.07)	(0.85%)	(8.58)	0.00%	0.00	(0.73%)	(8.58)
Cipla Vet Proprietary Limited	0.40%	49.86	0.85%	8.55	0.00%	0.00	0.73%	8.55
Medpro Pharmaceutica Proprietary Limited	0.74%	93.03	0.26%	2.61	0.00%	0.00	0.22%	2.61
Breathe Free Lanka (Pvt) Ltd	0.03%	3.35	(0.01%)	(0.12)	0.00%	0.00	(0.01%)	(0.12)
Cipla Canada Inc.	0.00%	0.00	(1.80%)	(18.09)	0.00%	0.00	(1.54%)	(18.09)
Medica Pharmaceutical Industries Company Limited	0.26%	33.19	(0.78%)	(7.88)	0.00%	0.00	(0.67%)	(7.88)
Al-Jabal For Drugs and Medical Appliances Company Limited.	0.82%	103.23	5.44%	54.76	0.00%	0.00	4.67%	54.76
Cipla Pharma Lanka (Pvt) Ltd	(0.04%)	(5.55)	0.05%	0.52	0.00%	0.00	0.04%	0.52
Cipla Pharma Nigeria Ltd	0.00%	0.20	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.08%	10.32	(0.09%)	(0.91)	0.00%	0.00	(0.08%)	(0.91)
Cipla Maroc SA	0.06%	7.61	0.05%	0.46	0.00%	0.00	0.04%	0.46
Invagen Pharmaceuticals Inc.	18.01%	2258.74	8.30%	83.51	17.36%	29.04	9.59%	112.55
Cipla Middle East Pharmaceuticals FZ-LLC	0.00%	0.12	(0.01%)	(0.14)	0.00%	0.00	(0.01%)	(0.14)
Cipla Philippines Inc.	0.01%	1.15	(0.01%)	(0.09)	0.00%	0.00	(0.01%)	(0.09)
Cipla Algérie	0.00%	0.06	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla BioTec South Africa (Pty) Ltd	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00

Notes to the Consolidated Financial Statements

Note 56: Additional information as required 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)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore	As % of consolidated profit or loss	Amount ₹ in Crore
	2016-17		2016-17		2016-17		2016-17	
Med Man Care Proprietary Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Exelan Pharmaceuticals Inc.	(0.10%)	(12.12)	0.82%	8.23	0.00%	0.00	0.70%	8.23
Subtotal		18303.18		1097.67		57.72		1155.39
Inter-Company Elimination and Consolidation Adjustments	(42.52%)	(5333.69)	(11.26%)	(113.32)	44.02%	73.63	(3.38%)	(39.69)
Minority Interest in Subsidiaries	(3.49%)	(438.23)	2.88%	29.03	21.48%	35.93	5.53%	64.96
Share of Profit in Associates	0.10%	12.40	(0.69%)	(6.99)	0.00%	0.00	(0.60%)	(6.99)
Grand Total		12543.66		1006.39		167.28		1173.67

Note:57 - Authorisation of financial statements

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors on 22nd May 2018.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No. 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

New Delhi, 22nd May, 2018

For and on behalf of the Board of Directors

Umang Vohra
Managing Director and
Global Chief Executive Officer

Kedar Upadhye
Global Chief Financial Officer

Mumbai, 22nd May, 2018

Samina Vaziralli
Executive
Vice-Chairperson

Rajendra Chopra
Company Secretary

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	Exchange Rate on 31.03.2018	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover*	Profit before Taxation*	Provision for Taxation*	Profit after Taxation*	Proposed Dividend	% of share holding	Country
1	Cipla (EU) Limited	GBP	92.2775	267.60	184.10	2,244.73	1,793.03	-	86.16	139.02	-	139.02	-	100%	U.K.
2	Cipla (Mauritius) Limited	USD	65.1750	104.28	0.09	104.42	0.05	-	-	(0.15)	-	(0.15)	-	100%	Mauritius
3	Cipla (UK) Limited	GBP	92.2775	1.38	0.80	2.18	-	-	1.77	0.18	0.01	0.17	-	100%	U.K.
4	Cipla Australia Pt Ltd	AUD	50.0450	1.25	2.40	32.74	29.09	-	47.53	1.10	0.35	0.75	-	100%	Australia
5	Cipla FZE	AED	17.7450	-	-	-	-	-	-	(0.01)	-	(0.01)	-	100%	U.A.E.
6	Cipla İlaç Ticaret Anonim Şirketi	TRY	16.4577	0.08	0.24	0.46	0.14	-	1.17	0.09	0.02	0.07	-	100%	Turkey
7	Cipla Kenya Limited	KES	0.6466	0.01	0.93	64.47	63.53	-	41.39	0.90	0.41	0.49	-	100%	Kenya
8	Cipla Malaysia Sdn. Bhd.	MYR	16.8675	0.98	1.22	2.77	0.57	-	17.46	0.52	0.12	0.40	-	100%	Malaysia
9	Cipla USA Inc.	USD	65.1750	0.00	37.52	743.59	706.07	-	1,484.01	45.43	38.95	6.48	-	100%	U.S.A.
10	Cipla Medpro South Africa Proprietary Limited	ZAR	5.5775	0.25	141.57	338.87	197.05	-	965.43	333.10	53.24	279.86	-	100%	South Africa
11	Cape to Cairo Exports Proprietary Limited	ZAR	5.5775	0.00	-	0.00	0.00	-	-	-	-	-	-	100%	South Africa
12	Cipla Dibcare Proprietary Limited	ZAR	5.5775	0.00	0.22	0.22	-	-	-	-	-	-	-	100%	South Africa
13	Cipla Life Sciences Proprietary Limited	ZAR	5.5775	0.00	145.22	145.22	-	-	0.59	0.54	0.14	0.40	-	100%	South Africa
14	Cipla-Medpro Proprietary Limited	ZAR	5.5775	0.00	363.23	366.38	3.15	-	46.54	56.04	14.88	41.16	-	100%	South Africa
15	Cipla-Medpro Distribution Centre Proprietary Limited	ZAR	5.5775	0.00	(0.81)	17.77	18.58	-	48.37	-	0.39	(0.39)	-	100%	South Africa
16	Galliee Marketing Proprietary Limited	ZAR	5.5775	0.00	(0.00)	-	-	-	-	-	-	-	-	100%	South Africa
17	Inyanga Trading 386 Proprietary Limited	ZAR	5.5775	0.00	53.77	53.77	0.00	-	-	169.64	8.04	161.60	-	100%	South Africa
18	Medpro Pharmaceutica Proprietary Limited	ZAR	5.5775	0.00	189.37	1,287.45	1,098.08	-	1,227.00	104.27	30.81	73.46	-	100%	South Africa
19	Cipla Nutrition Proprietary Limited	ZAR	5.5775	0.00	(28.47)	0.28	28.75	-	1.22	0.32	-	0.32	-	100%	South Africa
20	Med Man Care Proprietary Limited	ZAR	5.5775	-	-	-	-	-	-	-	-	-	-	100%	South Africa
21	Xeragen Laboratories Proprietary Limited	ZAR	5.5775	0.00	6.43	6.43	-	-	-	-	-	-	-	100%	South Africa
22	Cipla Medpro Botswana Proprietary Limited	ZAR	5.5775	0.00	-	0.00	-	-	-	-	-	-	-	100%	South Africa
23	Cipla Medpro Holdings Proprietary Limited	ZAR	5.5775	0.00	0.00	0.00	-	-	-	(0.03)	0.00	(0.03)	-	100%	South Africa
24	Cipla Holding BV	EUR	80.8075	174.03	(3.38)	175.00	4.35	-	10.76	(0.22)	0.05	(0.27)	-	100%	Netherlands
25	Cipla Europe NV	EUR	80.8075	57.37	7.82	311.65	246.46	-	123.67	(0.58)	0.87	(1.45)	-	100%	Belgium

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	Exchange Rate on 31.03.2018	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
26	Cipla Quality Chemical Industries Limited	UGX	0.0177	80.60	226.79	369.56	62.17	-	405.11	78.40	(1.13)	79.53	-	51.05%	Uganda
27	Quality Chemicals Limited	UGX	0.0177	0.11	11.38	29.82	18.33	-	29.02	2.54	0.91	1.63	-	51.05%	Uganda
28	Goldencross Pharma Private Limited	₹	1.0000	0.05	287.06	309.83	22.72	1.63	155.98	19.77	3.08	16.69	-	100%	India
29	Medispray Laboratories Private Limited	₹	1.0000	0.05	220.74	299.15	78.36	7.78	263.68	52.77	19.14	33.63	-	100%	India
30	Medirab Holdings Limited	USD	65.1750	290.81	31.75	322.59	0.03	-	-	9.62	0.99	8.63	-	100%	Mauritius
31	Medirab Specialities Private Limited	₹	1.0000	0.62	171.55	458.34	286.17	69.97	41.27	(12.97)	0.36	(13.33)	-	100%	India
32	Silec Labs Private Limited	₹	1.0000	0.01	32.47	85.91	53.43	-	83.05	3.84	3.22	0.62	-	100%	India
33	Saba Investment Limited	USD	65.1750	222.71	94.22	319.20	2.27	-	-	140.33	-	140.33	-	51%	U.A.E.
34	Jay Precision Pharmaceuticals Private Limited	₹	1.0000	4.01	118.33	134.68	12.34	-	94.57	37.86	13.14	24.72	-	60%	India
35	Breath Free Lanka (Pvt) Ltd	LKR	0.4179	5.44	-0.16	79.40	74.12	-	112.91	2.25	0.26	1.99	-	100%	Sri Lanka
36	Medica Pharmaceutical Industries Company Limited	USD	65.1750	1.52	23.76	160.45	135.17	-	-	(9.98)	(2.00)	(7.98)	-	50.49%	Yemen
37	Cipla Pharma Lanka (Pvt) Ltd	LKR	0.4179	0.04	(3.53)	74.33	77.82	-	131.56	2.55	0.57	1.98	-	60%	Sri Lanka
38	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	BRL	19.6969	11.41	(3.31)	8.29	0.19	-	-	(1.71)	-	(1.71)	-	100%	Brazil
39	Cipla Maroc SA	MAD	7.0747	18.04	(3.27)	45.96	31.19	-	20.17	(4.02)	-	(4.02)	-	60%	Morocco
40	InvaGen Pharmaceuticals Inc.	USD	65.1750	0.00	1,545.75	4,035.37	2,489.62	-	1,176.30	(238.80)	(23.09)	(215.71)	-	100%	U.S.A.
41	Exelan Pharmaceuticals Inc.	USD	65.1750	3.26	(2.09)	196.27	195.10	-	358.95	17.95	4.75	13.20	-	100%	U.S.A.
42	Cipla BioTec Private Limited	₹	1.0000	258.71	(160.12)	111.32	12.73	12.03	14.59	(25.71)	0.24	(25.95)	-	100%	India
43	Cipla Middle East Pharmaceuticals FZ- LLC	USD	65.1750	0.27	5.48	210.00	204.25	-	329.31	70.01	-	70.01	-	51%	U.A.E.
44	Cipla Philippines Inc.	PHP	1.2469	1.18	(0.19)	1.10	0.11	-	-	(0.09)	0.00	(0.09)	-	100%	Philippines
45	Cipla Algérie	DZD	0.5706	0.06	-	0.06	-	-	-	-	-	-	-	40%	Algeria
46	Cipla BioTec South Africa (Pty) Ltd	ZAR	5.5775	-	-	-	-	-	-	-	-	-	-	100%	South Africa
47	Cipla Health Limited	₹	1.0000	4.11	86.38	149.42	58.93	41.01	120.18	(68.67)	(17.11)	(51.56)	-	100%	India
48	Cipla Technologies LLC	USD	65.1750	3.26	(21.44)	13.26	31.44	-	-	(21.21)	-	(21.21)	-	-	U.S.A.
49	Anmarate Proprietary Limited	ZAR	5.5775	0.00	0.73	0.75	0.02	-	0.28	(0.62)	0.12	(0.74)	-	100%	South Africa

*Converted using average rate

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in Form AOC-1 related to Subsidiaries and Associate Companies

Part (b) : Associate

Shares of Associate held by the Company on the year end		Profit/Loss for the year								
Sr. No.	Name of Associate	Latest audited Balance Sheet Date	No. of shares	Amount of Investment in Associate (₹ in Crore)	Extend of Holding %	Shareholding as per latest audited Balance Sheet (₹ in Crore)	Considered in Consolidation (₹ in Crore)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate is not consolidated
Associate										
1	Stempeutics Research Pvt. Ltd.	31.03.2018	2,05,02,525	69.97	49.99	19.36	(2.78)	-	Note - i	-

Note:

(i) There is significant influence due to percentage(%) of Share Capital.

For and on behalf of the Board of Directors

Umang Vohra

Managing Director and
Global Chief Executive Officer

Samina Vaziralli

Executive
Vice-Chairperson

Kedar Upadhye

Global Chief Financial Officer

Rajendra Chopra

Company Secretary

Mumbai, 22nd May, 2018

Glossary of Abbreviations

<IR>	Integrated Reporting	CNS	Central Nervous System
ACR	Agitated Cell Reactor	CNV	Cipla New Ventures
ACS	American Cancer Society	CO2	Carbon Dioxide
ACTs	Anti-malarial	COPD	Chronic Obstructive Pulmonary Disease
ADR	American Depository Receipts	CORD	Certificate course in Obstructive airway Diseases
AGM	Annual General Meeting	COSO	Committee of Sponsoring Organisations
AHU	Air Handling Unit	CPC	Cipla Palliative Care
AIDS	Acquired Immunodeficiency Syndrome	CQA	Corporate Quality Assurance
ALS	Amyotrophic Lateral Sclerosis	CRF	Chest Research Foundation
AMR	Anti-Microbial Resistance	CRP	Collaborative Registration Procedure
ANDA	Abbreviated New Drug Application	CSR	Corporate Social Responsibility
ANVISA	Agência Nacional de Vigilância Sanitária, Brazil	CSV	Computer System Validation
APCD	Air Pollution Control Devices	CTA	Clinical Trial Application
API	Active Pharmaceutical Ingredient	CU	Cipla University
AR	Allergic Rhinitis	CVS	Cardio Vascular System
ARV	Antiretroviral	DCGI	Drug Controller General of India
ATFD	Agitated Thin Film Dryers	DMFs	Drug Master Files
AVD	Alternate Vendor Development	DNDi	Drugs for Neglected Diseases Initiative
B2B	Business-to-business	DoE	Design of Experiments
BBBEE	Broad-Based Black Economic Empowerment	DPCO	Drug Price Control Order
bps	basis points	DQA	Development Quality Assurance
BRR	Business Responsibility Report	DQA	Development Quality Assurance
BS OHSAS	British Standard Occupational Health and Safety Assessment Series	DSC	Differential Scanning Calorimetry
CAGR	Compound Annual Growth Rate	DTM	Direct To Market
CAPA	Corrective and Preventive Action	EAC	East African Countries
CCC	Cash Conversion Cycle	EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortisation
CDSCO	Central Drugs Standard Control Organisation	EDQM	European Directorate for the Quality of Medicines
CEG	Corporate EHS Guidelines	EHS	Environmental Health and Safety
CETP	Common Effluent Treatment Plants	EHSMS	EHS Management System
CF	Cystic Fibrosis	ELNEC	End of Life Nursing Education Consortium
CFD	Computational Fluid Dynamics	EMA	European Medicines Agency
CFDA	China Food and Drug Administration	EMS	Environment Management System
CFL	Compact Fluorescent Light	ERM	Enterprise Risk Management
CFR	Code of Federal Regulations	ESOP	Employee Stock Option
CGA	Cipla Global Access	ETP	Effluent Treatment Plant
cGMP	Current Good Manufacturing Practices	ETR	Effective Tax Rate
CHAI	Clinton Health Access Initiative	EU	European Union
CII	Confederation of Indian Industry	FDA	Food and Drug Administration
CIS	Commonwealth of Independent States	FDC	Fixed Dose Combination
CLAP	Cipla Leadership Ascent Programme		

FICCI	Federation of Indian Chambers of Commerce & Industry
FOPE	Federation of Pharma Entrepreneurs
FPP	Finished Pharmaceutical Products
FPSM	Fluticasone Propionate Salmeterol
FRM	Fraud Risk Management
FY	Financial Year
GCFO	Global Chief Financial Officer
GC-MS	Gas Chromatography- Mass Spectrometry
GCPO	Global Chief People Officer
GDR	Global Depository Receipt
GDUFA	Generic Drug User Fee Act
GGC	Global General Council
GHG	Green House Gas
GJ	Giga Joules
GMP	Good Manufacturing Practices
GPG	Good Practice Guides
GRI	Global Reporting Initiative
GST	Goods and Services Tax
HALMED	Agency for Medicinal Products and Medical Devices, Croatia
HCP	Health Care Professionals
HEPA	High Efficiency Particulate Arrestance
HIV	Human Immunodeficiency Virus
HVAC	Heating, Ventilation, and Air Conditioning
IAPC	Indian Association of Palliative Care
IBL	India Business League
ICS	Inhaled Cortico Steroid
IDMA	Indian Drug Manufacturers Association
IFC	Internal Financial Controls
IFPMA	International Federation of Pharmaceutical Manufacturers and Associations
IIRC	International Integrated Reporting Council
IND	Investigational New Drug
Ind AS	Indian Accounting Standards
INVIMA	Instituto Nacional de Vigilancia de Medicamentos y Alimentos, Columbia
IP	Intellectual Property
IPA	Indian Pharmaceutical Association
IPD	Integrated Product Development
IPF	Idiopathic Pulmonary Fibrosis

IRMC	Investment and Risk Management Committee
ISO	International Organisation for Standardisation
IT	Information Technology
KFDA	Korea Food and Drug Administration
KL	Kilo Liter
KLD	Kilo Liters per Day
kWp	Kilo Watt Peak
LABA	Long-Acting Beta-Agonist
LAMA	Long-Acting Muscarinic Antagonists
LCMP	Life Cycle Management Process
LC-MS	Liquid Chromatography- Mass Spectrometry
LDC	Least Developed Countries
LED	Light Emitting Diode
LIMS	Laboratory Information Management System
MAs	Marketing Authorisations
MBA	Masters in Business Administration
MCC	Medicines Control Council
MEE	Multiple Effect Evaporators
MHRA	Medicines and Healthcare Products Regulatory Agency
MIS	Management information System
Mkt	Market
MMV	Medicines for Malaria Venture
MNC	Multinational Corporation
MS	Market share
MT	Metric Tons
NAS	New Active Substances
NCD	Non-Communicable Diseases
NCE	New Chemical Entity
NDC	Nationally Determined Contributions
NGO	Non Governmental Organisation
NLEM	National List of Essential Medicines
NMR	Nuclear Magnetic Resonance
NMRAs	National Medicines Regulatory Authorities
NPI	New Products Introduction
NPPA	National Pharmaceutical Pricing Authority
NRT	Nicotine Replacement Therapy
NVG	National Voluntary Guidelines
OA	Osteoarthritis

Onco-BCG	Oncology -Bacillus Calmette-Guerin	SAHPRA	South African Health Products Regulatory Authority
OPD	Out Patient Department	SCI	Spinal Cord Injury
OPEX	Operating Expense	SEBI	Securities and Exchange Board of India
OSD	Oral Solid Dosages	SEE	Social, Environmental and Economic
OTC	Over The Counter	Single crystal XRD	Single crystal X-ray Diffraction
p.a.	per annum	SKU	Stock Keeping Units
PADER	Periodic Adverse Drug Experience Reports	SOP	Standard Operating Procedures
PAH	Pulmonary Arterial Hypertension	TB	Tuberculosis
PAT	Profit After Tax	TBI	Traumatic Brain Injury
PEPFAR	President's Emergency Plan For AIDS Relief	TCO	Total Cost of Ownership
PHARMEXCIL	Pharmaceuticals Export Promotion Council	TDR	Theoretical Drug Release
PKPB	Pharmacokinetic study based on people bioequivalence	TGA	Therapeutic Goods Administration, Australia
PMDA	Pharmaceuticals and Medical Devices Agency, Japan	TRIPS	Trade-Related Aspects of Intellectual Property Rights
pMDI	pressured Metered Dose Inhaler	TSDF	Treatment, Storage, and Disposal Facilities
POSH	Prevention of Sexual Harassment	UCPMP	Uniform Code of Pharmaceutical Marketing Practices
POTW	Publicly Owned Treatment Works	USFDA	U S Food and Drug Administration
PXRD	Powder X-Ray Diffractometer	VFD	Variable Frequency Drive
Q1	Quarter 1	VOCs	Volatile Organic Compounds
Q2	Quarter 2	VTD	Vacuum Tray Dryer
QbD	Quality by Design	VTFD	Vertical Thin Film Dryer
QC	Quality Control	WC	Working Capital
QMS	Quality management System	WHO	World Health Organisation
R&D	Research and Development	WHO PQ	World Health Organisation Pre Qualified
RAS	Rectal Artesunate Suppository	WLAP	Work-Life Assistance Programme
RH	Relative Humidity	Y-o-Y	Year on Year
RO	Reverse Osmosis	ZAR	South African Rand
RoE	Return on Equity		
SAGA	South Africa, Sub-Saharan Africa and Cipla Global Access		

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