

# Force for Good

Pioneering | Innovative | Rooted in Care



Cipla Limited  
Annual Report  
2022-23



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# Force for Good

Pioneering | Innovative | Rooted in Care

**A compassionate approach to medicine and healthcare that goes beyond the pursuit of profit. This has been the force impelling Cipla's history over the years. The story of Cipla is one of purpose & resilience – ideals that have remained unchanged in its mission to extend care to the last mile, the rarest disease and to under-served communities.**

**There's a treasure trove of stories in Cipla that narrate our journey, obstacles, course corrections, successes and most importantly how our business is a real force for good.**



From pioneering the development of metered and dry powder inhalers to an unmatched presence across the care continuum, today Cipla is helping millions across the world to breathe free. Armed with this expertise we have set our sights to become global lung leaders.

We are driving our wellness ecosystem with a focus on New Science, Better Reach and a Digital-first approach. Backed by deep consumer insights, the consumer

wellness franchise houses brands across categories including cold and cough, smoking cessation, gut health, derma, feminine hygiene and more. We are passionate about building a strong global wellness franchise and are augmenting our global consumer wellness franchise by identifying brands with high consumer potential and strengthening our Over the Counter (OTC) portfolio across India and South Africa.

Pivoting to an organisation of digital natives, we have set up several foundational elements to drive our digitisation across the value chain right from adopting Industry 4.0 to transforming patient reach and care. Creating 'Plants of the future', our Indore Oral Solid Dosage (OSD) facility received the designation of an 'Advanced 4<sup>th</sup> Industrial Revolution Lighthouse' by the World Economic Forum (WEF) in 2022. In line with our digital thrust, we have invested in platforms like GoApptiv that help in enhanced engagements across tier 2-6 towns. The Breathefree app

aims to support respiratory patients throughout their journey, from awareness and acceptance of the disease to the adherence of treatment. In South Africa, the Brandmed platform empowers patients to take active charge of their health.

We have now embarked on a journey to create the Cipla of the future by investing in therapies of the future such as biosimilars, mRNA, CAR(T) and other such promising therapies. Be it our partnership for anti-infective drug, Elores; our investment in Ethris for mRNA-based therapies, bolstering our differentiated portfolio, strong pipeline of in-licensed biosimilars or stepping up our diabetes portfolio.

**Pioneering, Innovative and firmly rooted in CARE** – that's the Cipla of future and we are gearing up deliver on our commitment, putting smiles on faces and make a difference in the lives of patients.



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

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

## Welcoming our stakeholders to the Integrated Annual Report for FY 2022-23

It is an honour to present to our stakeholders our sixth Integrated Annual Report. We use this report to provide our readers with a holistic understanding of the quantitative and qualitative dimensions of our business. We also present our culture, strategy and performance in creating and delivering long term value to our stakeholders as a responsible pharmaceutical company.

## Our reporting guidelines

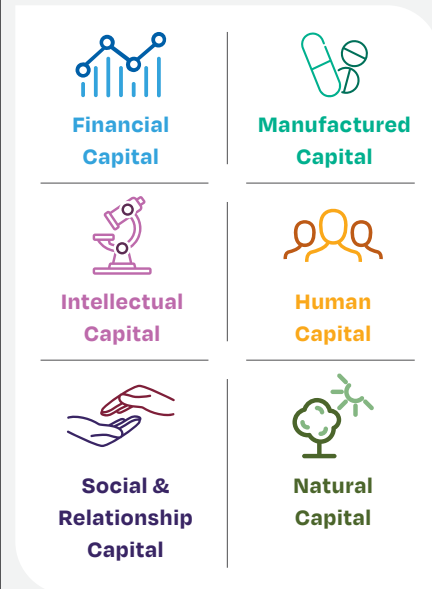
Our Integrated Reporting process is guided by the principles and content element of the International Integrated Reporting Council's International Integrated Reporting <IR> Framework. We have also aligned our report with some of the best practices and standards in financial and non-financial reporting observed globally.

This report has been prepared in accordance with the latest Global Reporting Initiative ('GRI') Standards. We have also presented a mapping of the United Nations Sustainable Development Goals. The financial and statutory information contained in this report is in compliance with the requirements of the Companies Act, 2013, Indian Accounting Standards, Secretarial Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations.

## Our core elements to enhance value creation

This report provides a comprehensive overview of our business model, organisational strategies and governance mechanisms on key topics that are material to us and our stakeholders.

We have outlined our financial and non-financial performance across six capitals which serve as a framework for understanding how our organisation creates and delivers value.



## Reporting boundary and scope

The Integrated Annual Report for FY 2022-23 presents information on financial and non-financial performance of Cipla's global operations from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023. Information on our joint ventures have been disclosed as relevant. Any specific exclusions are provided in respective sections.

## Responsibility statement

The Board firmly believes that this report provides an accurate and unbiased overview of the Company's financial, sustainability and operational performance, covering all significant matters relevant to the Company in FY 2022-23 and beyond. The Board recognises that content of this report have been prepared by different functions and business units with direction of Management Council.

## Assurance

Assurance on financial statements has been provided by our statutory auditor Walker Chandiook & Co LLP on page no. 197 and 280 of this report. Non-financial information has been independently assured by DNV Business Assurance India Private Limited on page no. 372 of this report.

## Feedback

We take this opportunity to thank all our stakeholders for their interest in our company and its performance. Hence, we place a high value on your feedback on this report and encourage you to write to us.

Stakeholder feedback can be sent to:  
Name: Mr Rajendra Chopra  
Designation: Company Secretary  
E-mail: [cosecretary@cipla.com](mailto:cosecretary@cipla.com)  
Telephone: +91 22 2482 6000

# About Cipla<sup>1</sup>

Established in 1935, Cipla is a global pharmaceutical company with a strong commitment to make medicines accessible and affordable to those in need.

**Our product portfolio spans complex generics as well as drugs in the respiratory, anti-retroviral, urology, cardiology, anti-infective, CNS and various other key therapeutic segments. With a rich portfolio, we are deepening our presence in the home markets of India, as well as South Africa, North America and other key regulated and emerging markets. Our 47 manufacturing sites around the world produces 50+ dosage forms and 1,500+ generic products to cater to our 85 markets<sup>2</sup>.**

Making a difference for patients has been the driving force behind Cipla's work for more than eight decades. Our paradigm changing offer of a triple anti-retroviral therapy in HIV/AIDS at less than a dollar a day in Africa in 2001 is widely acknowledged as having contributed to bringing inclusiveness, accessibility and affordability to the centre of the HIV movement.

**Cipla is the third largest pharmaceutical company in India and the third largest in the private pharmaceutical market of South Africa (IQVIA, March 2023). We are the second largest Indian exporter to emerging markets<sup>3</sup> and also among the most dispensed generic players in the US.**

Our strategy to use resources efficiently, our efforts to make medicines more available and affordable and our strong financial performance provide a strong foundation for building a responsible business that is committed to sustainable growth.

Cipla is a responsible corporate citizen and is a partner of choice for global health organisations, peers and all stakeholders owing to its humanitarian approach to healthcare, in pursuit of its objective of 'Caring for Life' and its deep-rooted community ties.

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



<sup>1</sup> GRI 2-2, GRI 2-3, GRI 2-14 and Information in line with BRSR Question no. 13 of Section A

<sup>2</sup> GRI 2-1, GRI 2-6

<sup>3</sup> Represent countries/markets where sales are more than USD 0.5 million

<sup>4</sup> EXIM IntelliMax data for Emerging Markets (ex-SAGA, CIS, China) for FY 2022-23

### OneCipla Credo

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

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

This is our OneCipla Credo

OUR FIRST PRINCIPLES

**PATIENTS**

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

**LEADERSHIP IN CORE MARKETS**

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

**COMMERCIAL EXCELLENCE**

- Accelerated revenue growth and sustainable margin expansion

**COLLABORATE TO SUCCEED**

**INNOVATE TO EXCEL**

**PERFORM WITH ACCOUNTABILITY**

**LEAD WITH EMPATHY**

**ACT WITH AGILITY**

OUR WINNING ASPIRATION

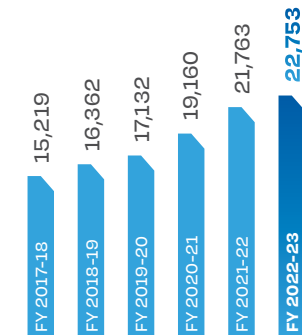
CIPLA LEADERSHIP ESSENTIALS

# Financial Highlights

## Revenue from Operations

(₹ in crores)

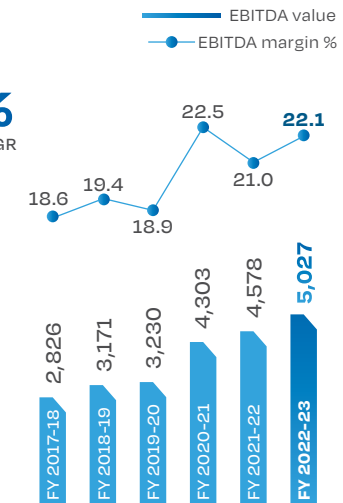
**8%**  
5-year CAGR



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

(₹ in crores)

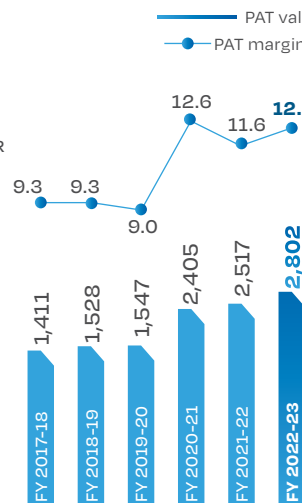
**12%**  
5-year CAGR



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

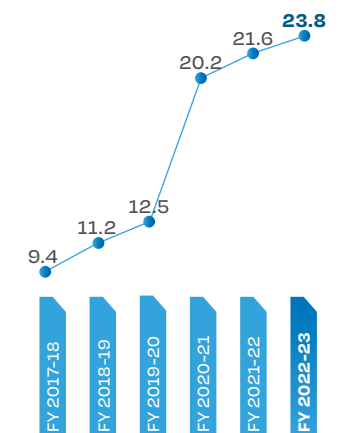
(₹ in crores)

**15%**  
5-year CAGR



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

(in %)



## FY 2022-23

Revenue (Ex-covid 11%)

**5%**

Y-O-Y Growth

EBITDA margin

**22.1%**

PAT margin

**12.3%**

Free Cash Flow

**2,104**

(₹ in crores)

RoIC

**215 BPS**

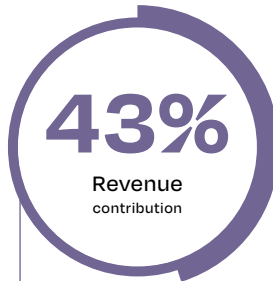
Y-O-Y expansion

<sup>1</sup> EBITDA = Revenue from Operations - (Cost of Material Consumed + Purchase of Stock-in-Trade + Changes in inventory of Finished Goods, Work-in-Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses) | FY 2020-21 includes one-time income from a litigation settlement | FY 2021-22 and FY 2022-23 includes one-time covid inventory provision and other charges

<sup>2</sup> Net profit after tax attributable to shareholders for FY 2021-22 and FY 2022-23 includes one-time impact of impairments

<sup>3</sup> RoIC = EBITDA - depreciation and amortisation ÷ average [(fixed assets including goodwill + current assets excluding cash and cash equivalent) - current liabilities excluding borrowing]

# Global Reach<sup>1</sup>



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

YoY growth ex Covid ↑ 13%

### Key highlights

3<sup>rd</sup> largest overall and healthy ranks across acute and chronic therapies

#### 1. India Rx:

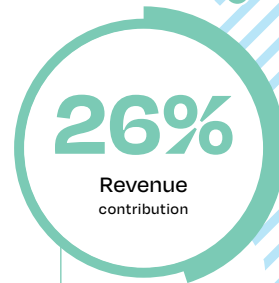
- ▶ 2<sup>nd</sup> largest in chronic branded prescription business and strong market share with increasing chronic share from 56% to 59%
- ▶ Scale-up in branded In-licensing business driven by well-entrenched partnerships with global pharma companies. Strengthens diabetic portfolio by entering into a perpetual agreement with Novartis for the brand 'Galvus', and entering into psoriasis portfolio with the acquisition of Novartis's Innovator brand 'Scapho'
- ▶ Continuous rigor on making Big Brands Bigger, 20+ brands crossing 100 crores mark in Indian Pharma Market (IPM)

#### 2. India Gx:

- ▶ Largest trade generic business in India with the focus of making Big Brands Bigger
- ▶ Expanding portfolio breadth (50+ launches) with targeted launches
- ▶ Deepening connect with channel with entering into tier 2 to tier 6 cities complemented by expanding retail taskforce

#### 3. India consumer health:

- ▶ Continuous focus on strengthening the consumer health business by making it a ₹ 1,000 crores + entity
- ▶ Continued to drive, illness to wellness, theme led by brand building initiatives, deepening distribution and category innovations
- ▶ Strong emphasis on improving margins. EBITDA expected to be in mid teens for upcoming year.



## North America\*

YoY growth ↑ 23%

### Key highlights

- ▶ Amongst top 10 players by prescription in the US market
- ▶ Business crosses USD 730 million+ revenue for the first time; highest ever quarterly sales of USD 204 million led by differentiated portfolio
- ▶ 55% of our commercial portfolio ranks Top 3 in market share
- ▶ Respiratory portfolio continues to hold a significant share, while contribution from gRevlimid and peptide portfolio has led to growth in our base business. Lanreotide demonstrated strong market share ramp-up with share increasing to 17%+
- ▶ Strong pipeline of respiratory, peptide injectables and other complex assets.



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

YoY growth ↓ 5% (in ZAR)

### Key highlights:

- ▶ Continues to be the 3<sup>rd</sup> largest pharmaceutical corporation in South Africa private market
- ▶ Cipla's private market business continues to outperform the market with a strong growth of 4.8% (~1.3x of the total private market growth).
- ▶ Aided by strong R&D focus, 30 new brands were launched in the market across multiple therapies during the year
- ▶ For FY 2022-23, the private market further improved its share to 77% in South Africa region.

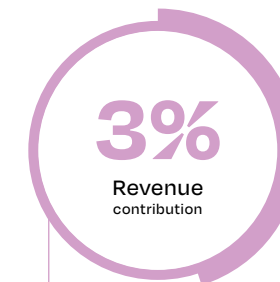


## International markets\*\*

YoY growth ↓ 2%

### Key highlights:

- ▶ Strong momentum continues across focused DTMs with double-digit growth in secondary market overcoming currency fluctuations
- ▶ Cipla is the fastest growing pharma company in SriLanka, amongst the Top 10 and also featured in the Top 10 list of Nepalese Pharma Market for the first time
- ▶ Strong respiratory filings done in European markets to strengthen future pipeline
- ▶ Continued focus on growth through organic launches and partnerships to augment generic and biosimilar footprint.



## API (Active Pharmaceutical Ingredients)

YoY growth ↓ 31%

### Key highlights:

- ▶ Consistent growth in emerging markets; European markets picking up
- ▶ Continued traction in global seeding and lock-ins

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

\* Market share data and rankings as per IQVIA MAT March, 2023

\*\* As per Intellimex Finished Formulation Export Data for April 2022 to March 2023 and IQVIA MAT March, 2023

#TRx market share data as per IQVIA week ending 31<sup>st</sup> March, 2023

<sup>1</sup> GRI 2-1, GRI 2-6

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



**Dr Y K Hamied**  
Chairman



**Mr M K Hamied**  
Vice-Chairman



**Ms Samina Hamied**  
Executive Vice-Chairperson



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



**Dr S Radhakrishnan**  
Non-Executive  
Non-Independent Director



**Mr Adil Zainulbhai**  
Independent Director



**Mr Ashok Sinha**  
Independent Director



**Dr Mandar Vaidya**  
Independent Director



**Mr P R Ramesh**  
Independent Director



**Ms Punita Lal**  
Independent Director

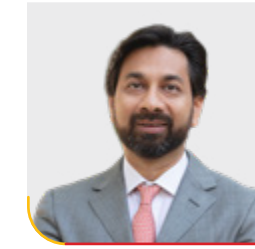


**Mr Robert Stewart**  
Independent Director

# Management Council



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



**Mr Ashish Adukia**  
Global Chief  
Financial Officer



**Dr Raju Mistry**  
Global Chief  
People Officer



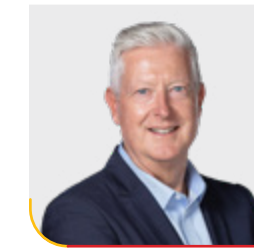
**Mr Pradeep Bhaduria**  
Global Chief  
Scientific Officer



**Ms Geena Malhotra**  
Global Chief  
Technology Officer



**Mr Achin Gupta**  
CEO One India  
Business



**Mr Paul Miller**  
CEO South Africa and Regional  
Head Africa and Access



**Mr Vijayasarathi Ramaswami**  
Global Head Quality



**Mr Arunesh Verma**  
CEO North America



**Mr Nishant Saxena**  
CEO Emerging  
Markets and Europe



**Mr Swapn Malpani**  
Global Head  
Supply Chain

## Committees

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

<sup>1</sup> GRI 2-9

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

## Consolidated

₹ in crores

	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015	2014
<b>Income Statement Data</b>										
Revenue from operation	22,753	21,763	19,160	17,132	16,362	15,219	14,630	13,790	11,345	10,173
Profit for the year <sup>^</sup>	2,802	2,517	2,405	1,547	1,528	1,411	1,006	1,360	1,181	1,388
Dividend	404	403	-	564 <sup>^^</sup>	242	161	161	161	161	161
<b>Balance Sheet Data</b>										
Total equity attributable to owners	23,408	20,842	18,327	15,763	15,012	14,229	12,525	11,516	10,789	10,050
Property, plant and equipment - Net block	4,584	4,839	4,618	4,805	5,114	5,315	5,009	4,605	4,141	3,996
Current investments including cash and cash equivalents <sup>#</sup>	4,643	4,112	3,676	2,009	2,735	2,058	1,452	1,442	941	471
Total debt	520	824	1,756	2,816	4,316	4,098	4,113	5,192	1,702	1,228
<b>Additional Data</b>										
Earnings per share - Diluted (₹)	34.69	31.17	29.79	19.16	18.93	17.50	12.50	16.89	14.66	17.27

\* figures from FY 2015-16 to FY 2022-23 are in compliance with Ind AS

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

<sup>#</sup> includes bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend)

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

<sup>1</sup> GRI 2-6

# Corporate Information<sup>1</sup>

## Founder

Dr K A Hamied  
(1898-1972)

## Chairman

Dr Y K Hamied

## Vice-Chairman

Mr M K Hamied

## Executive Vice-Chairperson

Ms Samina Hamied

## Managing Director and Global Chief Executive Officer

Mr Umang Vohra

## Non-Executive Non-Independent Director

Mr S Radhakrishnan

## Independent Directors

Mr Adil Zainulbhai  
Mr Ashok Sinha  
Dr Mandar Vaidya  
Ms Punita Lal  
Mr P R Ramesh  
Mr Robert Stewart

## Global Chief Financial Officer

Mr Ashish Adukia

## Company Secretary and Compliance Officer

Mr Rajendra Chopra

## Statutory Auditor

Walker Chandiook & Co LLP

## Chief Internal Auditor

Mr Deepak Viegas

## Secretarial Auditor

BNP & Associates

## Cost Auditor

Mr D H Zaveri

## Corporate Identity Number

L24239MH1935PLC002380

## Registered Office

**Cipla House**  
Peninsula Business Park,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai – 400 013, Maharashtra  
**Tel. No.:** +91 22 2482 6000 | **Fax No.:** +91 22 2482 6120

**Email id:** [cosecretary@cipla.com](mailto:cosecretary@cipla.com)

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

 / Cipla\_Global

 / Cipla

 / Cipla

## Registrar and Share Transfer Agent

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

**Tel. No.:** +91 40 6716 2222 / 79611000

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

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

<sup>1</sup> GRI 2-1

# Chairman's Message



“  
Cipla's purpose of 'Caring for Life' has been our guiding mission over the years and reflects our culture of care and compassion. We strive to do our best to make a difference in the lives of all.  
”

## Dear Shareholders,

During the past three years, we have seen the COVID-19 pandemic erupt and subside. It has been a relentless battle for all concerned. We have witnessed a wide range of medical advancements to cater to the health and well-being of COVID-19 patients. The pharma industry continues to explore new frontiers in scientific research and innovation. On a

continuous basis, the industry develops novel therapies for unmet medical needs and also promotes incremental innovations in existing therapies. Medical science has transitioned from chemistry to a new world of biologics, gene and stem cell therapies. In recent years, there has been remarkable progress in research and one must

acknowledge the achievements of scientists for their collective efforts to deliver, not only life-saving drugs for the benefit of humanity, but also a range of newer diagnostics, devices, advanced essential and personalised medicines.

Since the inception of Cipla in 1935, drug innovation has been at the forefront of our culture. Over the years, we have been instrumental in introducing many innovative therapies which have improved and revolutionised treatment of several ailments. We were among the first in India to introduce anti-malarial drugs at the onset of World War II. Subsequently, Cipla pioneered the introduction of drugs for the treatment of respiratory diseases like asthma and COPD. Later, we introduced the first oral iron chelator in the world and in 2000, Cipla was the first to introduce a fixed dose combination of anti-retroviral drugs against HIV/AIDS, which helped save millions of lives. Overall, Cipla has been a pioneer in the introduction of many essential drugs over the years including the fluoroquinolone antibiotics for the first time in India.

Currently, we are embarking on a forward journey to create the Cipla of the future. We are investing our resources in newer areas of treatment such as Biotech, mRNA and CAR (T)-cell therapies, Digital Health and Stem Cell research. This advancement is crucial

as many chronic diseases continue to impact the lives of people globally. Apart from this, our medical teams are concentrating their efforts to combat Antimicrobial Resistance (AMR), Climate Change and related problems arising out of these.

Cipla's purpose of 'Caring for Life' has been our guiding mission over the years and reflects our culture of care and compassion. We strive to do our best to make a difference in the lives of all. We believe that success does not make a company great, what really matters is its contribution to the welfare of the society. We established a Palliative care and training centre in Pune over 25 years ago and have since addressed the needs of over 22,500 patients and their families. This gives us a great deal of satisfaction and has firmed up our strategy to increase access to palliative care across the country. The Cipla Foundation currently works with 28 partners in India to improve the quality of life of both children and adults who suffer from serious illnesses. We also support patients' families and caretakers. The foundation is committed to work with partners to integrate palliative care within the health care system to serve patients even in remote locations.

The financial year ending 31<sup>st</sup> March, 2023 has been another commendable one for Cipla. This is a testament to

the dedication and commitment of all our employees who are regarded as our Cipla family. During the year, Cipla received many awards and recognitions in the life sciences and healthcare categories. We sincerely believe that it is of the utmost importance to collectively align ourselves to address the future healthcare needs and emerging concerns that are facing the world. There is no doubt that we must leverage our expertise, knowledge and research acumen created over the years to help society navigate the difficult years ahead.

As always, my sincere gratitude to all fellow directors, management, shareholders, medical professionals, and those concerned in the industry for their continued faith and trust in Cipla. The forward vision of your Company will provide continuing value in improving the quality of life for all as best possible.

Best wishes and warmest regards to all of you and your families.

Warm regards,

**Y K Hamied**  
Chairman



# Executive Vice-Chairperson's Message



**“ We strive to create a workplace where everyone feels included, celebrated and are able to thrive. An inclusive culture that puts employees' aspirations first and aids them in reaching their true potential. ”**

## Dear All,

Built on a platform of good science and good medicine, Cipla's story is that of purpose and resilience, of ideals that remain unchanged in the pursuit to extend care to the last mile. This compassionate approach to healthcare has been the guiding force for all our actions. Over 87 years, Cipla has been known for its game-changing strides towards accessibility, life-saving medicines and patient centricity. Today, we are reimagining our role to play a deeper part in the healthcare

ecosystem, taking Cipla into the future, charting a new path of becoming a global healthcare organisation.

Our relentless focus on innovation, science, and technology will continue to fuel our growth engines in the years to come. Cipla is poised to create innovative, digitally-driven medical solutions, armed with deep patient insights, combined with our legacy of care. We are committed to moving up the innovation curve by growing through

areas like biosimilars, mRNAs, (CAR)-T cell therapy and similar categories. In line with this aspiration, recently we partnered with Ethris for mRNA-based therapies and have created a strong pipeline of in-licensed biosimilars which will further augment our portfolio.

As an industry at the forefront of saving lives, the Indian pharmaceutical sector has stood true to its positioning of the 'Pharmacy of the World' with an uninterrupted supply of medicines

to over 200 countries despite major geopolitical tensions and inflationary pressures. Today, we have grown leaps and bounds and attained more self-sufficiency supported by progressive Government policies, including the Production Linked Incentive scheme and the Jan Aushadhi initiative. The Indian Pharmaceutical Association (IPA) is another pivotal force shaping India's pharmaceutical ecosystem and accelerating our aspiration of becoming a globally competitive pharmaceutical industry in the years to come.

## Partners in your wellness journey

In line with the healthcare priorities and the massive shift in consumer mindset towards wellness, we are ascending the value chain to partner every consumer in their wellness journey. Our consumer business has grown rapidly by almost 5x in the last three years and has contributed significantly to our global consumer franchise. Backed by deep consumer insights and innovation we are creating solutions to address the unmet needs of consumers with 12 brands across 10 categories including pain, cold & cough, smoking cessation, gut health, skincare, feminine hygiene, etc. We forayed into the direct-to-consumer space with the launch of marquee brands like Rivela Dermascience, MamaXpert and EveXpert. We also acquired Endura Mass which is a renowned nutritional supplement brand in the weight gain category.

## Fostering a future-ready workforce

We have embarked on a journey to create the Cipla of the future - Pioneering, Innovative and Firmly rooted in care. Our people are the biggest enablers of this vision, and we continue to foster equity, diversity & inclusion across the organisation to bring about a meaningful

transformation. We strive to create a workplace where everyone feels included, celebrated and are able to thrive. An inclusive culture that puts employees' aspirations first and aids them in reaching their true potential. A testament to our progressive people practices, Cipla has been certified Great Place to Work™ for the 5<sup>th</sup> year in a row. In our quest towards building an inclusive ecosystem, one of our major thrust areas has been to drive diversity & inclusion on the manufacturing shopfloor. Our concerted efforts towards empowering women in the workforce has resulted in institutionalising 14 dedicated women-operated packaging lines across our manufacturing sites. Under the aegis of our Inclusion & Diversity council, we launched 'WIN - Women Inspired Network' to enable, empower and elevate women in Cipla. The #EqualCiplaEqualVoices platform continues to be a supportive pillar for open and honest dialogue. At Cipla, the environment of continuous learning enables us to stay inspired and helps sharpen our innovative edge. Towards this we are focused on enhancing the digital learning curve of our employees and are also transforming our leaders to pivot the organisation towards a digital culture.

Being a listening organisation enables us to hear the voices of our people, understand the gaps and create solutions to build a more equitable and enabling workplace for a multi-generational workforce.

## Accelerating on our vision of being a global healthcare organisation

The proliferation of digitalisation has revolutionised the health sector, offering patient-care with better solutions for awareness, diagnostics, cure and adherence. Cipla is at the forefront of its digitisation journey by redefining benchmarks in the industry and unlocking the power of digital

across the board. Our endeavour is to transform into a digitally agile organisation with enhanced connection with patients, doctors, other stakeholders to help us reimagine our operations across the value chain. Powered by our digital aspirations we are deploying end-to-end digitisation in our factories. Cipla Digital Health - a dedicated digital arm serves as an enabler of digital agenda for future readiness across functions. The digital permeation across operations also helps our talent with future ready skills in the face of evolving times.

Cipla has always strived to keep care at the core of everything we do. Our Foundation continues its passionate journey of social change using the power of collaborations. We are enabling access to healthcare by focusing on palliative care, respiratory healthcare, supporting children with rare illnesses and creating opportunities in education through digital and e-learning solutions across India and South Africa.

As we prepare to script a new growth story for Cipla, I am thankful to Umang Vohra, our MD & GCEO for his visionary and purpose-driven mindset and our management teams for taking Cipla to newer peaks. I am so grateful to have strong mentors, Dr Y K Hamied and Mr M K Hamied and the members of the board who continue to guide me and lead by example. Reinforcing our commitment to our patients, our people, our medical fraternity, our partners and our stakeholders, we will continue to raise the bar making Cipla a real Force for Good.

Best wishes,

**Samina Hamied**  
Executive Vice-Chairperson

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



for the fifth year in a row. Our Executive Vice-Chairperson, Samina Hamied was conferred with 'EY's Entrepreneur of the Year' 2022 India award in the Life sciences and Healthcare category. We emerged as ESG champions at KPMG ESG Conclave and Awards. Our consumer health brands, patient awareness campaigns, supply chain initiatives and several other digital and marketing engagements had an award-winning streak at prestigious forums.

## Doing well by doing good

If you love something, you handle it with care. This has been beautifully encapsulated in our ESG approach 'CARE' - Championing Climate Positivity | Accelerating Community Well-being | Raising the bar on Governance | Enhancing Access & Affordability.

Building a sustainable world is no longer an option—it's something we owe our future generations. We remain steadfast in our commitment to enrich lives, foster sustainability, and propel positive change. We are making significant strides towards our goals on carbon neutrality, water neutrality, and zero waste to landfill for our manufacturing operations in India. We continue to invest in renewable energy sources, progressively increasing their share in our energy mix. To our people, our commitment to fostering a safe, healthy, diverse and inclusive work environment remains resolute. Together, we encourage a culture of empathy, respect and collaboration. In line with our commitment to giving back to society, we continue to launch impactful social development programmes through our Cipla Foundation. Underpinning all our initiatives is a strong governance framework, guided by responsibility, transparency and accountability.

## A year of resilience, agility and performance

The year witnessed momentous launches, partnerships, and new growth avenues accelerating Cipla's trajectory.

In FY 2022-23, we recorded the highest ever revenue and EBITDA, including several major milestones across our businesses. One India synergies to promote portfolio expansion and enhanced patient connect resulted in strong double-digit growth. We maintained healthy ranks and market shares in our key therapy areas across respiratory, urology, anti-infective and cardiac. In our pursuit of creating depth in anti-diabetics, we signed a perpetual license agreement with Novartis for Vildagliptin and its combination brands which reported sales of nearly ₹ 270 crores<sup>2</sup>. Our trade generics business now has 8 brands that are above ₹ 50 crores of sales and large in volume terms catering to the length and breadth of the country. With wellness increasingly penetrating India's hinterlands, we have dialed up our wellness orientation and augmented consumer healthcare focus. We successfully transitioned and consumerised some of the existing brands into mega brands with sales over ₹ 100 crores. This year we forayed into the nutrition space with the acquisition of the brand Endura Mass. We will continue to drive our efforts to bring more consumer brands across India and South Africa to build a strong global wellness franchise. Delivering on our promise, we are making bolder strides towards transforming into a holistic ecosystem driven by new science, better reach and digital-first approach. We envision building new-age diagnostic solutions to fulfil the gap of poor diagnosis in specific therapy areas. We launched Cippoint, a point-of-care testing device that offers a wide range of testing parameters. In South Africa, Cipla grew at a 3-year CAGR of 8.9% faster than the market. Our international markets saw revenue impact by currency volatility. API witnessed continued traction with

global seedings and lock-ins. Our U.S. business crossed USD 200 million per quarter for the first time and full year stood at USD 733 million, growing over 23% from last year. We announced a peptide portfolio earlier in the year and this added a new muscle of institutional capability. Lanreotide, our lead asset, now has 17% share in this market. We are upping the ante on our positioning as 'lung leaders' of the world through flagship respiratory and peptide franchises. We are sustaining our Anti Microbial Resistance (AMR) stewardship - investing in anti-infectives such as Elores and leading industry voice in the fight against AMR.

Our R&D investments will continue to rise with focus on new innovations. We have three new products undergoing clinical trials, with filings targeted in FY 2023-24. On compliance front, remediation efforts are ongoing for our Goa and Indore facility. At Fall River, Massachusetts, we completed the cGMP audit which resulted into Zero 483 observations. This is also one of our key facilities for de-risking our US respiratory portfolio.

As we lead Cipla into the future, we will continue to invest in innovation that changes the world - like biosimilars, mRNA, (CAR)-T cell therapy, etc. We are ensuring that within respiratory therapy, we have a robust range of offerings comprising innovative drug-device combinations and even bio drugs to cure respiratory ailments.

## Digital-first mindset

Over the past few years, we have set up several foundational elements to drive our digitisation and automation plans—right from adopting Industry 4.0 to transforming patient reach and customer care via digitalisation. A beacon of tech-driven excellence,

agility and sustainability, this year our Indore OSD facility was recognised as an 'Advanced Fourth Industrial Revolution Lighthouse' by the World Economic Forum. Our endeavour is to transform Cipla into a digitally-agile organisation. In line with this, we established the Cipla Digital Council - a cross functional team of members tasked with the responsibility to augment Cipla's digital play. Recently we launched a dedicated digital arm, Cipla Digital Health Limited, accelerating our digital agenda across functions.

Extending care to the last mile, Cipla Foundation launched Mumbai's first-ever paediatric palliative home care service in collaboration with BJ Wadia Children's Hospital, thereby providing an additional layer of support to the children living with serious illnesses. This is our DNA, our commitment to care.

We firmly believe that it will be pivotal to foster innovation, imbibe digitisation and automation and to learn from best practices across sectors - to become future-fit but most importantly keeping our core purpose at the centre of everything we do. I would like to express my heartfelt gratitude to Ciplaites for their partnership on this journey. My earnest wishes to the Cipla Board and my Management Council members for their guidance and support. I would like to thank you - our shareholders for your trust in us.

Best wishes,

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

## Dear Shareholders,

The evolution of new technologies and medical discoveries as well as innovative combinations of existing ones are fundamentally changing how we prevent, diagnose and cure diseases. At Cipla, we are immersed in building solutions across the care continuum backed by data-driven insights, scientific advancements and technological innovations. We are scripting an aggressive growth story to build the Cipla of the future - Pioneering, Innovative and Firmly rooted in Care.

## Companies with purpose, thrive

In a world that is increasingly getting complex, purpose is a great anchor. We have embedded it into our business blueprint to help us deliver on our vision to be a global healthcare organisation, underpinned by innovation and digital transformation.

Built on the cornerstone of care, a humanitarian approach towards healthcare is deeply ingrained in our DNA. It makes us who we are. It's this passion and purpose that inspires me and 25,000+ Ciplaites to come to work each day and give meaning to 'Caring for Life'. Our people are the biggest enablers of our vision to build a future-fit Cipla and is imperative to foster a culture of care, inclusion and empathy within the organisation. Our rich legacy of 87 years has a treasure trove that inspires us to be a Force For Good. Some emanating from our deep empathy towards patients, some addressing the need gap in the market and some simply about our passion and purpose to help make a difference in the lives of patients.

In FY 2022-23 we have earned recognitions and accolades across the Cipla universe. Our culture of care bagged us the Great Place To Work<sup>®</sup> title

<sup>1</sup>GRI 2-22

<sup>2</sup>QVIA MAT February 2023

# CARE - Our ESG Positioning

Since inception, Cipla's core purpose has been 'Caring for Life'. So, every living organism is our stakeholder, and we are answerable, accountable and responsible for them all - people and planet. In alignment with our purpose, we at Cipla, have relentlessly worked to enrich lives of the communities we touch and nurture life on the planet through active environmental stewardship.

By bringing all four pillars together on one platform, and bestowing on them equal importance, the Cipla ESG framework emphasises holistic thinking and provides a clear context for strategy formulation and decision making.

## C A R E



**C**hampioning  
Climate Positivity



**A**ccelerating  
Community  
Well-being



**R**aising the Bar  
on Governance



**E**nhancing  
Access  
and Affordability



**Championing**  
Climate  
Positivity

**Accelerating**  
Community  
Well-being

**Raising**  
the Bar on  
Governance

**Enhancing**  
Access and  
Affordability

# Awards and Accolades



'**Indian Pharma Leader of the Year Award**' award at the India Pharma Awards 2022 organised by Ministry of Chemicals and Fertilisers



'**Best Corporate Green Initiative award**' at C&I Energy Leadership Awards 2022 for its initiatives to encourage adoption of Renewable Energy (solar/ wind power) in India.



Special jury recognition for '**Excellence in Operations (Supply Chain and Logistics)**' at 9<sup>th</sup> edition of India Pharma Awards organised by CPHI & P-MEC India



Cipla's Indore OSD plant designated as an '**Advanced Fourth Industrial Revolution (4IR) Lighthouse**' by the World Economic Forum



Gold at '**FICCI Quality System Excellence Awards for Industry 2022**' for Goa unit II



Baddi and Kurkumbh sites recognised by Kaizen Hansei for '**Green responsible practices**' and '**Sustainable improvement -based culture of operational excellence**', respectively



'**Golden Peacock Award**' for Excellence in Corporate Governance for the year 2022



'**1<sup>st</sup> ICSI Business Responsibility & Sustainability Award**' and '**Certificate of Recognition**' for excellence in Corporate Governance at the 22<sup>nd</sup> National Awards ceremony organised by Institute of Company Secretaries of India



Ms Samina Hamied conferred with '**EY Entrepreneur of the Year 2022 India Award**' in the Life Sciences & Healthcare category



Cipla Baddi site wins FICCI -GIZ Silver Award for excellence in **Industrial Safety Risk Management**



Cipla's '**Care to cure**' breast cancer awareness campaign bags Gold in the '**Most Impactful Cancer Awareness Campaign**' at the IHW Cancer Summit 2023



Cipla's #BerokZindagi campaign won 15 awards in FY 2022-23 including '**Best PR Campaign Award in the Indian Subcontinent**' category at the SABRE Awards 2022 Asia-Pacific, '**Gold - Best Communication Campaign - Pharma**' category at the PR Moments Health Comms Awards, '**Gold - Health & Wellness**' category at the ET Influencer Marketing Awards and '**Gold - Healthcare**' category at the ET Brand Disruption Awards



Cipla won the Frost & Sullivan and TERI's Sustainability 4.0 Award 2022 as '**Challenger in Mega Large Business - Pharma Sector**'



Cipla recognised as the leader in pharma sector with a '**STRONG**' rating for its ESG commitment in CRISIL's Sustainability Yearbook 2022



Cipla certified as '**Great Place to Work**' in India March 2023 - March 2024



EMEU & Global Supply Chain management team wins 3 awards at India Pharma World Awards for '**Excellence in Valuable Collaboration, Supply Chain, Logistics & Distribution and Use of Technology**'



'**HSE Award 5 star excellence**' by the National Safety Council, MP Chapter



Cipla Health receives Bronze for its brand Prolyte at '**Indian Content Marketing Awards 2022**' organised by Exchange4media.



'**Best in Improving Supply Chain Visibility**' and '**The Resilient Supply Chain of the Year**' awards at 8<sup>th</sup> India Logistics & Supply Chain awards by Institute of Supply Chain Management



'**SHRM Excellence Awards 2022**' in categories of '**Health & Wellness Initiatives**' & '**Developing the leaders of tomorrow**'



Bronze at RMAI FLAME Awards Asia, 2022 in the category '**Best Use of Social Media**'



Cipla Health's Cofsil brand wins Bronze for '**Use of Tech in Marketing**' at Exchange4media Indian Marketing Awards



Cipla certified as '**Best Place to Work**' in Morocco 2023



Cipla Health won Silver at APAC Effie Awards 2022 for '**Naselin ShubhRatri campaign**'



Silver at The Economic Times Human Capital Awards for excellence in '**HR digital transformation**' and '**Health & wellness initiatives**'



Cipla wins 2 Gold and 3 Silver at the **8<sup>th</sup> India Health & Wellness Awards 2022** for various initiatives



Bronze at IMAI 13<sup>th</sup> India Digital Awards for '**The Uncommon Cold**' campaign under 'Best Use of Facebook' Category



Cipla Health wins 3 Gold and 2 Silver at e4m Mobile Marketing Awards - The Maddies 2022 for '**Nicotex, Omnigel and Cofsil's campaigns**'



Cipla Health won 5 awards at Campaign India Digital Crest Awards 2022 for '**Naselin and Omnigel brands**'

# Our Strategy towards Building an Integrated Healthcare Organisation

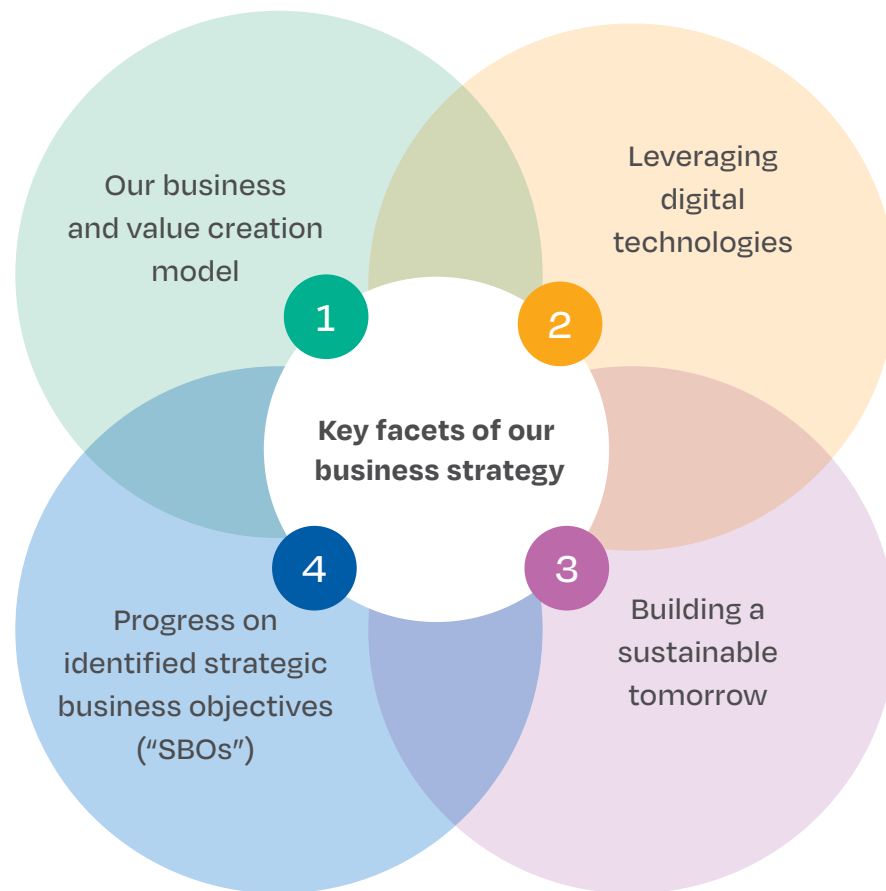
As we expand our global presence, our growth is centred on our commitment to patients. Sustainability and responsibility are core to our business and are deeply integrated into our day-to-day decision-making as well as our long-term strategy.

## Global pharma landscape

The global disease burden is increasing and this is expected to continue due to factors such as ageing population, increased life expectancy, urbanisation, and lifestyle changes. We are witnessing increased adoption of technology, penetration of Artificial Intelligence (AI) into diagnostics and treatment, enhanced focus on patient-centric care and penetration of insurance coverage in the developing world. Further, governments have increased their healthcare budgets to improve healthcare access to their population.

Cipla is on its journey with unwavering focus towards achieving its strategic objectives which are aimed at strengthening its core business, creative innovative solutions and entrenching into 'Beyond the Pill' avenues.

Cipla endeavours to build on its solid foundation allowing us to tap relevant opportunities across the ecosystem.



# Our Business and Value Creation Model

We aim to become a leading integrated patient-centric healthcare company around the ethos of 'Caring for life'. We are reinventing ourselves to provide innovative and best quality healthcare solutions, spanning across drugs, devices and diagnostics, to our patients in an environmentally sensitive and sustainable manner.

While we continue this journey, the broad business verticals in which we operate are:

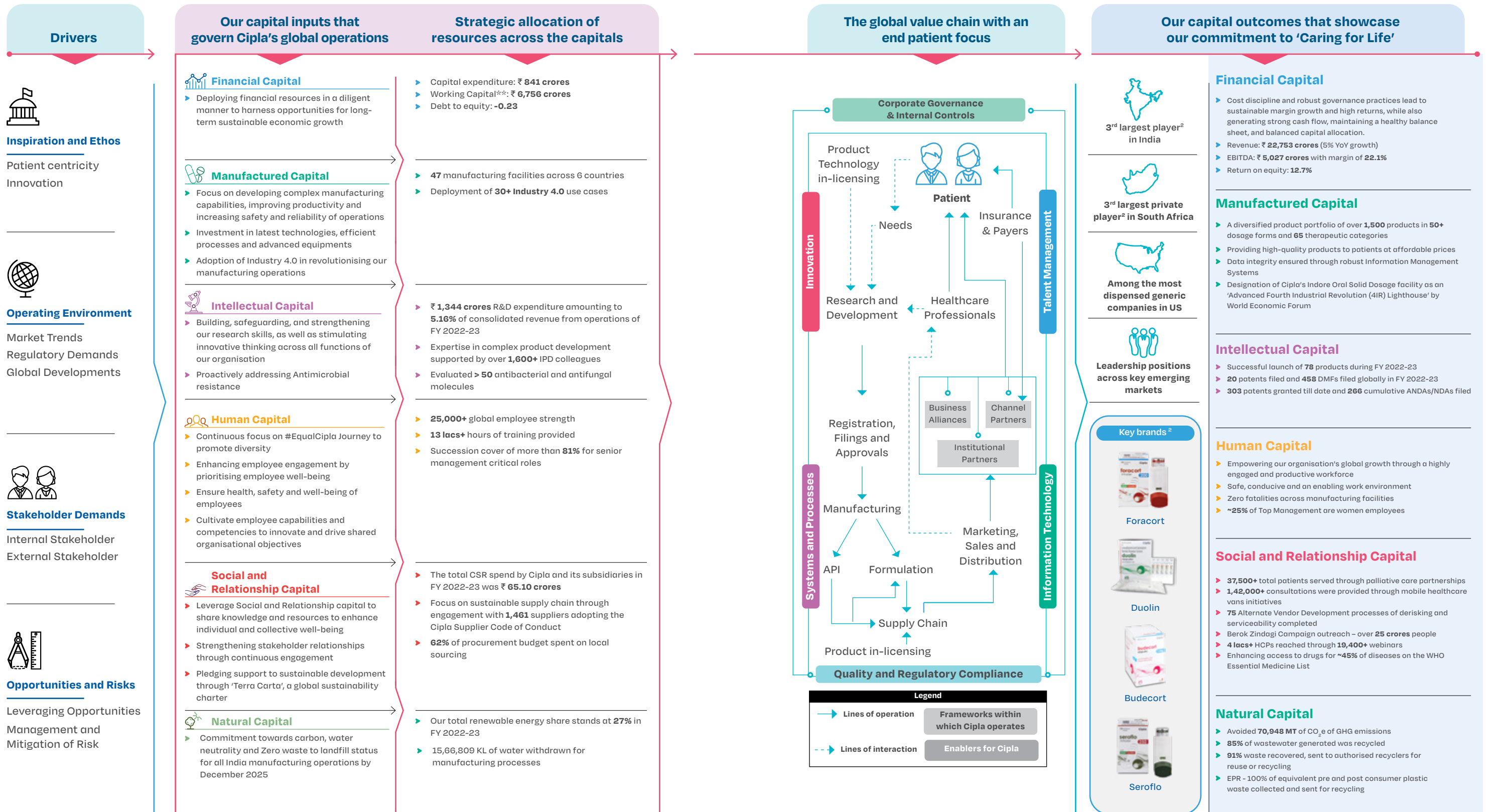
Generics	Over the counter (OTC)	Specialty	Digital and Diagnostics
We are the third largest pharmaceutical company in India <sup>1</sup> and third largest pharmaceutical player in South Africa's private market <sup>2</sup> . We are the second largest Indian company whose products are exported to emerging markets. <sup>2</sup> We are also among the top ten generic players in the US.	Our wellness portfolio for India and South Africa is achieving leadership in the respective categories and we are on our path to make this a global journey.	We are investing in the research and development of differentiated portfolio which is targeted towards regulated markets. We also have assets from previous acquisition and continue to look at both organic and inorganic means to build business.	We have ventured into Point-of-Care ("POC") diagnostics in the last year with the launch of Cippoint, our first of the many POC diagnostic devices aimed at providing near-patient healthcare services. Our ambition of becoming respiratory leaders is further realised by the launch of Breathefree app. We endeavour to bring out many more meaningful diagnostics POC and digital applications for our patients.

Our One Cipla ethos and credo, which are reflected in our day-to-day business conduct, form the bedrock of our business model and inspire our employees to operate within the perimeter of ethics, transparency and good governance with every step they take. We continue to monitor the forces influencing business, to stay agile and to deliver sustained stakeholder value.

<sup>1</sup> Source : IQVIA MAT March 2023

<sup>2</sup> Source : EXIM IntelliMax data for Emerging Markets (ex-SAGA, CIS, China) for FY 2022-23

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



OneCipla Credo — Purpose - Inspired — Responsibility - Centred — Innovation - Driven — Excellence - Focused — Integrity and Trust - Anchored

<sup>1</sup> GRI 2-6 | <sup>\*</sup>TJ of energy consumed | <sup>\*\*</sup>Working Capital = Trade Receivables + Inventory - Trade Payables

<sup>2</sup> Source: IQVIA MAT March 2023

# Leveraging digital technologies

The pharmaceutical industry is undergoing a period of rapid digital transformation. This is being driven by a number of factors, including the increasing adoption of digital technologies by patients, healthcare providers; the need to improve the efficiency and effectiveness of drug discovery and development; and the growing importance of data and analytics in the pharmaceutical industry. New technologies, such as artificial intelligence (AI), machine learning, and big data, are revolutionising the way that drugs are developed, tested, and marketed.

At Cipla, we are committed to leading the way in digital innovation. Our digital strategy is aimed towards investing in new technologies to improve the lives of patients and to diversify into newer therapies, capabilities, digitisation, automation and analytics.

### Adopting Digital DNA traits

For digital transformation journey, at Cipla, we continuously aim to focus on the following digital DNA traits:

- Dynamic skill building of employees**  
For supporting a strong digital organisation
- Customer centricity**  
Use of digital tools to improve customer service and personalised experiences
- Drive towards innovation**  
Building a culture that fosters innovation
- Morphing team structures**  
Adaptable team structures to effectively and efficiently execute work
- Democratising information**  
Access to information across levels and areas to encourage autonomy and build trust across the organisation

### Collaboration through data liberation

Organisations can collaborate through data by collecting, storing and analysing data from a variety of sources such as interactions with employee, supply chain, etc. This data can then be used to make better decisions about everything from product development to marketing campaigns. At Cipla, we aim towards liberation from requisitions through self-service by using technology to access the information and resources, employees need without having to go through a formal requisition process. This can free up employees to focus on their core responsibilities and can help to improve efficiency and productivity.

Value chain	Business capability levers	Opportunities	Initiatives taken and aimed towards collaboration
		Revenue growth Cost saving	
R&D	Connected labs Regulatory information mgmnt Digital clinical trials	Revenue growth: Low to High Cost saving: Low to High	<ul style="list-style-type: none"> <li>Fully connected labs</li> <li>Digital clinical trials</li> <li>Integrated regulatory Information management</li> </ul>
Commercial	Digital engagement Digital marketing Customer and RWE insights	Revenue growth: Low to High Cost saving: Low to High	<ul style="list-style-type: none"> <li>Consumer data and insights</li> <li>Patient services and engagement</li> <li>Targeted marketing based on customer and real world evidence</li> </ul>
Manufacturing and supply chain	Industry 4.0 Digital supply chain Procurement	Revenue growth: Low to High Cost saving: Low to High	<ul style="list-style-type: none"> <li>Real-time inventory and supply visibility</li> <li>Predictive quality and maintenance</li> <li>Manufacturing floor automation, smart sensors and services</li> </ul>
Corporate function	Employee experience Financial transformation Enterprise collaboration	Revenue growth: Low to High Cost saving: Low to High	<ul style="list-style-type: none"> <li>End-to-end digital HR and employee experience</li> <li>Finance transformation and automation</li> <li>Efficient collaboration through document management and workflow</li> </ul>
Infrastructure operations	Information Technology Risk and Security Data Centers	Revenue growth: Low to High Cost saving: Low to High	<ul style="list-style-type: none"> <li>Modern application development and support</li> <li>Cloud based security</li> <li>Data centre exit</li> </ul>

Our digitisation and automation initiatives in various aspects of quality, manufacturing, supply chain, human resources, environment, health and safety (EHS) are further elaborated in the respective six capitals.

# Building a sustainable tomorrow

Our sustainability strategy is guided by our long-term vision to create smarter solutions that align with our purpose of 'Caring for Life'.

This stands for our people as well as our planet. Our sustainability goals guide our operations to create positive social change for our stakeholders, preserve our natural capital and create long-term value for our organisation.

## Sustainability goals

By December 2025, for India manufacturing operations<sup>1</sup>, we aim to achieve:



To accomplish these targets, our strategic pathways include energy conservation measures at all stages of manufacturing process, emphasising water stewardship and ensuring efficient consumption of carbon emitting substances and waste management.

## Way forward

### Energy

Towards our decarbonisation goal, we are actively implementing energy-saving initiatives and increasing the proportion of renewable energy used in our operations. We aim to achieve 50% share of renewable energy in our operations within next two years by investing in in-house roof top or on-ground solar panels and captive solar power plants. We will continue our journey on energy conservation through efficient operations, better technology and automation in energy intensive operations. The various energy-saving

interventions that we have undertaken in the recent past helped us to avoid the use of approximately 4,810 MWh of energy across our India manufacturing operations.

### Climate

We recognise the importance of evaluating and acting upon climate-related risks and opportunities for our business. To do this effectively, we are assessing these factors using the Task Force on Climate-related Financial Disclosures (TCFD) framework. Through this framework we are evaluating climate risks to our business with respect to physical risks and transition

risks. Incorporating this framework into our enterprise risk management and governance process will enable us to integrate climate considerations into our financial planning, ensuring resilience, business continuity and enhanced transparency to stakeholders.

### Water

As part of our water stewardship strategy, we have been decreasing our usage of blue water by (i) reducing water consumption; (ii) increasing the share of recycled and reused water (iii) implementing Zero Liquid Discharge (ZLD) systems at some of our India manufacturing operations.

We will continue to invest in opportunities to recycle and reuse water, rain water harvesting and borewell recharge to conserve water wherever it is legally permitted. To serve communities facing severe water shortage, our strategy is to implement watershed programmes by rainwater harvesting structures such as check dams, ponds and rooftop harvesting systems that help create long term value for communities. Through partnerships with implementation NGOs, we plan to develop multiple rainwater harvesting structures in more than 15 villages in India across two states where Cipla has manufacturing presence. These villages have been carefully chosen based on extensive stakeholder consultations, as they face significant challenges related to water availability. In addition to infrastructure development, we prioritise community education on water conservation, wastewater minimisation, and water-efficient agriculture methods. These conservation efforts align with our commitment to strengthening natural systems, ensuring long-term water security and bolstering the planet's resilience against the impacts of climate change.

### Waste

Our strategy is to achieve zero waste to landfill for India manufacturing operations by 2025 and other sites later than 2025. To achieve this, we aim to increase the proportion of waste that is recycled or channeled towards co-processing methods, thereby reducing the need for incineration and landfill disposal. We will continue to take back 100% pre and post consumer plastic waste as a part of extended producer responsibility.

### Antimicrobial resistance (AMR)<sup>3</sup>

We are committed to following the Common Antibiotic Manufacturing Framework of the AMR Industry Alliance. This includes complying with local environmental regulations, implementing EHS management programmes and trainings, focusing on treatment of wastewater and solid waste containing antibiotics. In line with this strategy, we aim to reduce the presence of antibiotics in wastewater by implementing suitable treatment technologies in our large manufacturing units. We also extend our AMR expectations to our antibiotic suppliers and monitor their progress through regular audits.

### Well-being of our workforce

At Cipla, we place great importance on the holistic well-being of our workforce, aligning with our purpose and strategy. This encompasses physical, mental and financial well-being of our employees, ensuring they thrive in all aspects of their professional lives and beyond. We create a supportive work environment by offering comprehensive employee benefits and policies, as well as, an inclusive and diverse workforce, ensuring equal opportunities throughout our operations. We foster opportunities for advancement within the organisation through cross-functional and geographical movements, role enlargement, internal job postings and cyclical promotions. In terms of safety, we implement programmes related to occupational health and safety, aiming for zero harm, zero incidents and zero fatalities at our India manufacturing sites.

### Biodiversity

This year, we have also become a signatory of the India Business and

Biodiversity Initiative (IBBI), committing to address biodiversity-loss risks and creating opportunities for sustainable operations. Being a signatory of IBBI, we acknowledge the objectives of the convention on biological diversity and agree to meet a few of the objectives set by IBBI. Additionally, we are in the process of conducting a comprehensive study to map the interfaces between our operations and biodiversity in line with Task force on Nature related Financial Disclosure (TNFD). We are in process of devising a suitable biodiversity policy covering all aspects of our commitment towards biodiversity.

### Sustainability governance<sup>4</sup>

Responsibility for sustainability performance within Cipla is delegated to the Sustainability Council, who meet on a quarterly basis and is chaired by the Chief Technology Officer ('CTO'). The Council was created in FY 2020-21, specifically to capitalise on the intrinsic link between sustainability and innovation in our operating model and review performance of climate goals. The CTO oversees the ESG function and appraises the Board of Directors on matters of sustainability. The Council consists of a group of highly engaged leaders and Management Council members representing the functions of respective cross functional departments. A dedicated sustainability team reports to CTO and this team updates management about new developments and oversee end-to-end sustainability initiatives of the organisation. Central sustainability team tracks and monitors sustainability projects both at Cipla sites and in communities. To ensure data integrity and better analytics, a dedicated IT enabled sustainability tool is used, and relevant functions have been given access to input data on environmental parameters.

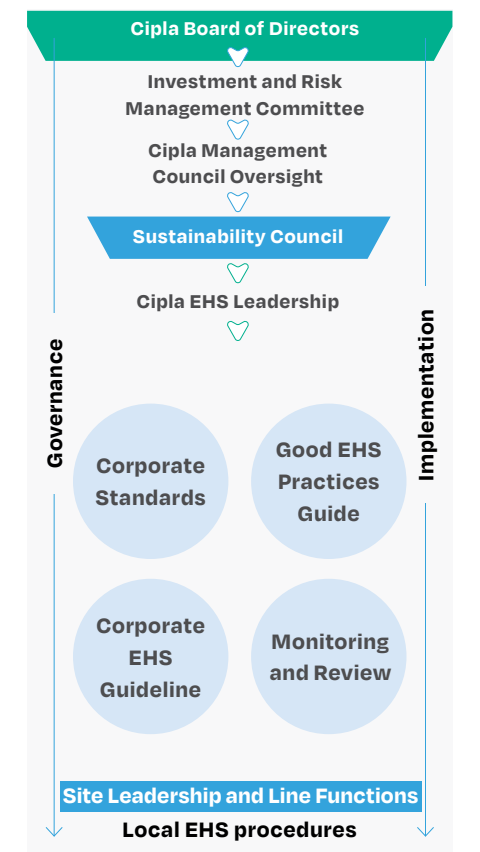
The Council's charter is available at: <https://www.cipla.com/investors/corporate-governance>

From FY 2023-24, the governance and execution of the ESG, along with the mitigation plan for critical ESG risks shall also be reviewed by the Investment and Risk Management Committee.

Our sustainability goals fall under the key non-financial performance indicators that are part of the Managing Director and Global CEO's goals. These goals are as approved by the Board and Nomination and Remuneration Committee (NRC) and are tracked periodically.

In FY 2022-23, Company had a target of absolute reduction of GHG emissions, water withdrawal and waste generation. Our sustainability goals at the organisation level are then cascaded down to relevant leadership positions with significant weightage. At the end of the year, performance of the organisation against these target are reviewed and approved by NRC and Board. The performance is also assessed at functional level. The performance is a key consideration in the variable pay out of said leadership positions.

For further information on ESG roles and responsibilities, please refer to the section on Natural Capital on page no. 97 and 98.



<sup>1</sup>India Manufacturing Operations includes manufacturing sites of Cipla Limited and our subsidiaries in India (Goldencross Pharma Limited, Medispray

Laboratories Private Limited, and Meditab Specialties Limited)

<sup>2</sup>Carbon neutrality for our Scope 1 emissions (fuel based) and Scope 2 emissions

<sup>3</sup> GRI 303-2

<sup>4</sup> GRI 2-12, GRI 2-13, GRI 2-14



# Sustainable Development Goals

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

This Integrated Annual Report maps our organisation's activities to the SDGs. We have identified the SDGs that are most relevant to our business and have outlined our contribution to each goal. We believe that as an organisation with 'Caring for Life' at the heart of its philosophy, we contribute to the SDGs through our products, processes and philanthropic activities.

<b>3</b> GOOD HEALTH AND WELL-BEING	<b>3.b</b> We adopt a flexible approach in enforcing our patent rights, allowing for greater accessibility of medicines in underdeveloped and underserved markets.	<b>3.c</b> Capacity building and training programmes designed to skill healthcare professionals through trainings and web-based sessions aligned to WHO's curriculum. Continuing Medical Education (eCME) programmes trained 4,00,000+ HCPs through 13,200+ webinars.	
	<b>3.3</b> Collaborated with Drugs for Neglected Diseases initiative (DNDi) to develop a child-friendly combination treatment for infants and young children living with HIV in South Africa. This offers a significant improvement over existing paediatric formulations, eliminating the need for refrigeration and providing ease of administration for infants and children.	<b>3.4.1</b> We support the treatment of respiratory ailments and cardiovascular disease with a wide portfolio of drug device combinations, setting up of pulmonary rehabilitation centers, etc.	<b>3.8.1</b> Provided access to medicine for ~45% of diseases on the WHO Essential Medicine List (EML) including 100% of non-communicable diseases. We also made available drugs for five of the seven antibacterial-resistant pathogens prioritised by India's National Antibacterial Surveillance Network.  35 products listed in WHO List of Prequalified Medicinal Products as part of WHO Prequalification of Medicines Programme (PQP)  We support interventions to integrate early palliative care within the health care system. The focus is to relieve the symptoms of patients with any serious illness whether they are admitted in-patient or receive care in their home. Through partnerships with 28 public and charitable organisations, 37,500+ patients were served by multidisciplinary palliative care teams across 20 cities.
	<b>4.1 &amp; 4.b</b> Partnered with various organisations to create access to education and learning opportunities for 14,000+ children.  We facilitated an enriching learning environment in identified government and government-aided schools through facility enhancement support to ensure that students have the necessary resources to continue their education. In addition, we supported eight Mobile Science Labs to provide hands-on science exposure to 15,000+ children.	<b>4.a</b> Supported capacity building for Aanganwadi workers in aspects like early identification of developmental disabilities among children, classroom management and imparting foundational skills. The initiative reached out to 1,200+ Aanganwadi workers, who assessed 800+ children for any form of developmental disabilities. 24 children with possible developmental concerns were identified and referred for necessary support.	<b>4.2.1</b> We supported initiatives to improve the enrollment and retention of out-of-school girls and enhance learning outcomes for primary-grade students in 300+ villages. The interventions successfully identified and integrated 2,300+ out-of-school girls into neighbourhood government schools during the year.
<b>4.4</b> We reached out to 115+ schools through our digital learning initiatives supporting 6,000+ students across six states.  Through various skilling projects in Himachal Pradesh, Punjab and Maharashtra, we supported skilling programmes to empower 1,200+ youth from low-income communities and children with special needs.	<b>5.1.1</b> Our Inclusion & Diversity (I&D) Policy handbook guides us to drive I&D throughout the organisation. The I&D council, comprising of nine senior leaders and chaired by our Executive Vice Chairperson reviews and aligns our actions with our I&D targets/policy.	<b>5.5</b> 25% of our top management are women employees	
<b>5</b> GENDER EQUALITY	<b>5.c</b> An automated I&D dashboard provides leaders with real-time insights on I&D metrics.		



<b>17</b> PARTNERSHIPS FOR THE GOALS	<b>17.19</b> Cipla has pledged support to 'Terra Carta', a voluntary charter part of HRH The Prince of Wales' Sustainable Markets Initiative, which provides a 2030 roadmap for businesses to move towards a sustainable future.  We partner with technology providers to implement watershed conservation programs in outside communities and with MP state government for our afforestation programmes.	<b>17.17</b> Cipla through its foundation strives to undertake partnerships with governments, and private and public entities to support the achievement of different goals with a focus on health, environment and sustainability as well as creating access to healthcare and affordable drugs.
<b>15</b> LIFE ON LAND	<b>15.1</b> We became a signatory of the India Business and Biodiversity Initiative (IBBI). We acknowledge the objectives of the convention on biological diversity and agree to meet objectives set by IBBI.	
<b>13</b> CLIMATE ACTION	<b>13.1</b> We actively monitor climate risks and opportunities, assessing physical and transitional risks, as well as identifying potential opportunities associated with adapting to climate change.	<b>13.b</b> We have developed targets and strategic pathways to become Carbon Neutral (Scope 1 <sup>2</sup> and 2) for India manufacturing operations by December 2025.
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>12.2</b> Zero waste to landfill goal for India manufacturing sites by December 2025.	<b>12.4</b> We monitor toxic elements in our drug substances and products as per the globally implemented guidelines (ICHQ3D) with an aim to restrict the usage of harmful substances.
		<b>12.5</b> 91.03% of our waste is recovered, reused or recycled for co-processing, waste to energy conversion and recycling and we will continue to find opportunities to increase this.  We will continue to collect pre and post consumer plastic and send it for recycling avoiding plastic landfill.
<b>10</b> REDUCED INEQUALITIES	<b>10.2</b> Launched several initiatives to strengthen and promote I&D within our workforce. These entail talent acquisition, changing mindsets, involving our entire workforce and harbouring a conducive ecosystem.	<b>10.3</b> As laid out in our Code of Conduct, we are an equal opportunity employer. We provide opportunities for all candidates without any discrimination and adhere to bias-free hiring.
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>9.4</b> Invested 1.59% of our total Capex in technologies to improve the environmental and social impacts of our products and processes.	<b>9.5</b> ₹ 1,344 crores invested in R&D (~ 20% increase as compared to the previous year). 1,600+ employees in IPD functions.
<b>8</b> DECENT WORK AND ECONOMIC GROWTH	<b>8.8</b> We comply with all applicable labour laws in all the geographies where we operate. None of our operations have significant risk for incidents of child, forced or compulsory labour, or where the workers right to exercise freedom of association may be violated or at risk. We strictly prohibit discrimination and harassment of our workers and employees. Our comprehensive Human Rights Policy applies to all of our stakeholders.	
<b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>7.2</b> 27.3% share of our global energy mix is met through renewable energy	<b>7.3</b> In FY 2022-23, we avoided the use of approximately 4,810 MWh of energy across our India Manufacturing sites through various energy saving/efficiency interventions. Our global energy intensity fell from 0.87 in the previous year to 0.83 this year.
<b>6</b> CLEAN WATER AND SANITATION	<b>6.3</b> We continued to expand our Zero Liquid Discharge (ZLD) projects for wastewater management, thereby minimising liquid discharge and enhancing sustainable water management practices.	<b>6.4</b> 39.3% of our fresh water need was fulfilled by recycled and reused water in FY 2022-23. We also undertook various water harvesting and water conservation initiatives during the year within our sites as well as in outside communities.

<sup>2</sup>Carbon neutrality for our Scope 1 emissions (fuel based) and Scope 2 emissions

# Strategic Business Objectives (“SBOs”)

The encapsulation of our 10 SBOs under Cipla’s strategic trinity of Passion, Economic Engine and Capability, has been a guiding force for the past few years



and would continue to play a major role in the journey that Cipla embarks upon in the future to take significant strides towards success across the levers of 'Growth', 'Pioneering' and 'Innovation'.



Passion

## 1 Become a global lung leader across the 'care' continuum.

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>Growth:</b> <ul style="list-style-type: none"> <li>Cipla continues to be the second-largest inhaler selling company globally (metered dose and dry powder inhaler devices).<sup>1</sup></li> <li>In India, Cipla dominates the respiratory therapy with 23%<sup>2</sup> market share in the overall market and 71%<sup>3</sup> market share in Cipla's covered market (Inhalation + Nebulisation).</li> <li>Seven Cipla brands feature in the top 10 respiratory brands (Inhalation + Nebulisation) in India compared to six brands in FY 2021-22.<sup>4</sup></li> <li>Continued momentum in North America respiratory business with market share expansion in Albuterol ~16% (vs 15%) and Arfometrol ~39% (vs 27%) in FY 2022-23.</li> <li>Expanded our Dry Powder Inhaler (DPI) offerings by launching Voltido (Fluticasone + Vilanterol) in India in 2022 and Fluticasone Propionate Salmeterol DPI in Germany and EU in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Become the world's largest inhaled medicines player.</li> <li>Expand portfolio of respiratory drug -device combinations across key markets to maintain Cipla's leadership position.</li> <li>Offer patient-centric solutions with integrated 4D – drug, device, diagnostics, and digital approach.</li> <li>Augment patient care and access through awareness and education initiatives and campaigns.</li> <li>Focus on development of Metered Dose Inhalers (MDIs) with sustainable medical propellants resulting in lower carbon footprint.</li> </ul>
<b>Pioneering:</b> <ul style="list-style-type: none"> <li>Our 'Berok Zindagi' campaign has taken a new avatar of 'Inhaler Hain Sahi'. This campaign was launched to improve inhaler acceptance in Tier II markets and garnered a total of 25 crores+ views.</li> <li>Trained over 2 lac patients through the Breathefree digital educator programme by providing live video counselling on right usage technique of inhalers, nebulisers, revolvers, etc.</li> <li>Gaas, Baas, Kapas Ra Saas' ("GBKS") campaign in Nepal, that highlights the importance of early diagnosis of respiratory ailments received more than 90,000 responses.</li> <li>Inspired by Bronki Boosters in South Africa, we have launched a campaign in India called Tuffies, a captivating comic book and video series which aims to build awareness, address myths associated with asthma in kids.</li> <li>In February 2023, Cipla launched an Inhaler Recycling project in South Africa wherein we collaborated with 45 pharmacies as drop-off points and were able to recycle 700+ inhalers, during the trial period.</li> </ul>	

<sup>1</sup>Source: India - IQVIA March 2023, US - IQVIA January 2023 & EMEU - IQVIA January 2023

<sup>2</sup>Source: India IQVIA March 2023

<sup>3</sup>Source: India IQVIA March 2023

<sup>4</sup>Source: India IQVIA March 2023

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>Innovation:</b> <ul style="list-style-type: none"> <li>Invested in Ethris GmbH ("Ethris"), a company developing expertise in delivering mRNAs directly to the respiratory system by inhalation. This will enable Cipla to bring innovative respiratory therapeutics to developing nations, in line with Cipla's aspiration of creating innovative solutions.</li> <li>Bolstered our Synchrobreathe portfolio in India by offering the breath-actuated inhaler with Levolin, Tiova, Seroflo, Maxiflo and Foracort.</li> <li>Ongoing global phase-2B &amp; India phase-2 clinical trials for our inhaled itraconazole brand, Pulmazole.</li> <li>Launched Spirofy, a pneumotach, portable and cost-effective diagnostic device, in December 2022 and screened over 20,000 patients in first 4 months of launch, helping in improving diagnosis of respiratory ailments.</li> </ul>	

## 2 Build capabilities and drive stewardship activities to counter the global threat of Anti-microbial resistance ("AMR") in line with our purpose of 'Caring for life'.

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<ul style="list-style-type: none"> <li>Cipla endorses a three-part strategy to help address AMR:                             <ul style="list-style-type: none"> <li>Robust AMR portfolio development</li> <li>Stewardship activities</li> <li>Responsible manufacturing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Build a robust portfolio of products to tackle AMR by developing antimicrobials across different classes for high-priority resistant pathogens.</li> <li>Promote responsible antibiotic manufacturing throughout our supply chain.</li> <li>Continue to drive stewardship activities, forge partnerships with thought leaders, such as, AMR Action Fund and industry alliances ensuring access of antimicrobial drugs to low or middle income countries.</li> </ul>
<b>Portfolio development:</b> <ul style="list-style-type: none"> <li>Finalised portfolio choices for the next five years by evaluating &gt;50 antibacterial and antifungal molecules against metrics such as access, burden and probability of impact due to outbreak.</li> <li>Launched ceftazidime-avibactam intravenous formulation (CipCZA) in the Indian market.</li> <li>Signed licensing partnership for launching a novel AMR drug in the South Africa market.</li> </ul>	
<b>Stewardship activities:</b> <ul style="list-style-type: none"> <li>Cipla published a case study regarding access to Colistin in India in June 2022 as a part of the Antibacterial Resistance Research Programme.</li> <li>Conducted more than 10 Optimising Antimicrobials for improving Stewardship ("OASIS") programmes in India with focus on increasing awareness for responsible use of medicines.</li> <li>Conducting single centre surveillance programme to determine the percentage of resistant pathogens that are causing various hospital acquired infections.</li> </ul>	
<b>Responsible manufacturing:</b> <ul style="list-style-type: none"> <li>We conduct audits (self and 3<sup>rd</sup> party) of our manufacturing sites, as per framework advised by AMR Industry Alliance.</li> <li>100% of domestic antibiotic API and formulation suppliers completed the self-assessment and desktop reviews. Completed physical on-site audits for selected critical suppliers.</li> </ul>	

**3** Grow Cipla to become a holistic wellness player. Explore opportunities to expand our wellness franchises globally.

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>Growth:</b>	
<ul style="list-style-type: none"> <li>▶ Consumer wellness franchise based out of India<sup>5</sup> crossed ₹ 1,000+ crore revenue with strong growth.</li> <li>▶ In India, Nicotex<sup>6</sup>, Cipladine<sup>7</sup>, Omnigel<sup>8</sup> and Cofsils<sup>9</sup> continue to maintain ranks in their respective categories throughout the year.</li> <li>▶ CHL forayed into the weight gain segment with the acquisition of Endura<sup>®</sup> Mass and completed seamless integration of the new brand with Cipla Health network. Launched clutter-breaking consumer facing communication as part of 360-degree marketing communication.</li> <li>▶ We are going international with our wellness portfolio and have conducted pilots in emerging markets to sharpen the go-to-market strategy.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Build a strong global wellness franchise by building a comprehensive portfolio addressing holistic well-being of a consumer.</li> <li>▶ Make 'BIG' brands 'BIGGER' and widen offerings in focus categories of pain, vitamin and mineral supplements, cough and cold, derma and gut health.</li> <li>▶ Strengthen OTC play in South Africa by focusing on building mega brands in must win categories (cough, cold and flu, pain, allergy, probiotics and gastrointestinal portfolios).</li> </ul>
<b>South Africa OTC:</b>	
<ul style="list-style-type: none"> <li>▶ Our South Africa wellness portfolio grew by 4.2%, versus market growth of 0.2%.<sup>10</sup></li> <li>▶ Our brands Broncol<sup>11</sup>, Relicalm<sup>12</sup>, Ibumax<sup>13</sup>, Ibugesic Paediatric Syrups<sup>14</sup> achieved no. 1 position in their respective categories<sup>15</sup> in the South Africa private market.</li> <li>▶ Entiro remains the most scripted probiotic in the South Africa market.<sup>16</sup></li> </ul>	
<b>Pioneering:</b>	
<ul style="list-style-type: none"> <li>▶ Launched four new flavours of Prolyte ORS between January 2023 and April 2023, making CHL the pioneer in giving a range of flavour choices to consumers in ORS category, which will help in increasing the consumption of ORS.</li> </ul>	
<b>Innovation:</b>	
<ul style="list-style-type: none"> <li>▶ Tapping into the emerging trend of consumers purchasing more direct-to-consumer ("D2C") brands, CHL has expanded its presence of D2C offerings across multiple categories.</li> <li>▶ Leveraging strong data driven consumer insights by building Customer Relationship Management (CRM) capabilities that enabled 8% of the overall business to come from modern trade and e-commerce channel.</li> </ul>	

<sup>5</sup> Consumer wellness franchise based out of India includes brands in Cipla Health Ltd & brands transitioned from Cipla Ltd to Cipla Health Ltd  
<sup>6</sup> Source: Nielsen IQ MAT March 2023 value rank  
<sup>7</sup> Source: Nielsen IQ MAT December 2022 volume rank  
<sup>8</sup> Source: Nielsen IQ MAT March 2023 value rank  
<sup>9</sup> Source: Nielsen IQ MAT March 2023 value rank  
<sup>10</sup> Source: IQVIA MAT April 2023  
<sup>11</sup> Source: IQVIA MAT February 2023  
<sup>12</sup> Source: IQVIA MAT January 2023  
<sup>13</sup> Source: IQVIA MAT February 2023  
<sup>14</sup> Source: IQVIA MAT November 2022  
<sup>15</sup> Broncol – Non-codeine Antitussive combination products, Relicalm – Calmatives, Ibumax – Combination Ibuprofen Pseudoephedrine Tablets, Ibugesic Paediatric Syrups – Ibuprofen Paediatric Syrups  
<sup>16</sup> Source: ImpactRx Scripting data for Quarter 3 of FY 2022-23



**Core Economic Engine**

**4** Continue to build scale and depth in branded home markets of India and South Africa by expanding offerings across multiple 'Beyond the Pill' avenues.

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>One-India</b>	<b>One-India</b>
<b>Growth:</b>	
<ul style="list-style-type: none"> <li>▶ We are the third-largest player in Indian Pharmaceutical market (IPM)<sup>17</sup> and therapy leaders in respiratory and among the top 2 in overall chronic business.</li> <li>▶ Our generic business continues to be no. 1 in India.<sup>18</sup></li> <li>▶ Cipla Health is ranked no. 2 in consumer healthcare space.<sup>19</sup></li> <li>▶ One India business grew by double digits on the core business propelled by aggressive growth of big brands like Foracort, Seroflo, Dytor, Pantosec, Omnigel, Cheston, Cipcal, Nicotex and Prolyte.</li> <li>▶ Foracort became Cipla's first and IPM's 5<sup>th</sup> brand to cross ₹ 700 crores on moving-annual-turnover basis.<sup>20</sup></li> <li>▶ We are deepening penetration in the generic channel using digital platform to directly engage with retailers onboarded over 1.35 lac retailers by March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Deliver market-beating growth and gain rank through focused execution of the One-India strategy.</li> <li>▶ One Distribution: Build a task force to deepen channel engagement, invest in strategic partnerships and smart analytics.</li> <li>▶ Enhance patient connection through respiratory awareness campaigns (#Berok Zindagi), and building health-tech platforms, such as, Digital Breathefree.</li> </ul>
<b>Innovation and pioneering:</b>	
<ul style="list-style-type: none"> <li>▶ Expanded access to high quality innovative portfolio by inking an in-licensing deal with Novartis for anti-diabetic drug, Galvus and anti-psoriasis drug, Scapho (Secukinumab).</li> <li>▶ In January 2023, we launched our first Point of Care diagnostic device, Cippioint, with 12 test panels, generating results in less than 15 minutes.</li> <li>▶ Invested in Point of Care diagnostics firm, Achira Labs Private Limited to enable access of cutting-edge and accurate diagnostic solutions at near-patient site.</li> <li>▶ Acquired additional stake in GoAptiv Private Limited, enabling wider patient reach with affordable and quality drugs and end-to-end brand marketing and channel engagement across tier 2-6 towns in India.</li> <li>▶ Launched Stempeutics Research Private Limited's stem cell products, VC EYE<sup>®</sup>, an under-eye dark circle reduction serum and VC GroF<sup>®</sup>, a novel anti-aging serum, that are prepared from the bio-active medium of stem cells.</li> </ul>	
<b>SAGA</b>	
<b>Growth:</b>	<b>SAGA</b>
<ul style="list-style-type: none"> <li>▶ Continue to be the third-largest player in the South African private market with a market beating growth rate of 8.9%<sup>21</sup>.</li> <li>▶ Launched 35 new products this year in South Africa that would augment our Central Nervous System (CNS), men and women health, hospital and OTC portfolio segments.</li> <li>▶ Our SSA business continues to grow in the Kenya market at 1.17 times the market, driven by superior growth from Cipladon brands and the launch of Sitamet (sitagliptin/metformin).</li> <li>▶ In Kenya, we are the 7<sup>th</sup> largest pharmaceutical corporation in FY 2022-23, compared to 10<sup>th</sup> position in FY 2021-22 and 15<sup>th</sup> position in FY 2019-20.<sup>22</sup></li> </ul>	<ul style="list-style-type: none"> <li>▶ Accelerate our growth in the South African OTC space with increasing focus in wellness portfolio.</li> <li>▶ Continue our respiratory leadership in South Africa and building an innovative portfolio by launching new products and strengthening partnerships.</li> <li>▶ Maintain focus in Sub Saharan Africa (SSA) region by growing and launching new products in anti-infectives, cardiovascular, renal and metabolism, respiratory, pain and gastro-intestinal therapies.</li> </ul>

<sup>17</sup> Source: IQVIA MAT March 2023 | <sup>18</sup> Internal Estimate | <sup>19</sup> Internal Estimate | <sup>20</sup> Source: IQVIA MAT March 2023 | <sup>21</sup> Source: IQVIA - March 2023 | <sup>22</sup> Source: IQVIA - January 2023

**5 Focus on challenging and competitive spaces such as complex generics, peptides and respiratory-related products in the US. Measured investments in the specialty business and divest non-core assets.**

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>Generics</b> <b>Growth:</b> <ul style="list-style-type: none"> <li>Increase in contribution of US business to Cipla global revenue from 20% in FY 2021-22 to 26% in FY 2022-23.</li> <li>Continued foothold in respiratory with significant market share in Albuterol, Arformoterol and Budesonide.</li> <li>Market share of our key asset of Lanreotide was at 17% as at March 2023</li> <li>Launched peptide based, long acting 505(b)2 product, Leuprolide 3M Depot injection for the hospital/clinic channel.</li> </ul> <b>Pioneering:</b> <ul style="list-style-type: none"> <li>Received USFDA approval for Lenalidomide capsules, an immunomodulatory prescription drug which is indicated for several haematological malignancies in adults such as multiple myeloma, myelodysplastic syndromes, mantle cell lymphoma, follicular lymphoma and marginal zone lymphoma. The product recorded ~USD 52 million sales on MAT basis.<sup>23</sup></li> </ul> <b>Specialty</b> <b>Innovation:</b> <ul style="list-style-type: none"> <li>Multiple differentiated products undergoing development efforts, with filings for two products targeted in 2024.</li> <li>Filings on the complex generics including peptide injectables are on track.</li> <li>In March 2023, The Clinical and Laboratory Standards Institute (CLSI) reduced older generation aminoglycosides' spectrum of activity against CRE and MDR enterobacterales when PK/PD parameters currently used to establish breakpoints to other antimicrobials were applied. As a result, Cipla's newer generation aminoglycoside, ZEMDRI (plazomicin) injection, remains more active than amikacin, gentamicin, or tobramycin against CRE and MDR enterobacterales infections.</li> </ul>	<b>Generics</b> <ul style="list-style-type: none"> <li>Maximise our existing strongholds in respiratory franchise by investing in pipeline and commercial excellence.</li> </ul> <b>Specialty</b> <ul style="list-style-type: none"> <li>Multiplying efforts on development of a pipeline of 505(b)(2) products that meet clinical unmet needs of clinicians and patients.</li> <li>Leverage in-organic opportunities (in-licensing, M&amp;A) to support growth, in addition to contribution from internal portfolio.</li> </ul>

**6 Strengthen presence in deep focused markets within emerging markets and Europe and build strong fundamentals to drive sustainable growth.**

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<b>Growth:</b> <ul style="list-style-type: none"> <li>Cipla's International markets generated a total revenue of USD 379 million.</li> <li>Continued to maintain a strong double-digit secondary growth in key Direct-To-Markets ("DTMs") in emerging markets, driven by commercial excellence and new product launches.</li> <li>Our core focus markets continue to grow, three years in a row and for the first time, we had three markets, United Kingdom, Sri Lanka and Morocco cross the USD 25 million mark.</li> <li>Cipla is the fastest growing pharma company in Sri Lanka and second fastest growing company in Nepal, featuring amongst top ten players in both the countries.<sup>24</sup></li> <li>Obtained approval for Beclomethasone/formoterol fixed combination MDI for the UK market, thereby strengthening Cipla's presence in respiratory therapy.</li> <li>Entered into exclusive in-licensing agreement for commercialisation of a complex peptide in Saudi Arabia market.</li> <li>We have deepened our presence in oncology therapy by launching Abiraterone, Bexarotene, Imatinib in select core DTMs.</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to drive sustainable and profitable growth, establishing a strong presence in deep, meaningful markets by focusing on differentiated product portfolio and strengthen our commercial capabilities.</li> <li>We continue to see volatility, uncertainty, complexity and ambiguity (VUCA) across markets and shall continue to pursue our commercial strategy, to increase revenue salience from stable regions and establish deep front end markets, thus gradually de-risking global volatility.</li> </ul>

<sup>23</sup> Source: IQVIA - January 2023

<sup>24</sup> Source: IQVIA - MAT March 2023

**7 Leverage digital to enable participation across care continuum and focus on patient-centricity as future pivot for business across markets.**

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<p>We see digital as a tool that will empower every stakeholder in the healthcare ecosystem to actively participate along the care continuum.</p> <b>Cipla Digital Health Limited (CDHL)</b> <b>Pioneering:</b> <ul style="list-style-type: none"> <li>With the launch of Breathefree mobile application, Cipla has made the first foray into the whitespace of respiratory digital health-tech through its subsidiary CDHL.</li> <li>Breathefree application helps patients manage their lung conditions, such as asthma and COPD, through a range of features including medicine reminders, breathing exercises, vitals tracking and educational content.</li> <li>The app has garnered over 2 lac downloads in just eight months post-launch.</li> </ul> <b>One-India</b> <b>Pioneering:</b> <ul style="list-style-type: none"> <li>Driving digital transformation to drive omni-channel engagement with doctors.</li> </ul> <b>Emerging markets and Europe:</b> <b>Growth:</b> <ul style="list-style-type: none"> <li>Ciplamed Flix ("CMF") application is now available in 50+ countries with a healthcare professional ("HCP") user base of 24,000+ vs 10,000+ HCPs in FY 2021-22.</li> <li>Healthcare Superstars ("HSS"), our flagship web-series for international medical fraternities on asthma, COPD, ILD etc., has expanded its reach and completed its 14 episodes with 17,100+ doctors engaged &amp; has completed 64,000+ registrations across 55+ countries.</li> <li>Witnessed growth in digital HCP coverage in DTMs from 68% during FY 2021-22 to 95% in FY 2022-23, by accelerating usage of Digital Medical Representative app. The app provided a multi-channel approach for the medical representatives to connect with HCPs via different digital channels like email, Whatsapp, Viber, telecall and video calls.</li> <li>Reached ~6 million of Nepalese population through GBKS campaign which is aimed at creating respiratory disease awareness and improving disease detection by reaching and connecting more masses.</li> </ul> <b>SAGA</b> <b>Innovation:</b> <ul style="list-style-type: none"> <li>Developed AI-enabled dossier due diligence platform that leverages natural language processing to analyse text within dossiers, emails, and registration-related content. The algorithm further summarises the data and provides recommendations. This has reduced the time spent by the team on dossier review by 80%.</li> </ul>	<ul style="list-style-type: none"> <li>Follow build, buy or partner strategy to leverage digital avenues to continue therapy-shaping and being present across the care continuum.</li> <li>Use AI and advanced analytics to create robust HCP persona for personalised digital touchpoints and to improve efficiency in various functions, such as, regulatory/ dossier reviews, EHS, etc.</li> <li>Digital Centre of Excellence ("COE") to tag all the initiatives and channels together for omni-channel experience.</li> <li>Breathefree application will continue its journey of establishing digital therapeutics in respiratory care to drive health outcomes for its users.</li> </ul>

 **Capability**

**8 | Continuous improvement by Digital Lean: Integrating Digital and Lean in operations to bring efficiency, build sustainable supply chain and deliver fuel for growth.**

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<ul style="list-style-type: none"> <li>▶ Cipla's Indore manufacturing unit has been designated as an "Advanced Fourth Industrial Revolution ("4IR") Lighthouse" by the World Economic Forum.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Digital, Analytics, and Automation ("DAA") will be embedded by enhancing capabilities around lean six sigma, data science and data engineering.</li> <li>▶ Focus on implementing 15+ Industry 4.0 use cases across sites to enable near-real-time data-transparency and embed data-led decision making.</li> <li>▶ Creating touchless factories of future by rewiring plant operations, upgrading technology, and reducing operator/ analyst dependence.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Implemented projects across manufacturing units by integrating Lean Six Sigma and digital resulting in enhanced agility, resilience, flexibility, and productivity of operations. Improved cost efficiency by optimising OPEX spending, capacity enhancements, rebalancing of products and effective utilisation of assets and alternate vendor development.</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Completed multiple capacity enhancement projects at various manufacturing sites.                             <ul style="list-style-type: none"> <li>• Goa MDI unit capacity has now increased by more than 200%.</li> <li>• Additional work completed to unlock capacity for innovative respiratory and oncology therapies.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>▶ Process simplification has been one of the main agendas in FY 2022-23 where digitisation and automation of manual processes have enabled remote access and continuity of operations.</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Data analysis capability has been enhanced through use of computational tools to derive business insights.</li> </ul>	

**9 | Invest in Quality 4.0 to change the quality paradigm**

Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<p><b>Simplification</b></p> <ul style="list-style-type: none"> <li>▶ 36 standard operating procedures (SOPs) and 165 formats are simplified, harmonised through automation, procedure simplification and removing redundancies.</li> <li>▶ Established connectivity for more than 780 laboratory instruments with Laboratory Information Management System ("LIMS") for auto transfer of instrument output to avoid human intervention and data entry errors.</li> <li>▶ Automated the system for identification of microorganisms at Indore site which has reduced detection time from one day to two hours.</li> <li>▶ 30% reduction in microbial testing for disinfectant efficacy through inclusion of guidance on surfaces in Grade B, C, D and ISO 8 based on the criticality.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Paperless lab: Digitising operations and procedures.</li> <li>▶ Incorporate Robotic Process Automation ("RPA") in quality operations such as process and equipment review, data transcription and analytics, and smart interlocks to monitor critical activities.</li> </ul>
<p><b>Digitisation</b></p> <ul style="list-style-type: none"> <li>▶ Electronic logbooks implemented at Corporate Quality for digitisation of more than 80 logbooks to remove paper-based practices and support work-from-anywhere.</li> <li>▶ Implemented digitisation of environment monitoring for emerging markets, generating water trend summary report and electronic approval through LIMS.</li> </ul>	

**10 | Strengthen the talent pipeline by curated L&D programmes; improve productivity; and happiness quotient of employees as part of Cipla family**


Cipla's performance FY 2022-23	Cipla's strategy (2020-2023)
<ul style="list-style-type: none"> <li>▶ Achieved 'Great Place to Work' certification, 5<sup>th</sup> time in a row.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Focus on building strong organisational capability:                             <ul style="list-style-type: none"> <li>• Strengthen leadership pipeline through robust succession management.</li> <li>• Attract and retain early career talent pipeline through our varied flagship programmes.</li> <li>• Build inclusive and diverse workplace.</li> </ul> </li> <li>▶ Accelerated momentum on culture refresh, aligned to futuristic workplace practices to strengthen our Employer Brand and the experience of our EVP.</li> </ul>
<ul style="list-style-type: none"> <li>▶ Launched our flagship programme 'NEEV', in partnership with BITS Pilani, aiming to build an early talent pipeline by providing 'earn while you learn' opportunities in manufacturing function.</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Tripartite approach taken to build more collaborative and accountable teams as well as create a ready pipeline of agile future leaders to support Cipla's growth aspirations:                             <ul style="list-style-type: none"> <li>• Launched culture refresh initiatives to make Cipla culture and values a way of life.</li> <li>• Refreshed our competency framework to augment changes in employee behaviour.</li> <li>• Launched development programmes to build talent fungibility.</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>▶ To attract and retain the best in class, we have launched our new Employee Value Proposition ("EVP") of 'make every life thrive' built on three key pillars – inspiring pioneers, championing care, nourishing careers.</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Enhanced holistic well-being of employees through employee-enabling initiatives such as earned wage access, crowdfunding, mental health interventions, financial empowerment sessions, fitness sessions, discounted parental insurance coverage.</li> </ul>	
<ul style="list-style-type: none"> <li>▶ Built a Cipla alumni portal to extend care to our ex-employees by providing them with easy access to all of their Cipla documents, creating awareness about various Cipla events, extending discounted counselling services, etc.</li> </ul>	

# Stakeholder Engagement<sup>1</sup>

Cipla's business encompasses a diverse range of stakeholders throughout our value chain. From material suppliers to regulators and healthcare professionals, each stakeholder plays a vital role in our mission to deliver high-quality products that improve the well-being of our consumers. Considering our unique relationship with each stakeholder group, it is crucial that we establish effective channels of communication to strengthen our synergies and deliver on our promise of 'Caring for Life'.

In FY 2021-22, we conducted a comprehensive stakeholder engagement exercise to identify our key stakeholders and gain insights into their key concerns. Stakeholder identification and classification were based on their impact and involvement in our operations, as well as their engagement in environmental, social and governance matters. This exercise fostered meaningful dialogue, enabling us to align our ESG strategies and reporting with topics which were most material for our stakeholders and us.




The table below outlines the key attributes of our stakeholder engagements, along with the effective mechanisms we employ to enhance communication and advance our business and ESG priorities.

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns <sup>2</sup> raised during such engagement
 Patients	Yes <sup>3</sup>	Our patients represent the very purpose of our existence and help us deliver on our commitment of 'Caring for Life'. We are committed to meet their expectations.	● ● ●	Patient care campaigns/ Patient Support Programs 'Berok Zindagi' and 'Breathefree' Pharmacovigilance / drug safety helpline Websites Marketing & Communication	Event-based Periodic / Continuous Continuous Periodic/ Continuous	<ul style="list-style-type: none"> <li>▶ Understanding the needs of our patients</li> <li>▶ To create awareness and to mitigate misinformation on various diseases or medical treatments</li> <li>▶ Provide access to palliative care</li> <li>▶ To address patient queries / feedback</li> <li>▶ To address any concerns relating to our products</li> <li>▶ To create awareness about our products</li> </ul>




<sup>1</sup>GRI 2-16, GRI 2-25, GRI 2-29, Information in line with BRSR Question no. 1 and 2 under essential indicator of Principle 4 and Question no. 3 under leadership indicator of Principle 4

<sup>2</sup>There are no significant concerns identified by any of our stakeholders during FY 2022-23



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

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
 Channel Partners	No	Vital for effective distribution and ensuring accessibility of our products to our patients and caregivers	●	In-market visits Meetings Grievance redressal mechanisms	Event-based Periodic Continuous	<ul style="list-style-type: none"> <li>▶ Enhancing the reach of our medicines in various geographies</li> <li>▶ Developing strong partnerships for an uninterrupted supply of vital medicines</li> <li>▶ Achieve higher market share through better coverage and penetration into new and existing markets</li> <li>▶ To create awareness about new launches and initiatives</li> <li>▶ Partner for credit worthiness and fair business practices</li> <li>▶ To address any query/ feedback by channel partner</li> </ul>
 Suppliers	No	Providers of all input materials and services that are critical or essential to our operations	● ●	Supplier visits Supplier Audits Grievance redressal mechanisms Supplier engagement on compliance and QMS	Quarterly Annual Continuous Event-based	<ul style="list-style-type: none"> <li>▶ Ensuring business continuity and maintenance of quality compliance</li> <li>▶ To identify and address any gaps at supplier facilities relating to cGMP practices</li> <li>▶ To seek their confirmation on compliance with our Suppliers Code of Conduct</li> <li>▶ Create awareness on ESG parameters that are a priority to us and advocate for positive action on such parameters</li> <li>▶ To address any feedback/ queries related to the product or supply of raw material</li> </ul>
 Healthcare Professionals	No	Provides vital insights on our product use as well as the trends in the management of various disease conditions and the unmet patient needs	●	Conferences and seminars Visits by sales personnel Advisory meetings Knowledge-sharing series (Expert Forum, Symposiums, International Speaker Programs) Disease Celebration days/ Month Grievance redressal mechanisms	Event-based Event-based Event-based Event-based Event-based Continuous	<ul style="list-style-type: none"> <li>▶ Knowledge exchange on medicines, diseases and healthcare solutions</li> <li>▶ To understand the need of the patients and the market</li> <li>▶ To identify the changing needs &amp; trends within the healthcare sector</li> <li>▶ To educate and create awareness among patients regarding various diseases thereby would lead to early diagnosis.</li> </ul>

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

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<b>Communities</b> 	Yes <sup>4</sup>	Creating shared value and demonstrating our sense of social responsibility through various community centric CSR projects	● Social	Interaction through CSR initiatives Website Needs assessment through our CSR partners Grievance redressal mechanisms	Periodic Continuous Initiative based Continuous	<ul style="list-style-type: none"> <li>▶ Understanding potential areas of sustainable development</li> <li>▶ To develop a sustainable ecosystem for our communities</li> <li>▶ Understanding the social &amp; development challenges / needs of the local communities and working towards mitigating/ achieving them</li> </ul>
<b>Shareholders and Investors</b> 	No	Providers of financial resources for sustainable or sustained business growth	● Financial ● Relationship	Meetings / conferences/ Analyst calls Earnings calls General meeting Grievance redressal mechanism Financial results Stock exchange and other communications Integrated Annual Report	Event Based Quarterly Annual / Event based Continuous Quarterly Event Based Annual	<ul style="list-style-type: none"> <li>▶ Understanding the expectations of the shareholders / investors and seeking their feedback</li> <li>▶ Communicating the business, financial and ESG performance and overall strategy of the Company</li> </ul>
<b>B2B &amp; Institution Partners</b> 	No	Play a pivotal role in the sale and marketing of our products	● Relationship	Meetings In-market visits Industry Conferences	Periodic Event Based Event Based	<ul style="list-style-type: none"> <li>▶ To collaborate and provide vital medicines to our patients by leveraging their infrastructure capabilities</li> </ul>

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

Stakeholders	Whether identified as vulnerable and marginalised group (Yes/No)	Why they are important	Capital linkage	Channel of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<b>Employees</b> 	No	Employees are the backbone of the business and help sustained growth. They share our vision and values and help deliver on the same	● Human	Townhalls Employee engagement survey Skip-level meetings Appraisal, awards and recognition Grievance redressal mechanism One-to-one manager connects	Quarterly Annual Periodic Annual Continuous Continuous	<ul style="list-style-type: none"> <li>▶ Performance and career development reviews</li> <li>▶ For building a safe, diverse and inclusive working environment</li> <li>▶ Provide a nurturing environment to our employees that allows them to learn, develop and grow</li> <li>▶ To communicate the performance and strategy of the Company</li> <li>▶ To seek their feedback on the work culture</li> </ul>
<b>Government &amp; Regulators</b> 	No	Engagement on policies that impact our operations and long-term business objectives	● Relationship	Panel meetings Conferences Written communications Facility visits Engagement through Industry Associations / committees Meetings	Event Based Event Based Event Based Event Based Periodic Periodic	<ul style="list-style-type: none"> <li>▶ To engage and make representations on various regulatory and policy issues</li> <li>▶ To strengthen the healthcare eco-system through policy interventions</li> <li>▶ Ensure timely access to quality medicines in their respective jurisdictions</li> <li>▶ To build thought leadership of Cipla through various meetings / conferences / high-level discussions around respiratory, anti-microbial resistance and wellness among others</li> </ul>

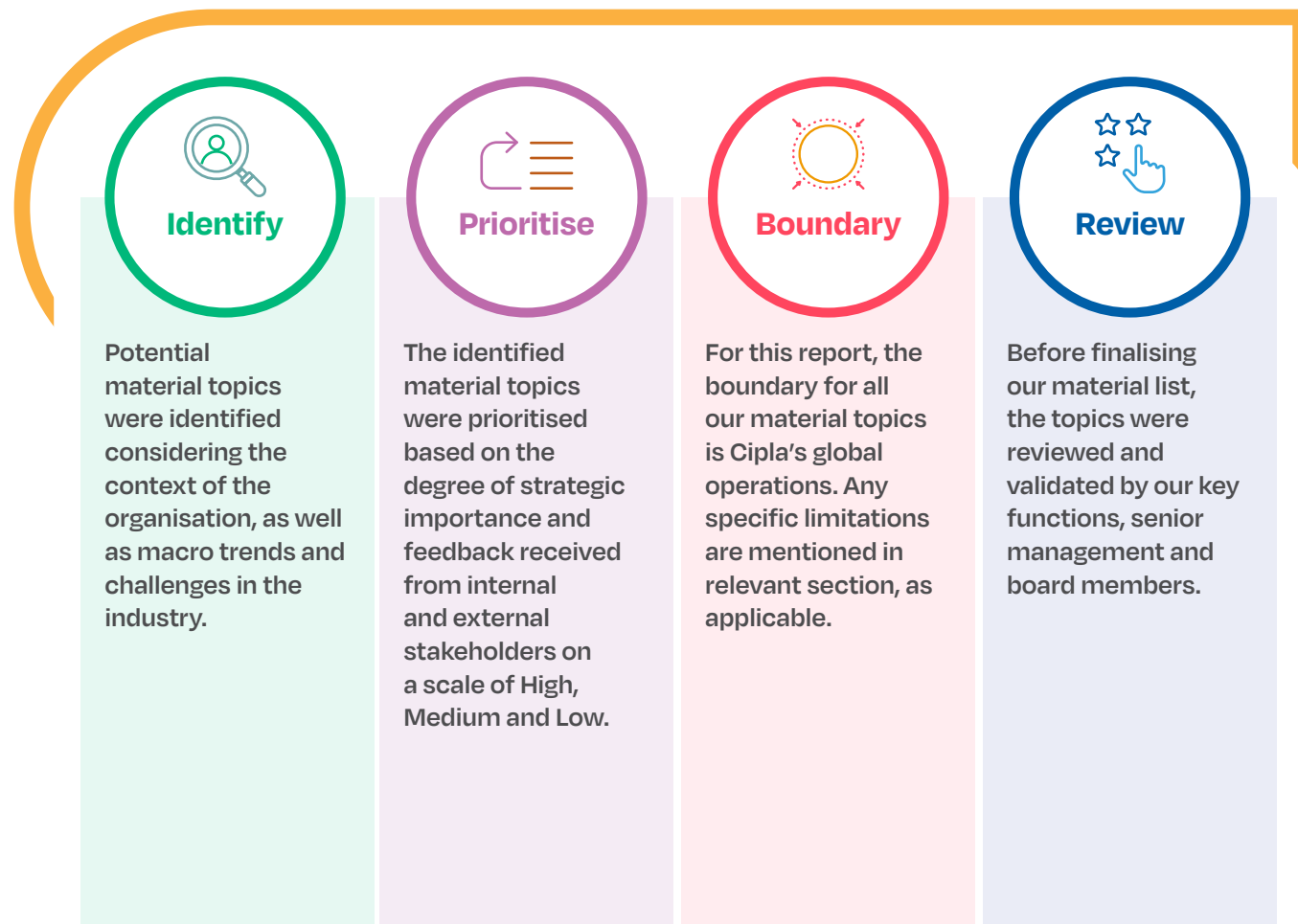
<sup>4</sup>The Company undertakes various CSR activities for the local communities. Majority of beneficiaries of these CSR activities can be termed as vulnerable or marginalised

# Materiality Assessment<sup>1</sup>

To ensure that we are meeting the expectations of our stakeholders and to proactively identify and manage emerging risks and opportunities, particularly from an ESG perspective, we conduct a comprehensive materiality assessment every three years.

Our last materiality assessment was conducted in FY 2021-22, taking into account evolving global and market conditions. We continue to track, review and validate the economic, environmental, social and governance topics that are most relevant to our long-term value creation.

The process we followed during our last material assessment to determine our material topics as prioritised by internal and external stakeholders is shared below:



The material topics provided below are ranked as per importance by our internal and external stakeholders. Additionally, we have also provided interlinkages with our six capitals and other sections of the Integrated Report for further insight into how we incorporate these key focus areas into our operational performance.

Material topics identified	ESG classification	Linkages with the integrated report	Risk or opportunity (R/O)?	Rationale for identifying the risk / opportunity	In case of risk approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications) <sup>2</sup>
<b>High</b>						
Availability and Affordability of medicines	Social	●●	Opportunity	The availability and affordability of medicines play a crucial role in promoting a healthy life for individuals worldwide. In certain instances, high costs of medicines may be a significant barrier, preventing patients from accessing the treatments, particularly in medium-to-low income geographies. As an organisation whose purpose is 'Caring for life' we work diligently towards ensuring access to medicines for all who need them.	N/A	+
Product Quality and Safety, and Data integrity	Social, Governance	●	Risk	Our ability to meet patient demand, create value, and build trust with our stakeholders is highly dependent on product quality, safety, as well as data integrity. Any shortfalls in these critical areas can have severe consequences on our business and stakeholders.	Refer Enterprise Risk Management on page no. 46	-
Innovation	Social	●	Opportunity	We strive to continuously innovate to fulfill our commitment of providing affordable medications to an increasing number of patients worldwide, as well as keeping up with a highly dynamic and evolving industry.	N/A	+
Sustainable Supply Chain	Social, Governance	●	Risk	A sustainable and seamless supply chain is essential to ensure timely availability of our medicines to patients while meeting high quality standards that they expect from us.	Refer Enterprise Risk Management on page no. 46	-
Corporate Governance	Governance	●	Risk	Failure to comply with regulatory and statutory requirements can negatively impact our operations, our ability to raise funding, and the overall value of the company.	Refer Enterprise Risk Management on page no. 46	-
Capital Allocation and Productivity	Governance	●	Opportunity	Effective capital allocation and productivity are important in creating value for our stakeholders by directing our financial resources towards strategic investments and expenditures, including opportunities for organic and inorganic growth.	N/A	+
<b>Medium</b>						
Promotion of Diversity	Governance	●	Opportunity	We recognize diversity as a valuable asset to our organisation, as it brings fresh ideas and experiences that can help create innovative solutions for creating long-term value. We strive to foster an inclusive work environment for our employees and celebrate their uniqueness.	N/A	+
Employee Health and Safety	Governance	●	Risk	Employees are the backbone of our business operations, and it is our responsibility to provide them with a healthy and safe working environment. Additionally, Employee Health and Safety incidents pose regulatory, reputational, and business continuity risks.	Refer Enterprise Risk Management on page no. 46	-
Environmental Sustainability	Environmental	●	Risk	The consequences of climate change, biodiversity loss, and over-use of natural resources have potential to pose significant threats to business continuity and human safety. As such, there is a dire need for sustainable and proactive practices to mitigate risks and ensure a resilient future.	Refer Enterprise Risk Management on page no. 46	-
Digital Business Model and Digitisation	Governance	●●●	Opportunity	We actively leverage technology in our organisational processes to optimize our operations, improve patient experiences through digital solutions, and expand our reach in delivering healthcare services on a global scale.	N/A	+
Patient Experience and Health Awareness	Social	●●	Opportunity	Inputs from patients have played a crucial role in enhancing the development, testing, delivery, and administration of pharmaceutical products. We understand and appreciate the importance of patient-centric innovation in fulfilling our mission of 'Caring for Life'.	N/A	+
Investment in R&D	Social	●	Opportunity	We build, safeguard, and strengthen our research skills and stimulate innovative thinking across our organisation. This allows us to pursue operational excellence and create value for our stakeholders around the world, in accordance with our purpose of 'Caring for Life'.	N/A	+
Human Resource Development	Social	●	Opportunity	Our commitment to identify, nurturing, and retain top-tier talent is a cornerstone of our success as a market leader. By prioritising the development and satisfaction of our employees, we create a motivated workforce that not only drives our organisation forward but also fosters a positive and engaging work environment.	N/A	+
<b>Low</b>						
Community Engagement	Social, Governance	●	Opportunity	Community Engagements enables us to create shared value for our local communities, foster meaningful relationships, support social development, and contribute to the well-being of the areas in which we operate.	N/A	+
Business Continuity	Social	●	Risk	As a company operating in a complex regulatory and geopolitical landscape, it is essential to have strong business continuity plans and measures in place. In the absence of such measures, untoward incidents such as natural disasters, workplace accidents, wars, sanctions, sustained cyber-attacks, and other similar events can hamper our ability to serve patient needs.	Refer Enterprise Risk Management on page no. 46	-

● Financial ● Intellectual ● Relationship ● Manufactured ● Enterprise Risk Management  
 ● Human ● Natural ● Social ● Corporate Governance Section  
 + Positive - Negative

<sup>1</sup>GRI 2-14, GRI 3-1, GRI 3-2. Information in line with BRSR Question no. 24 of Section A and Question no. 1 & 2 under leadership indicators of Principle 4

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



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

The pharmaceutical industry is characterised by stringent regulatory oversight, competition, government-led pricing pressures, and complexity in manufacturing operations. Consequently, our businesses across multiple geographies face risks and uncertainties which are unique and significant.

Our Enterprise Risk Management approach focuses on the identification of key strategic, business, and operational risks and aims to mitigate these risks effectively. In keeping with our motto, 'Caring for Life', our conscious endeavour is to ring patient centricity in the way we identify risks and define risk mitigation measures.

There is a continuous focus on embedding the fundamental principles of risk management, including proactive identification, timely risk conversations and robust implementation of mitigation measures in internal processes. Major de-risking measures identified by businesses and functions are also integrated into the scorecards of Associates as performance targets. The effectiveness of actions taken and

progress on de-risking measures are tracked during business reviews and annual appraisal cycles.

Lessons learned from risk incidents that have occurred within the organisation or in the external environment are discussed with relevant internal stakeholders and are incorporated in policies, procedures and processes as appropriate to Cipla's context.

The below chart represents Cipla's risk architecture:



## Key risks

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



### Pricing, competitive and business model pressures

Risk description and impacts	Mitigation	YoY risk movement
<p>Across many markets globally, pharmaceutical product pricing of existing portfolio and new launches is subject to government-led price controls. Further, pressures exerted by competitors and major customers can also limit the ability to increase/maintain product prices, resulting in price erosion.</p> <p>Additionally, shifts in product prescribing habits of healthcare professionals and/ or patient preferences driven by competitive innovation and channel availability may affect the demand of our products.</p> <p>The combination of above risk factors can have an adverse impact on our business profitability and product launch decisions.</p>	<ul style="list-style-type: none"> <li>▶ Cost reduction and efficiency improvement measures to support business profitability</li> <li>▶ Launch of innovative, differentiated, and value accretive products for which better pricing can be secured.</li> </ul>	



### Product quality

Risk description and impacts	Mitigation	YoY risk movement
<p>The pharmaceutical industry is one of the most heavily regulated industries in the world. This is because of the potential risks associated with pharmaceutical products, which can have a significant impact on human health.</p> <p>Failure to comply with applicable regulations could result in regulatory warnings, failure to secure commercial launches, suspension of manufacturing, product recalls, product liability claims, inability to ship products, damage to brand reputation, or cancellation of approval / license to manufacture.</p>	<ul style="list-style-type: none"> <li>▶ Robust Quality Management Systems adequately assisted by digitisation to adhere with applicable and emerging regulatory requirements applicable to products manufactured at Cipla locations as well as sourced from third parties.</li> <li>▶ Comprehensive quality improvement and training programme with a focus on historically known gaps and challenges.</li> <li>▶ Investigate identified non-conformities and define appropriate Corrective and Preventive Action (CAPA).</li> <li>▶ Proactive identification of potential challenges through periodic reviews and audits conducted internally.</li> </ul>	

<sup>1</sup>GRI 3-3



## Product development

Risk description and impacts	Mitigation	YoY risk movement
<p>The pharmaceutical product development lifecycle is characterised by risks such as costly upfront investments, potential patent litigation, and clinical trial delays.</p> <p>Delays in regulatory reviews and approvals, and the regulatory status of our manufacturing sites may also impact the commercial launch of products.</p> <p>Lastly, in the development of innovative and complex products, technical challenges may potentially delay or even terminate development activity.</p> <p>Since our growth aspirations partly rely upon the successful development and launch of value accretive products across therapies, disruptions in product development activities can adversely affect our future business and the results of operations.</p>	<ul style="list-style-type: none"> <li>▶ Resource prioritisation and de-bottlenecking for key product launches.</li> <li>▶ Where feasible, moving production to other facilities to reduce the risk of product launches failing due to quality challenges at manufacturing sites.</li> <li>▶ Use innovative development techniques to mitigate risks of clinical failure and scale-up challenges.</li> <li>▶ Robust project management to identify schedule slippages and prioritise timely de-risking interventions.</li> <li>▶ Well-defined process to integrate lessons learned from past development experiences/ failures to mitigate the risk of recurrence.</li> </ul>	



## Geopolitical volatility

Risk description and impacts	Mitigation	YoY risk movement
<p>We have witnessed significant geopolitical volatility owing to:</p> <ul style="list-style-type: none"> <li>▶ War, civil strife, terrorism, sanctions, sovereign default etc in some geographies in which we operate;</li> <li>▶ Impact of strengthening dollar;</li> <li>▶ Increased commodity prices following the Russia-Ukraine war and subsequent economic pressures;</li> <li>▶ Increased calls for national self-reliance in post-Covid world.</li> </ul> <p>These uncertainties have a bearing on business value and growth, cash flow cycle, repatriation of funds, disruption in the supply chain, increase costs, and foreign exchange volatility.</p>	<ul style="list-style-type: none"> <li>▶ De-risking through capping overall exposure to high-risk geographies and robust monitoring of risk developments.</li> <li>▶ Evaluation of local manufacturing/ tie-up possibilities.</li> <li>▶ Securing receivables through advance payments/ sales backed by letters of credit/ bank guarantees.</li> <li>▶ Where feasible, hedging foreign exchange risks through forward covers or securing price increases in the local market.</li> <li>▶ Replacing revenues lost to geopolitical volatility through incremental product launches and by executing in-licensing opportunities.</li> </ul>	



## Supply chain disruptions


Risk description and impacts	Mitigation	YoY risk movement
<p>Interruptions in supply and non-compliance with required quality norms by vendors can disrupt our manufacturing process, leading to product shortages and a material adverse impact on our reputation and revenues.</p> <p>Additionally, prevailing inflationary pressures (Russia-Ukraine war, interest rate hikes, forex fluctuations) continue to impact our procurement cost budgets.</p> <p>Some of the materials we procure are sole-sourced and thus, disruptions faced by the suppliers of these materials could have a more significant impact on us.</p>	<ul style="list-style-type: none"> <li>▶ Continuous monitoring to identify potential disruptions due to natural calamities or any other factors and proactive deployment of mitigation measures (alternate sourcing, advance purchases, etc).</li> <li>▶ Maintaining sufficient inventory balances for key strategic molecules.</li> <li>▶ Logistics optimisation and cost rationalisation through rate contracts with sea liners and prior scheduling of dispatches.</li> <li>▶ Prioritising alternate vendor development to optimise procurement cost as well as de-risk single-source procurement.</li> </ul>	



## Talent management

Risk description and impacts	Mitigation	YoY risk movement
<p>Inability to attract and engage highly-skilled personnel may affect our overall productivity, impact the execution of strategic intent and weaken our succession plans.</p> <p>Operational complexity across businesses and functions has risen significantly, which also potentially increases the risk of workforce fatigue.</p> <p>Eventually, this could have a material adverse impact on our business and operational results by hindering our ability to achieve our major business objectives, damaging brand reputation, and reducing the diversity of our workforce.</p>	<ul style="list-style-type: none"> <li>▶ Targeted recruitment and retention for strategic businesses, geographies, and functions.</li> <li>▶ Internal transfer opportunities to synergise operations through complementing skill sets.</li> <li>▶ Undertaking employee surveys and performing engagement and team-building initiatives to build morale and culture of high performance.</li> </ul>	

 **Information security**

Risk description and impacts	Mitigation	YoY risk movement
<p>The Pharmaceutical sector continues to be highly targeted by cybercriminals. A significant disruption of IT services due to a breach of cybersecurity or failure to comply with globally applicable data privacy regulations could result in losses, regulatory penalties, or damage to our reputation. This could materially affect our financial condition or results of operations.</p>	<ul style="list-style-type: none"> <li>▶ Implementing necessary preventive information security controls complemented by advanced monitoring and detection measures in line with leading industry practices.</li> <li>▶ Focus on proactive identification of gaps through building threat intelligence and by performing periodic red-teaming reviews.</li> <li>▶ Performing cybersecurity incident simulation exercises to improve response readiness.</li> <li>▶ Embedding secure by design and privacy by design concepts across organisation process and systems development.</li> <li>▶ Monitoring compliance with global data requirements through regulatory compliance framework.</li> </ul>	


 **Environment, Social and Governance (ESG) and sustainability**

Risk description and impacts	Mitigation	YoY risk movement
<p>Globally, stakeholders are increasingly evaluating companies on the basis of their performance on a variety of ESG matters.</p> <p>Failure to limit our adverse environmental impact, deliver societal value and operate in an ethical manner can have negative consequences on our reputation, operations and the long-term sustainability of our organisation's performance.</p>	<ul style="list-style-type: none"> <li>▶ Our mitigation efforts are aligned with our ESG goals of carbon neutrality<sup>2</sup>, water neutrality and zero waste to landfill across our India manufacturing operations<sup>3</sup> by December 2025.</li> <li>▶ A few of our efforts to achieve these goals, and subsequently reduce or mitigate ESG risks include:                             <ul style="list-style-type: none"> <li>• Increased use of renewable energy (RE) and investment in RE projects.</li> <li>• Rainwater harvesting and water recycling.</li> <li>• Improved processing of solid waste to avoid incineration/ landfill disposal.</li> <li>• Strong and responsible governance of our ESG related targets and performance.</li> <li>• Adhering and adapting to current and potential future legislations.</li> </ul> </li> <li>▶ We continuously undertake and monitor initiatives aimed at inclusion, safety, and well-being of our employees, consumers and the society within which we operate.</li> </ul>	


<sup>2</sup>Carbon neutrality for our Scope 1 emissions (fuel based) and Scope 2 emissions

<sup>3</sup>India Manufacturing Operations includes manufacturing sites of Cipla Limited and our subsidiaries in India (Goldencross Pharma Limited, Medispray Laboratories Private Limited, and Meditab Specialties Limited)


 **Climate related risks<sup>4</sup>**

Risk description and impacts	Mitigation	YoY risk movement
<p>Climate-related events present physical risks to our operations that could potentially result in financial losses. These risks can manifest as acute events, including cyclones, droughts, riverine floods and extreme precipitation among others. Additionally, long-term chronic weather patterns such as heatwaves, water stress, coastal flooding and rising sea levels may also significantly disrupt manufacturing operations, supply chains, logistics, and overall productivity across our value chain.</p> <p>The transition to a lower-carbon economy necessitates extensive policy, legal, technological and market changes to address mitigation and adaptation towards climate change. There may be considerable financial impacts, as well as reputational risks tied to our ability to effectively adhere to this transition.</p>	<p>To ensure focused and channelised mitigation efforts, our climate risk management practices are being aligned with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.</p> <p>Robust incident response measures are being put in place to manage these acute events. We are also obtaining insurance coverage for any potential property damage caused by climatic events.</p> <p>Transition risks, being more country specific, have been analysed separately for India, USA, UK, Australia, Morocco, South Africa and China. To understand how to channelise out mitigation efforts, we have assessed our risks based on the Divergent Net Zero (DNZ) and Announced Pledges Scenario (APS).</p> <p>A detailed TCFD study is under finalisation, the results of which will be published subsequent to this report.</p>	

 **Statutory compliance**

Risk description and impacts	Mitigation	YoY risk movement
<p>As a global organisation, we are required to comply with complex and evolving regulations across geographies.</p> <p>Failure to comply with applicable laws and regulations could result in significant financial penalties as well as reputational loss.</p> <p>Government investigations, litigation, and other legal scrutiny, regardless of outcome could be costly, divert management attention, and cause loss of reputation.</p>	<ul style="list-style-type: none"> <li>▶ Laying down effective policies and procedures to ensure compliance and prevent unlawful/ fraudulent activities.</li> <li>▶ Comprehensive global compliance management framework to track compliance with existing laws and regulations and to stay abreast with emerging regulations.</li> <li>▶ Continuous monitoring of compliances to avoid surprises and ensure timely remedial action.</li> </ul>	

 **Internal controls and ethics**

Risk description and impacts	Mitigation	YoY risk movement
<p>Non-compliance with internal policies and ethical guidelines could affect achievement of business profitability, dilute value and expose us to reputational loss.</p>	<ul style="list-style-type: none"> <li>▶ Comprehensively defined layers of preventive and detective controls to ensure compliance with laid down processes and applicable regulations.</li> <li>▶ Harnessing risk analytics to automate and identify areas of non-compliance, fraud, and business waste.</li> <li>▶ Promoting ethical behavior by providing training and awareness sessions on our code of conduct.</li> </ul>	

<sup>4</sup>GRI 201-2



# Manufactured Capital

## Strategic focus areas



Product Quality and Safety



Data Integrity



Digitisation



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

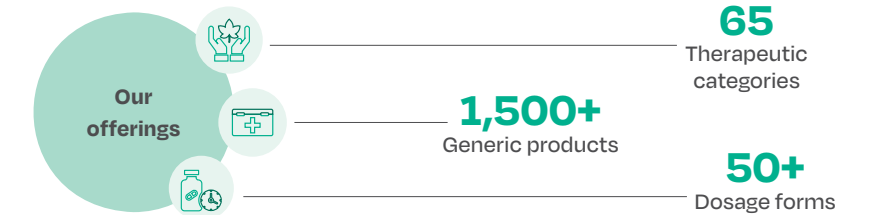
## Our Manufacturing Philosophy

At Cipla, our manufacturing philosophy is centred around innovation, quality enhancement and continuous improvement. In line with our philosophy of 'Caring for Life', we leverage our manufacturing strengths to produce high-quality and affordable medicines to help our consumers around the world to lead healthy lives.<sup>1</sup>

## Fortifying our manufacturing facilities<sup>2</sup>



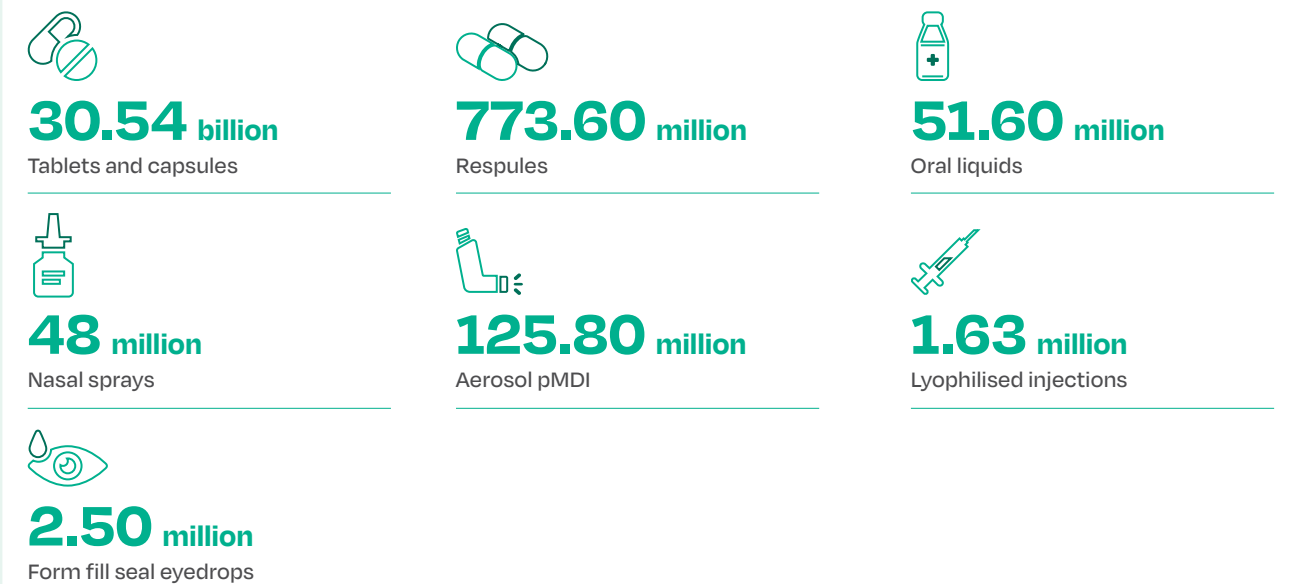
Our 47 cGMP compliant manufacturing facilities across six countries serves as a foundation for our commitment to provide affordable medicines to people all over the world. These facilities meet the highest national and international standards, ensuring that our medicines are safe, effective and of the highest quality. We also undertake manufacturing activities through Contract Manufacturing Organisations (CMOs), which work under two models - 'Loan Licensing' and 'Principal to Principal'. These CMO models offer benefits of cost savings, increased production capacities and improved management synergies. This allows us to focus better on in-house R&D activities, which are necessary for the next leg of our growth.



In FY 2022-23 we installed a new respule line at our Indore manufacturing facility to cater North America and other markets. We have closed one of our formulation unit situated at Patalganga to consolidate production and improve efficiency.

## Our manufacturing capabilities

Capacity highlights (in units) FY 2022-23 :



<sup>1</sup> GRI 3-3  
<sup>2</sup> GRI 2-6

### Enhancing sustainable manufacturing

To reduce the impacts of our operations on the environment, we have implemented a host of measures across our manufacturing facilities to increase efficiency in consumption of resources. We invested **1.59% of our total capex in FY 2022-23, compared to 2.30% in FY 2021-22** towards reduction of environmental and social impacts of our products and processes. The said investment is towards the following five specific technologies<sup>3</sup>:

Project	Description	Benefits	Locations
Boilers fuel conversion	Replacing usage of furnace oils with pressurised natural gas in the boilers	Lower carbon footprint	Goa
Rooftop solar panels and solar trees	Installation of rooftop solar panels and solar trees for electricity generation	Lower carbon footprint	Goa
Zero Liquid Discharge (ZLD)	Implementation of ZLD treatment process which treats and reuse the liquid effluents and eliminate its discharge into surface water	Zero liquid discharge	Indore
Melting unit and Glue-pasting system for HV cartonator	Replacement of polythene packaging with glue pasting for inner cartons in Aerosol products	Lower polythene usage	Baddi
Mini key Thermal Inkjet (TIJ) Printers	Eliminating stereo overprinting by utilising TIJ printers for digital printing	Lower polymer usage	Baddi



#### Industry 4.0

The adoption of Industry 4.0 is revolutionising our manufacturing processes. The twin engines of analytics and automation have elevated our operations to new heights by enhancing equipment accessibility, unleashing potential capacity and promoting ecological sustainability. Industry 4.0, thus enables us to create future-ready plants and advance in our journey of Digital Analytics Automation (DAA).

#### Our aspiration to create 'factories of the future' at Cipla

Creating 'touchless factories' of the future by rewiring plant operations, upgrading technology and reducing manual dependence

Enabling near-real-time data transparency and embedding data-led decision making through deployment of 15+ Industry 4.0 use cases

**We have extended our advanced analytics use cases to our Active Pharmaceutical Ingredients (API) manufacturing facilities** to enhance the yield in operations and reduce cycle times.

All interventions of DAA are driven by six themes to set up a scaled data-tech backbone:

- ▶ Sensorisation of critical manufacturing and utility equipment
- ▶ Edge note setup to facilitate data processing and cloud upload for network wide use-case scale up
- ▶ Cloud enterprise data lake to facilitate real-time decision making
- ▶ Cyber security in line with best practices to protect additional data
- ▶ Deployment of machine learning operations to build advanced analytics models
- ▶ Strong partnerships by creating a vendor ecosystem for high quality data stack deployment

**In FY 2022-23, Cipla's Indore Oral Solid Dosage (OSD) facility has been designated as an 'Advanced Fourth Industrial Revolution (4IR) Lighthouse' by the World Economic Forum.**

**Indore's OSD facility led this journey with 30+ Industry 4.0 use cases, spanning Industrial Internet of Things, Digital Advanced Analytics, Natural Language Processing, Robotic Process Automation, etc. These revolutionary technologies resulted in 23% rise in productivity, 28% decrease in specific greenhouse gas emissions and quality enhancement.**

During FY 2022-23, we invested in the following projects as a part of our technology and automation initiatives:

Project	Description	Benefits	Locations
Roll compactor	New Roller Compactor for transformation of product from wet granulation to dry granulation technology.	<ul style="list-style-type: none"> <li>▶ Improved operational efficiency</li> <li>▶ Lower carbon footprint</li> <li>▶ Improved quality</li> </ul>	Baddi
Project Lighthouse - continuous manufacturing	Implementation of end-to-end continuous manufacturing line as part of Project Lighthouse under Industry 4.0 initiative.	<ul style="list-style-type: none"> <li>▶ Integrated processes</li> <li>▶ Increased efficiency</li> <li>▶ Improved quality</li> </ul>	Goa
Process and engineering automation	Integration of field instruments with automated systems for controlling and electronic recording of temperature, humidity and pressure.	<ul style="list-style-type: none"> <li>▶ Robust and real time process control systems</li> <li>▶ Digitisation and better data analytics</li> <li>▶ Improved operational efficiency</li> <li>▶ Improved quality</li> </ul>	Kurkumbh, Virgonagar, Bommsandra and Patalganga
Replacement of Equipment	Replacement of Centrifuges, Vacuum Tray Dryers and Fluid Bed Dryers with Agitated Nutsche Filter Dryers and Rotocone Vacuum Dryers.	<ul style="list-style-type: none"> <li>▶ Safe material handling</li> <li>▶ Improved operational efficiency</li> <li>▶ Increased capacity</li> </ul>	Kurkumbh, Virgonagar, Bommsandra and Patalganga
Packing Line Automation	Automation of primary and secondary packing lines activities through the use of Carton Collators, Bottle Case Packers and Automatic Case Packers.	<ul style="list-style-type: none"> <li>▶ Reduced manual intervention</li> <li>▶ Cost savings</li> <li>▶ Improved productivity</li> </ul>	Patalganga, Baddi and Goa
Rotary Sifters	Replacement of mechanical sifters with Rotary Sifters to sieve powders at high capacity.	<ul style="list-style-type: none"> <li>▶ Reduced manual intervention</li> <li>▶ Reduced risk of contamination</li> <li>▶ Increased capacity</li> <li>▶ Improved safety and cleanliness</li> </ul>	Goa, Indore and Sikkim
Manufacturing Automation	Implementation of Supervisory Control and Data Acquisition system, eTrack system and Electronic Batch Records for equipment control, material tracking and compiling batch production data.	<ul style="list-style-type: none"> <li>▶ Robust and real time process control systems</li> <li>▶ Reduced manual intervention</li> <li>▶ Improved data accuracy</li> </ul>	Indore and Sikkim
Dynamic Work Allocation Tool	Automation of work allocation on sites to avoid redundancy of activities.	<ul style="list-style-type: none"> <li>▶ Efficient workforce utilisation</li> </ul>	PAN India
Robotic House Keeping	Installing robotic housekeeping machines in place of floor cleaning machine with ride on cleaners.	<ul style="list-style-type: none"> <li>▶ Zero manual intervention</li> <li>▶ Reduced resource consumption</li> <li>▶ Improved safety and cleanliness</li> </ul>	Indore
Co-Mill Equipment	Replacement of multi mills with co-mill that generates comparatively lower heat which ensures high quality milling.	<ul style="list-style-type: none"> <li>▶ High quality milling</li> </ul>	Kurkumbh and Patalganga

<sup>3</sup> Information in line with BRSR Question no. 1 under essential indicators of Principle 2 and Question no. 6 under leadership indicators of Principle 6

<sup>4</sup>GRI 3-3

## Product quality and safety<sup>5</sup>



### Quality targets for FY 2023-24

- All time audit readiness
- Closure of investigations and regulatory audit observations within defined timelines
- On time regulatory filings
- Ensure Right First Time for manufactured batches
- Improving effectiveness of Corrective and Preventive Actions (CAPA)
- Minimising microbiological excursions by enhancing sterile work practices
- Improving quality culture in the organisation

### Cipla majorly achieved all the quality targets set for FY 2022-23

#### Quality highlights:

<b>98</b> Client audits held	<b>76</b> Internal audits held
<b>30</b> Regulatory inspections conducted	<b>Zero</b> Observations on data integrity

### Quality focus Areas

Our main focus areas in building and maintaining a culture of quality within the organisation are as follows:

<b>Product life cycle management</b>	<b>Organisation-wide quality culture</b>	<b>Automation and digitisation</b>
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The quality of our products and the safety of our consumers is of paramount importance to us. The Quality Assurance team oversees strict adherence to our Standard Operating Procedures (SOPs) and policies, ensuring quality compliance throughout the product lifespan.

We also assess the quality standards of our vendors, suppliers and CMOs to verify their adherence to our internal SOPs, cGMP requirements and industry-leading benchmarks.

In FY 2022-23, we received eight Form 483 observations for our manufacturing facilities situated at Indore and Goa each. Our Goa facility continues to be under Official Action Indicated (OAI) status.

### Effective product life cycle management

#### Product testing

At Cipla, we conduct product quality testing in-house, following approved specifications and methods. Our manufacturing units are equipped with specialised Quality Control laboratories dedicated to testing materials and drug products using advanced instruments. These advanced instruments, such as high performance liquid chromatography, gas chromatography, infrared spectroscopy and liquid chromatography mass spectrometry ensures precise and reliable results. All test methods comply with relevant pharmacopeial and regulatory requirements, upholding industry standards.

The drug products undergo a range of tests, including Assay, Impurities and performance-oriented assessments. Moreover, we proactively conducts precautionary testing for emerging quality and safety concerns, such as Nitrosamine testing for high-risk formulations and APIs.

#### Combating counterfeiting of medicines

We are dedicated to combating counterfeit medicines and mitigating the associated risks to patients' health and our reputation. Our comprehensive measures include automated tracking and tracing systems, falsified medicine directive for EU products and serialisation on US-bound packaging. Coding systems like 'pharmacode' or 2D codes on secondary packaging further deter counterfeit drug distribution. Suspected counterfeit samples are thoroughly analysed by comparing them to reserved samples. If counterfeiting is confirmed, we promptly notify the marketing authorisation holders, customers, regulatory bodies and relevant authorities, ensuring effective resolution.

#### Product recalls

In FY 2022-23, we conducted ten voluntary recalls on account of stability failure, internal review findings and as part of compliance to USFDA findings and three forced recalls on account of FDA Notification received for batch not meeting the specifications. Out of these two recalls were under Class

I category and seven were under Class II category. In total, 58 batches of products were recalled this year, consisting of 30,453 units (for closed recalls). Following the implementation of our CAPA measures, no recalls reoccurred throughout the year.<sup>6</sup>

#### Safe product destruction

We ensure strict adherence to established procedures and SOPs to guarantee the secure destruction of products. Our hazardous waste which includes off specification or expired products is managed in compliance with the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. A designated officer oversees product deactivation, ensuring proper procedures, meticulous record-keeping, and compliance with guidelines. All our sites have authorisation from respective state pollution control boards to dispose waste through waste disposal facilities and tie ups, such as cement plants for co-processing of waste.

### Pharmacovigilance

Our pharmacovigilance team proactively monitors trends and developments to improve our products' risk-benefit profile. We maintain regular engagement and conduct awareness programmes to promote patients' health and safety. During the year, our pharmacovigilance system expanded globally, with a focus on establishing operations in Brazil and extending our reach to China. Moreover, we are actively reorganising our system in the SAGA countries and Australia. During the year under review, an on-site pharmacovigilance inspection was conducted by the Ministry of Health of the Republic of Kazakhstan, no critical observations were reported.

As a part of risk minimisation measure and regulatory requirement, we implemented Cipla Lenalidomide Pregnancy Prevention Programme in Europe, including an Electronic Prescription Authorisation system in Australia.

#### Our adverse event reporting compliance reached 99.59% in FY 2022-23.

We offer dedicated phone lines and mailboxes through which patients, healthcare professionals and other stakeholders can reach out to us in the event of any adverse effects. The adverse event reporting guidance is available on our website at [www.cipla.com/sites/default/files/Guidance-on-adverse-event-reporting.pdf](http://www.cipla.com/sites/default/files/Guidance-on-adverse-event-reporting.pdf)

### Enhancing organisation-wide quality culture

We aim to build a strong quality culture that helps us meet the expectations of our customers and healthcare professionals.

**TRUST:** Towards a Robust, Unified and Sustainable (quality) Transformation is a programme that aims to achieve quality transformation within Cipla, covering 25 units across Formulations and API in India. Through TRUST, we aim to improve the quality of our products through behavioural change, peer learning, encouraging engagement and capability development.

Additionally, we continue to sustain our journey towards technical capability building by running academies such as Gurukul Learning Academy, Respiratory Academy, Lean Six Sigma Academy, Manufacturing Science and Technology Group Academy, Engineering Academy and Digital Advanced Analytics Academy.

We also conduct comprehensive quality control trainings to augment our commitment to maintain quality standards.

To optimise manufacturing efficiency and promote technical expertise within our organisation, a total of 50 quality control analysts participated in specialised training programmes. These comprehensive programmes, spanning a total of 21 days, aimed to enhance our analysts' internal technical capabilities and ensure a holistic learning experience through theory, practical exercises and hands-on training.

### Embracing digitisation and automation<sup>7</sup>

#### Quality reimagination

We are currently on a transformative quality reimagination journey, recognising the potential of digitisation and automation in revolutionising quality management. By leveraging technology and innovation, we are redesigning our quality processes to ensure high standards of efficiency, accuracy and effectiveness.

As part of our quality reimagination initiative, we have four ongoing projects

to boost productivity, minimise errors and ensure compliance. These include implementation of an Electronic-Test Data Sheet for paperless quality control operations, digitisation of the Annual Product Quality Review process, usage of Mobile Cobots for automated clean room microbial monitoring and automating analysis of Delivered Dose Uniformity for Metered Dosage Inhaler.

#### Quality management system (QMS)

We have implemented robust quality management processes using TrackWise system, our internal software platform that digitises and automates QMS data for various functions. These includes Complaint Management, Deviation Management, CAPA, Laboratory Non-Conformance, Laboratory Incidence, External Audit Management and Contract Laboratory Audit Management.

During the year, Deviation management and CAPA management modules have been rolled out in all our warehouse depots.

**In FY 2022-23, we also introduced CLEEN, a cleaning validation software system** that manages the entire lifecycle of cleaning validation, generating protocols, coordinating execution and providing interim and final summary reports. CLEEN also includes a tool for risk identification, analysis and evaluation, aiding effective decision-making. Additionally, we enhanced our Laboratory Information Management System to enable auto reconciliation of stability and retention samples.

#### Quality risk management (QRM)

Cipla maintains a steadfast commitment to QRM throughout the organisation, adhering to stringent industry regulations. We leverage advanced analytics to closely monitor and control the error rate in our quality operations. We have developed an analyst allocation tool that analyses various data sets and test results, minimising the likelihood of errors. This tool has been successfully implemented across all Cipla India sites, ensuring consistent and accurate quality operations. Moreover, we have established dedicated QMS, in line with US Code of Federal Regulations (21 CFR Part Four) for drug-device combination products, including specialised SOP for

risk management of medical devices and combination products.

To streamline our QRM process, we have simplified 151 critical SOPs and achieved a reduction of 200 SOPs. We have also conducted effectiveness checks on identified corporate SOPs to ensure improved compliance at sites.

### Data integrity and security<sup>7</sup>

At Cipla, we prioritise data integrity and security by implementing policies and guidelines within the Information Security Management System (ISMS). In order to address certain crucial areas like cyber security, data privacy, acceptable usage and incident management, we have implemented 25 ISMS policies and guidelines which offer clear instructions to users, guiding them on how to handle and respond to cyber security incidents and outlining the consequences of policy violations. These policies are updated annually and are available to employees via the intranet network.<sup>8</sup>

We adhere to industry-leading security practices and standards certified by organisations such as the National Institute of Standards and Technology, International Organisation for Standardisation (ISO 27001), Open Web Application Security Project and Enterprise Digital Risk Management.

We also have a Disaster Recovery Plan in place for data security, availability and integrity. This plan undergoes an annual internal test.

In FY 2022-23, we conducted three rounds of Internal Vulnerability Assessment and two External Penetration Tests to identify and address potential vulnerabilities. To facilitate this process, a vulnerability management platform was implemented to track and resolve reported vulnerabilities. Our Security Operations Centre leverages an Extended Detection and Response platform for 24 x 7 monitoring and reporting of incidents. Notably, no cybersecurity incidents or data breaches were reported during this period.<sup>9</sup>

For further information on the Company's cyber security measures and enhancements made during the year, please refer to the Enterprise Risk Management section on page no. 46 of our annual report.

<sup>5</sup> GRI 3-3  
<sup>6</sup> GRI 416-2 and Information in line with BRSR Question no. 4 under essential indicators of Principle 9

<sup>7</sup> GRI 3-3  
<sup>8</sup> Information in line with BRSR Question no. 5 under essential indicators of Principle 9  
<sup>9</sup> GRI 418-1 and Information in line with BRSR Question no. 5 under leadership indicators of Principle 9



# Intellectual Capital

## Strategic focus areas



Investment in Research & Development



Innovation



Digitisation



## Highlights



**₹ 1,344 crores**

R&D expenditure for FY 2022-23<sup>1</sup>



**266**

Cumulative ANDAs and NDAs<sup>2</sup>



**1,704**

Cumulative DMFs



**150**

Cumulative US DMFs



**78**

New products launched in FY 2022-23



**303**

Patents granted till 31<sup>st</sup> March, 2023

### Our intellectual capital philosophy<sup>3</sup>

We are committed to building, safeguarding and strengthening our research skills and stimulating innovative thinking throughout our organisation, which allows us to pursue operational excellence and value creation for our stakeholders around the world.

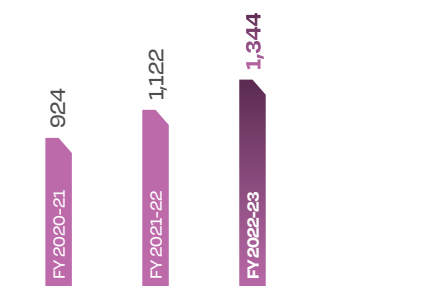
### Driven by research and development<sup>4</sup>

At Cipla, accretion of our intellectual capital is spearheaded by our Integrated Product Development (IPD) function, comprising of over 1,600+ dedicated employees who have been playing a crucial role in developing our portfolio. In FY 2022-23, we invested 5.9% of our consolidated revenue to empower and enhance our R&D capabilities. This investment is targeted towards building our product portfolio, services and processes such that they are more effective for our patients and kinder to our planet.

### Our R&D spend increased by almost 20% year-on-year (YoY)

Details of our R&D expenditure over the years are as follows:

#### R&D expenditure (₹ in crores)



The Company's five state-of-the-art R&D facilities are located at New York in USA and at Maharashtra and Karnataka in India.

#### Enhancing R&D competencies

To ensure that our R&D employees stay up to date in the ever evolving and dynamic industry, we take several initiatives to develop their competencies throughout the year.

In FY 2022-23, we provided 7,000+ hours of learning and training to our IPD team. This included external and internal speaker sessions on a variety of complex and pertinent topics. We also offered short online courses to improve our employees' soft skills. Training was also imparted on biosafety and good laboratory practices to our Cell Biology Team.

### Building our intellectual property<sup>5</sup>

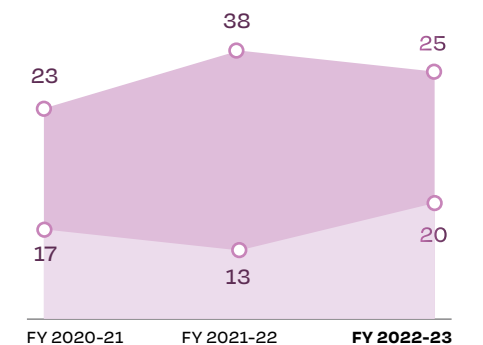
We file patents in both national and international markets for following newer:

- ▶ Products
- ▶ Processes
- ▶ Medical devices
- ▶ Drug delivery systems
- ▶ Solid forms
- ▶ Drug re-purposing

We adopt a flexible approach in enforcing our patent rights for select therapies and geographies. This allows for greater accessibility of medicines in underdeveloped and underserved markets, keeping in line with our ethos of promoting healthcare accessibility.

During FY 2022-23, we did not file any patents in low-income economies.<sup>5</sup>

- Patents granted
- Patents filed



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

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

<sup>3</sup> GRI 3-3

<sup>4</sup> GRI 3-3 and Information in line with BRSR Question no. 1 under essential indicators of Principle 2.

<sup>5</sup> Low income economies as identified by World Bank

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

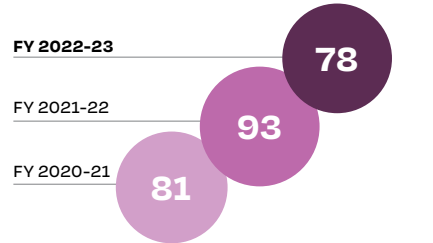
The Company does not own or acquired any intellectual property based on traditional knowledge. As such, during the year, there were no adverse orders received by the Company in intellectual property related disputes involving the usage of traditional knowledge.<sup>6</sup>

### Our Product Portfolio

As part of our ongoing efforts to streamline our product development process, in FY 2022-23, we focused our resources on developing high-value products that have the potential to make a difference in the lives of our customers.

Details of our product launches in recent years are as follows:

#### New products launched



#### Geography-wise product launches in FY 2022-23:

India	12
USA	9
Europe	20
South Africa and Global Access	10
Emerging Markets	27
<b>Total</b>	<b>78</b>

### Key product launches

- Lenalidomide capsules** - In line with our pursuit of improving access to high quality life-saving treatments, we launched Lenalidomide capsule 5 mg, 10 mg, 15 mg and 25 mg in US market. Lenalidomide is a prescription drug indicated for several blood-related malignancies in adults, including Multiple Myeloma, a type of bone marrow cancer.
- Leuprolide Acetate injection** - Leuprolide Acetate injection depot was approved by the United States Food and Drug Administration (US FDA) based on a New Drug Application (NDA) submitted under the 505(b)(2) regulatory pathway. Leuprolide Acetate for depot suspension is indicated in the palliative treatment of advanced prostatic cancer administered via intra-muscular route of administration. It is supplied as lyophilised microspheres in a single dose vial as a kit with pre-filled syringe and a transfer device.
- Palbociclib capsules** - Palbociclib capsules are used to treat patients with certain types of breast cancer which have spread to other organs. It is administered together with hormonal anticancer therapies.
- Phytonadione Emulsion injection** - Phytonadione Emulsion is a complex injection that treats bleeding or blood clotting problems caused by Vitamin K deficiency.
- Pirfenidone tablets** - Pirfenidone is used for the treatment of idiopathic pulmonary fibrosis, a serious chronic disease that affects the tissue surrounding the air sacs (alveoli) in the lungs. This drug helps in prolong progression-free survival.
- Sacubitril Valsartan Tablets** - Sacubitril and Valsartan combination is used to treat heart failure. It reduces the risk of hospitalisation and death due to

chronic heart failure. This is a vertically integrated product with an in-house Active Pharmaceutical Ingredient (API).

- Ceftazidime Avibactam injection** - Ceftazidime Avibactam solution for infusion is an antibiotic medicine, which may be used alone or in combination with other antibiotics like metronidazole to treat severe bacterial infections of the lungs, stomach and urinary tract in both children and adults. It was launched within a span of three months in the Antimicrobial Resistance category.
- Apixaban tablets** - Apixaban is an anticoagulant or blood thinner. It helps prevent and treat blood clots in the legs, lungs, brain and heart, thereby, significantly reducing the risk of strokes and heart attacks.
- Cippoint** - Cippoint is an innovative point-of-care device for rapid detection of various health conditions. This quantitative analyser delivers test results within 3 to 15 minutes, covering a wide range of parameters such as cardiac markers, diabetes, infectious diseases, fertility, etc. Its automated system and user-friendly interface make it suitable for diverse healthcare settings, including rural areas, mobile healthcare vans and remote locations with limited infrastructure.

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

Cipla partners with regulatory authorities worldwide to remain aligned with global best practices around innovation, scientific discussions, prioritisation filing and lifecycle management of Drug Master File (DMF), Abbreviated New Drug Application (ANDA), NDA and Marketing Authorisations. A list of regulatory bodies we engage with is highlighted below:

- United States Food and Drug Administration (USFDA)

- Brazilian Health Regulatory Agency (ANVISA)
- Medicines and Healthcare Products Regulatory Agency, UK
- National Medical Products Administration, China
- World Health Organisation
- Drug Controller General of India
- Therapeutic Goods Administration, Australia
- South African Health Products Regulatory Authority

We also participate as experts in the standard setting processes of European Directorate for the Quality of Medicines and Healthcare and the United States Pharmacopeia for globally acceptable standards.

### Collaborating towards innovation

During FY 2022-23, Cipla collaborated with other renowned pharma players and academic institutions to augment its R&D capabilities, enhance disease diagnosis, improve manufacturing efficiency and strengthen development of drug device combination products.

### Collaborations to improve disease diagnosis and product development:

Cipla collaborated with Metropolis Labs to conduct validation studies for point-of-care diagnostic platform with more than 30 tests. We also initiated collaboration with National Burns Centre, Mumbai for skin permeation and biomarker analysis of dermal formulations using normal and adversely affected skin models. Cipla also extensively collaborated with institutions like Spectra Data Services Lab, USA for Aluminium nuclear magnetic resonance, Institute of Chemical Technology, Mumbai for peptide development and National AIDS Research Institute for validation of point-of-care tests for infectious diseases.

**Collaborations to improve efficiencies in manufacturing:** Cipla collaborated with an external vendor to develop an on-line scanning technique using X-ray to achieve 100% inspection of 'very low dose powder' in blister pockets. This has helped us ensure dose weight accuracy. Cipla also collaborated with an excipient company for focused development to achieve 50% reduction in tablet weight. This initiative resulted in a 40% reduction in excipient cost, as well as significant reduction in process time.

### Collaborations to strengthen our development in drug device combination products:

Cipla collaborated with packaging companies for design history file and reliability studies for emergency products required for drug device combinations. Cipla also collaborated with multiple companies to develop capabilities for inhaled anti-asthmatic drugs which involved working on blister and device assembly line, powder filling technology, device multiple mould development, assessing breathing profiles and developing in-vitro in-vivo characterisation.

### Collaboration with academic institutions:

Cipla partnered with Indian Institute of Science, National Chemical Laboratory, Raja Ramanna Centre for Advanced Technology, Indian Institute of Chemical Technology, Indian Institute of Technology and few other institutions for solid state studies, novel polymorph and peptide characterisations.



More details on Partnerships and Acquisitions during FY 2022-23 are highlighted in the Relationship Capital section.

### Our regulatory filings

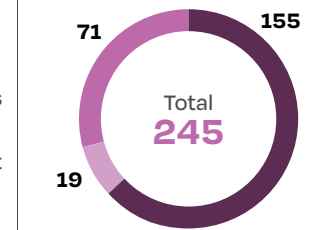
Details on our regulatory filings are mentioned below:

#### ANDA for FY 2022-23

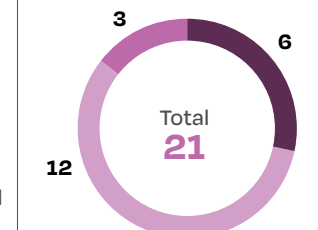
Filed	Approved
14*	7*

\*Including US PEPFAR

### ANDA and NDA portfolio and pipeline as on 31<sup>st</sup> March, 2023\*\*



- Approved ANDAs
- Tentatively Approved ANDAs
- Under Approval ANDAs



- Approved NDAs
- Tentatively Approved NDAs
- Under Approval NDAs

\*\*Includes under approval, tentatively approved and approved ANDAs, NDAs, PEPFAR ANDAs & NDAs for Cipla Limited, InvaGen Pharmaceuticals Inc. and Partners

### DMF's and Dossier's for FY 2022-23:

	DMF's Filed	Dossier's Filed	Dossier's Approved
India	4	12	7
USA	15 <sup>7</sup>	13	6
Europe	18 <sup>8</sup>	14	30
South Africa and Global Access	11 <sup>9</sup>	100	112
Emerging Markets	410 <sup>10</sup>	131	115
<b>Total</b>	<b>458</b>	<b>270</b>	<b>270</b>

**42% of medical products filings of Cipla (drugs, diagnostics, medical devices, or vaccines) have been granted FDA Priority Review/EMA Accelerated Assessment (or equivalent) during last three years.**

<sup>6</sup> Information in line with BRSR Question no. 4 and 5 under leadership indicators of Principle 8

<sup>7</sup> Includes 1 amendment and 40 annual minor DMF amendments

<sup>8</sup> Includes 11 amendment

<sup>9</sup> Includes 1 new filing and 1 amendment for WHO

<sup>10</sup> Includes 83 amendments, 10 Applicant parts and 2 tenders



## Clinical research and development

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

At Cipla, Medical Affairs team regularly conducts and supports clinical trials in India and emerging markets to meet regulatory commitments, generate data that helps gain greater insights about a disease area, physician practices and patient perspectives and provide support for investigator-initiated studies (IIS).

### Highlights from FY 2022-23:

- a) Approval received for Phase I Clinical Trial of an investigational new drug for the treatment of Hepatitis B. The drug has been shown to have low systemic toxicity and improved safety profile, high barrier against resistance and low drug-drug interaction potential.
- b) Permission received to conduct Phase II clinical trial of Inhaled Antifungal Dry Powder Inhalation for Allergic Bronchopulmonary Aspergillosis in patients with asthma.
- c) Completed a total of 77 bioequivalence studies which includes 61 studies for non-respiratory products and 16 studies for respiratory products.
- d) Initiated two Respiratory Pharmacodynamic studies for Asthma and Chronic Obstructive Pulmonary Disease. These studies will be multi-centric trial that will be planned in more than 1,600 patients globally.
- e) Successfully completed a Patient Pharmacokinetics study on breast cancer patients and submitted the associated data to regulatory agencies for review.
- f) Received a favourable response from US FDA on seven Pre-

Investigational New Drug Applications, of which preclinical studies are currently ongoing for two products.

- g) Conducted 23 clinical trials in India involving more than 1,000 patients from nearly 100 hospitals and clinics across India. Eight of the trials were completed, with seven in respiratory diseases and the others in hematology, diabetes, cardiology, infectious diseases and autoimmune diseases.
- h) Completed largest real-world study of 800+ patients on a diabetes drug and two studies of 200+ patients on Cipla's unique inhaler device, Synchronbreathe.
- i) 12 papers were published in leading medical journals and 20 presentations were made at leading conferences in Asia and Europe in multiple therapeutic areas such as respiratory, infectious diseases, diabetes, urology, dermatology and ophthalmology.

### Innovation led developments<sup>11</sup>

In the pursuit of innovation and sustainability, Cipla focuses on initiatives to drive process developments and efficiency. Through robust management practices, Cipla ensures optimisation of resources, reduction of costs and adherence to environmentally conscious methodologies. The details of specific endeavours undertaken in the domains of API, formulations and process advancements are presented below:

#### 1. API

- a) **Impurity synthesis:** The Company has a well-equipped in-house laboratory with experts for synthesising peptide-related impurities such as degradation impurities, drug-drug interaction impurities, isomers, etc. We have successfully synthesised many complex peptide impurities to avoid high cost contribution. These impurities are crucial for ANDA filings and approvals.

- b) **Peptide development and characterisation:** Leveraging our in-house peptide synthesis capability, we have developed a five membered complex amino acid peptide molecule and subsequently filed a DMF. Along with Peptide API development, several complex peptide impurities were prepared to support ANDA filing activity, which resulted in monetary savings of approximately ₹ 1.2 crores. We have also strengthened our peptide characterisation techniques such as circular dichroism, fluorescence spectroscopy, amino acid analyser etc.
- c) **Solvent reduction:** We targeted solvent reduction for five high volume API molecules during FY 2022-23 and on an average 30-40% solvent usage has been reduced in the manufacturing process, thereby reducing cost and environment pollution.

#### 2. Formulation

By analysing the supply chain from raw material evaluation to product disposal, we identify areas where we can make more sustainable choices. A few such efforts are listed below:

#### Green initiatives

- a) Through our efforts in developing an alternative coating material, we were able to eliminate Class 2 organic solvents from the product coating process for one of our products and replace it with aqueous coatings. This breakthrough helped in preventing the use of hazardous solvents in our finished products manufacturing. This will result in a reduction of use of 10 metric ton of Iso-propyl alcohol (IPA) and 10 metric ton of Class 2 organic solvents annually.
- b) We developed a process that replaced the existing two stage – seal coating and film coating, with a single stage coating for one of our products, thus saving significant time and cost.

This resulted in reduction in use of 94.6 metric tonne IPA annually and a total material cost reduction of ₹ 1.75 crores annually. We also attained a 40 % reduction in process time, amounting to 13,380 hours.

#### Analytical initiatives

- a) Efforts have been taken to reduce the sample size considerably in tests such as residual solvents, to reduce chemical waste post analysis such as sample size from 0.5 gm/1gm to 0.2 gm).
- b) Initiatives have been taken to consider replacement of normal phased chiral methods with reverse phased chromatography to replace solvents like Toluene and Dichloromethane.
- c) High throughput high performance liquid chromatography system with dual channels, which uses a second pump to improve quantification capabilities compared to a single-channel instrument, are utilised to unlock substantial productivity gains, thus saving time and resources without compromising analytical performance.

#### 3. Process developments

- a) **Optimisations:** In FY 2022-23, we carried out process optimisation for two inhaler products that resulted in the complete removal of the 'ball milling process'. As a result of this optimisation, we have saved 12 manufacturing hours per batch of product produced. Additionally, we optimised the lyophilisation cycle for injectable formulation, which helped in undertaking trouble-free execution of various products.
- b) **Process Analytical Technology (PAT):** The implementation of PAT has allowed us to conduct Blend Uniformity (BU) testing in real-time during the blending process. This means, we no longer need to perform the BU test offline at the

end of the process. By using inline BU PAT, we can reduce analytical costs, waiting time and improve the robustness of our products through real-time monitoring. PAT was successfully implemented at our Indore plant for two commercial oral solid dosage products.

- c) **Automated Thin Layer Chromatography (TLC) Plate Reader:** TLC is a technique used to separate and analyse mixtures of chemicals. With this device, scientists can obtain mass spectra directly from the TLC plates, allowing them to identify the substances in very short time. It is connected to our high-performance liquid chromatography and ADVION mass analyser, enabling real-time identification of closely eluting impurities. This reduces dependency on liquid chromatography mass spectrometry and helps elute targeted impurities in desired concentrations.
- d) **Drug device development:** During the year, we developed additional capability on an existing complex and high value blister filling machine for dry powder inhalation by modifying its filling head, which resulted in significant time saving and cost saving by eliminating the need to invest in a new technology.

#### Digitisation and automation<sup>12</sup>

At Cipla, we continue to leverage the latest technological developments in our R&D and product development initiatives which helps the Company to make a tangible difference in its operations and profitability. The Company's powerful digital platforms played a crucial role in assisting operations to run without any disruptions. Few of the initiatives are listed below:

- a) **Internet of Things (IoT):** IoT technology has been implemented successfully, resulting in error-free reports and data. All-important laboratory databases/instruments

are now connected, creating a central data lake, enabling the data analytics.

- b) **Data analytics for labs:** Various analytics dashboards were created using the scientific data generated through the Electronic Lab notebook and other databases connected through IoT. Data analytics provides real time insights to scientists and supports robust data-driven decisions.
- c) **Modelling and Simulation (M&S):** We continued to explore the varied opportunities in the area of M&S. Multiple pilots projects were run in molecular based modeling to develop the mechanistic models of various manufacturing processes of formulation development. This helps in reducing the resource usage, timelines of formulation development and generate a knowledge base supporting the product life cycle.

#### Combating Antimicrobial resistance

Antimicrobial resistance (AMR) is a global health threat that is caused by the emergence and spread of drug-resistant pathogens. Cipla is committed to tackling AMR by developing antimicrobials across different classes for high-priority resistant pathogens.

In FY 2022-23, we evaluated 50+ antibacterial and antifungal molecules against highly problematic pathogens listed by WHO, of which six have been selected for further development over the next five years. **We also launched ceftazidime-avibactam intravenous formulation (CipCZA) in India, which is a valuable new treatment option for serious and difficult-to-treat bacterial infections.**

During FY 2022-23, physical on-site audits were completed at our manufacturing sites located at Goa, Sikkim and Baddi and reviews were conducted for our overseas manufacturing sites for evaluating risk of AMR.

<sup>11</sup> GRI 3-3

<sup>12</sup> GRI 3-3



# Human Capital

## Strategic focus areas



Human Resource Development



Creating Leaders for the Future



Promoting Diversity



Employee Health & Safety



### Highlights:



**70,000+**  
hours

Devoted to volunteering activities

**Great Place to Work**

Certified 5 years in a row



Awarded at SHRM for  
**Excellence in Developing Leaders of Tomorrow and Excellence in Health and Wellness Initiatives**



**25%**

Of Top Management are women employees



**28.69**

Overall average training hours per person



**81%**

Succession cover for senior management critical roles



**Zero**

fatalities across manufacturing facilities

Awarded Economic Times HR Capital Awards for  
**Excellence in HR Digital Transformation and Excellence in Health and Wellness Initiatives**

### Our human resource philosophy<sup>1</sup>

At Cipla, we recognise that our employees are the cornerstone of our success and integral to meeting our long-term business success goals. We are committed to investing in our people, providing them with the right set of skills, opportunities and an enabling environment to thrive.

Central to our ethos is cultivating an inclusive work culture that values the aspirations of our employees and empowers them to embrace boldness and innovation. We are dedicated to nurturing well-rounded careers that prioritise respect, care and purpose.

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

### Our diverse workforce<sup>2</sup>

Building a diverse workforce is at the heart of Cipla's human resource ethos, and we take immense pride in our workforce representing various nationalities, socio-economic backgrounds, genders and unique abilities. With a workforce spread across 17 countries and 6 continents, our diverse team brings invaluable knowledge and insights into medical care, allowing us to prioritize patient well-being across different geographies.

In addition to our permanent workforce, we also employ workers on a temporary contractual basis for on-site roles such as packaging, operational line-work, loading/unloading etc.

Category	<30 years		30- 50 Years		> 50 years		Male	Male %	Female	Female %	Total
	Male	Female	Male	Female	Male	Female					
<b>Permanent Employees</b>											
Top Management	-	-	5	1	4	2	9	75.00	3	25.00	12
Senior Management	-	-	86	14	68	12	154	85.56	26	14.44	180
Middle Management	284	79	3,906	536	193	59	4,383	86.67	674	13.33	5,057
Junior Management	7,847	1,207	8,249	1,284	164	74	16,260	86.37	2,565	13.63	18,825
Associates/Non-Management	21	23	186	76	113	29	320	71.43	128	28.57	448
Indian Subsidiaries	420	92	974	234	60	7	1,454	81.37	333	18.63	1,787
<b>Permanent Workers</b>											
Workers	3	-	121	38	102	42	226	73.86	80	26.14	306
<b>Total Permanent Workforce (a)</b>	<b>8,575</b>	<b>1,401</b>	<b>13,527</b>	<b>2,183</b>	<b>704</b>	<b>225</b>	<b>22,806</b>	<b>85.69</b>	<b>3,809</b>	<b>14.31</b>	<b>26,615</b>
<b>Non-Permanent Employee</b>											
Non-Permanent Employee	1,583	561	1,655	308	57	10	3,349	78.28	892	20.85	4,278
<b>Non-Permanent Worker</b>											
Non-Permanent Worker	3,678	779	2,507	842	215	41	6,400	79.38	1,662	20.62	8,062
<b>Total Non-Permanent Workforce (b)</b>	<b>5,261</b>	<b>1,340</b>	<b>4,162</b>	<b>1,150</b>	<b>272</b>	<b>51</b>	<b>9,749</b>	<b>79.00</b>	<b>2,554</b>	<b>20.70</b>	<b>12,340</b>
<b>Grand Total (a)+(b)</b>	<b>13,836</b>	<b>2,741</b>	<b>17,689</b>	<b>3,333</b>	<b>976</b>	<b>276</b>	<b>32,555</b>	<b>83.57</b>	<b>6,363</b>	<b>16.33</b>	<b>38,955</b>

Note: There are 104 Non-Permanent employees whose gender and age data has not been collected in compliance with GDPR in Europe and Civil Rights Act (& State Equivalents) in USA and hence are not bifurcated in the above information table.

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

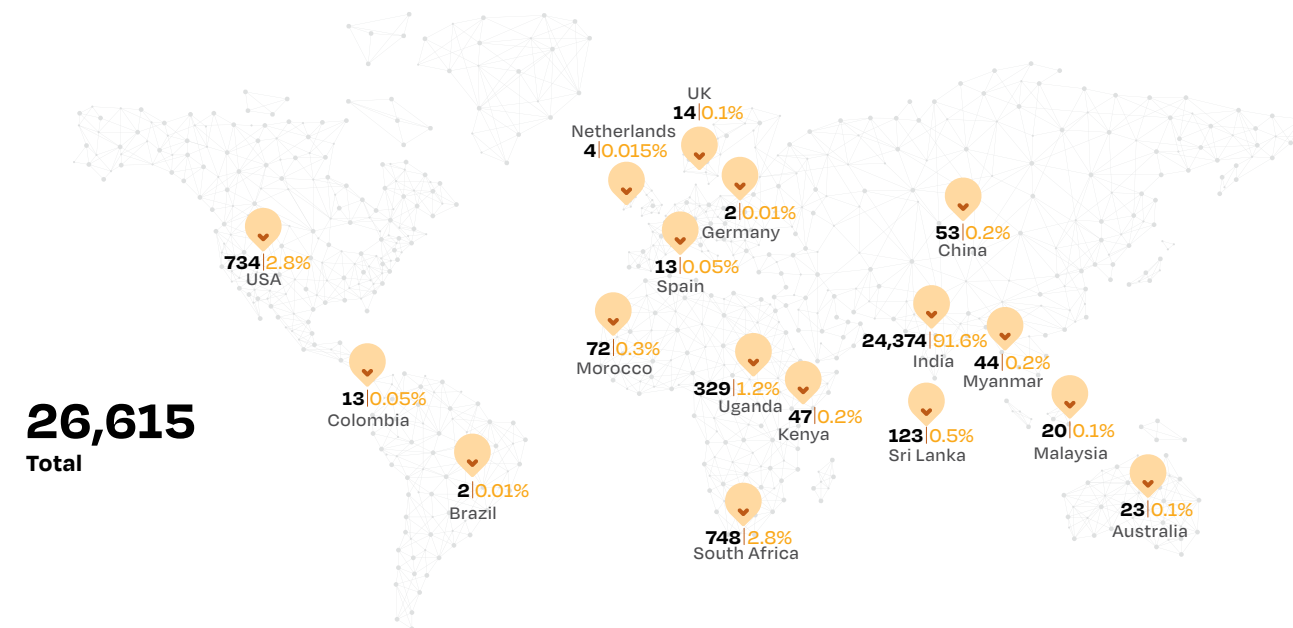
Particulars	Total	Male		Female	
		Nos.	%	Nos.	%
Permanent Employees	8	7	87.50	1	12.50
Permanent Workers	1	1	100.00	-	-
<b>Total Differently Abled Employees and Workers</b>	<b>9</b>	<b>8</b>	<b>88.89</b>	<b>1</b>	<b>11.11</b>

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

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

<sup>3</sup>Information in line with BRSR Question no. 18(b) of Section A

### Country-wise headcount for permanent employees and workers as on 31<sup>st</sup> March, 2023<sup>4</sup>



### Holistic human development<sup>5</sup>

We firmly believe in all-round human capital development and we continue to remain committed to providing all our employees with a rich holistic experience during the entire span of their tenure with us and beyond. We recognise that investing in the growth and development of our workforce is essential for their individual success, as well as for the long-term success of our organisation. We have institutionalised several cutting edge practices and processes that enable meaningful careers at Cipla through:

1. Identifying and acquiring the right talent
2. Learning and Development – towards a future-ready workforce
3. Growing careers
4. Enriching employee experience
5. Fostering a diverse and inclusive workspace
6. Harmonious employee relations and strong compliance orientation

#### 1.

#### Identifying and acquiring the right talent



**ALIVE (Aspire, Learn, Innovate, Voice and Engage)** is our flagship campus hiring programme designed to attract top talent from premier institutes nationwide. It includes both management and technical roles across various functions such as sales, technical operations and R&D.

Under ALIVE, we also have the Young Managers Programme (YMP) aimed at nurturing future leaders. In 2022, we introduced the Management Trainee learning journey, a 6-month programme that exposes participants to functions such as Commercial, Technical Operations, Corporate Functions as well as Cipla Foundation. This programme provides a solid foundation for young talent as they begin to shape their careers at Cipla.

The Cipla Ascend – B School case study competition, besides many other campus engagement initiatives, was successfully launched in FY 2022-23, which bolstered our brand and significantly enhanced our attractiveness to the young graduates.

No. of hires - ALIVE	FY 2022-23
Tech IPD	18
Tech M&Q	72
YMP	18
<b>Total</b>	<b>108</b>

#### NEEV

NEEV is a 4-year BSc (Pharmaceutical Science) programme co-created in collaboration with **BITS Pilani** to help build a sustainable pipeline of technically qualified entry level talent for our site operations. This unique programme aligns with Cipla's vision for Industry 4.0, by providing a strong foundation of theoretical and practical learning opportunities and help emerging talent build capabilities for future.

NEEV also offers a unique "learn while you earn" opportunity and helps build a strong foundation for community at large.

#### Number of candidates on-boarded under NEEV in FY 2022-23:

Gender	Count
Male	40
Female	52
<b>Total</b>	<b>92</b>

<sup>4</sup>GRI 2-7

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

**On-boarding talent**

We have completely digitised our onboarding process, which can be broadly categorised into two sets of activities: Pre-onboarding and Post-onboarding.

**Pre-onboarding:** We conduct a well-structured virtual induction programme for all new hires under the MiCipla umbrella. This induction programme serves as a vital orientation and training process, ensuring that new employees are familiarised with the organisation's values, culture, history, policies and processes.

**Post-onboarding:** WeCare is an initiative launched in FY 2022-23 to enhance employee experiences and streamline feedback collection from new joiners. Our questionnaire utilises quantified responses for actionable insights on onboarding effectiveness and sub-processes. Our onboarding initiatives are widely acknowledged and appreciated by new hires as one of the best they have ever experienced.

**Total new joiners in FY 2022-23:<sup>6</sup>**

Category	<30 Years		30-50 Years		>50 Years		Total
	Male	Female	Male	Female	Male	Female	
<b>Permanent Employees</b>							
Top Management	-	-	1	-	-	-	1
Senior Management	-	-	12	1	5	-	18
Middle Management	73	37	406	89	11	9	625
Junior Management	3,928	690	605	121	9	10	5,363
Associates/ Non-Management	10	13	29	13	6	4	75
Indian Subsidiaries	215	35	116	15	2	-	383
<b>Total</b>	<b>4,226</b>	<b>775</b>	<b>1,169</b>	<b>239</b>	<b>33</b>	<b>23</b>	<b>6,465</b>

In FY 2022-23, our average hiring cost per employee was pegged at ₹ 26,474.

**2.**

**Learning and development – towards a future-ready workforce<sup>7</sup>**

We prioritise continuous learning to foster innovation and ensure our workforce remains future-ready. Our programmes are largely anchored around four broad areas:

- ▶ Cipla University
- ▶ Cipla Leadership Essentials initiative
- ▶ The Cipla Way
- ▶ Policy and Compliance training

**Cipla university**

Cipla University (CU) is our multi-faceted learning engine, encompassing both a Functional Academy and a Leadership Academy. CU collaborates with internal leaders, external faculties and renowned educational institutes to deliver state-of-the-art learning interventions.

**Functional academy**

Our Functional Academy focuses on building functional excellence in areas such as Supply Chain, Manufacturing, R&D, Sales and Marketing and Quality, among others. This enterprise-level approach ensures the creation of future leaders within Cipla.

To embrace the digital era and stay ahead of the curve, our Digital Academy collaborates with globally renowned universities, institutions and experts to develop comprehensive learning curriculum. Initiatives like NEEV enhance our engineering capability and digital mindset, aligning with Cipla's plans for Industry 4.0. Additionally, we provide access to 24/7 content through third-party learning platforms. In FY 2022-23, there was a 2.5-fold increase in learning hours and 1.5-fold increase in the completion rate for our functional learning platforms vis-a-vis FY 2021-22.

**Leadership academy**

In line with our essential leadership traits, as well as our overall learning and development goals, we undertook the following leadership development programmes in FY 2022-23:

**Leaders as coaches**

A nine-month certification learning journey curated for business leaders with active people management roles. **19 leaders** participated in Leaders as Coaches in FY 2022-23.

**Executive presence**

A three-month certification programme customised for leaders to help them build a personal brand, project confidence and assertiveness, communicate with authority, influence senior stakeholders and present ideas to inspire.

**31 associates** have been covered as part of the programme in FY 2022-23.

**Leadx**

A programme aimed at building enterprise leadership capabilities in our managers.

**113 managers** participated in the Leadx programme in FY 2022-23.

**Leap and Ignite**

Two inhouse programmes part of our leadership academy. Leap is for

first-time managers and Ignite is for high-performing individual contributors.

**316 managers** participated in the Leap programme, and **390 employees** participated in the Ignite programme in FY 2022-23.

In FY 2022-23, our Leadership Academy's coverage increased by **192% year-on-year**, indicating the impetus being placed on leadership development.

**Cipla Leadership Essentials initiative:**

In line with the evolving dynamic scenario and to embrace Industry 4.0, it was critically important to refresh our leadership capabilities to prepare the Company for the future. To achieve this, we refreshed our Cipla Leadership Essentials (CLE), through consultations with expert councils, which are now aligned to the emerging needs of the business globally. These CLE's are aimed at inculcating essential leadership qualities and integrated with all our people processes.

**Our refreshed CLE's include:**

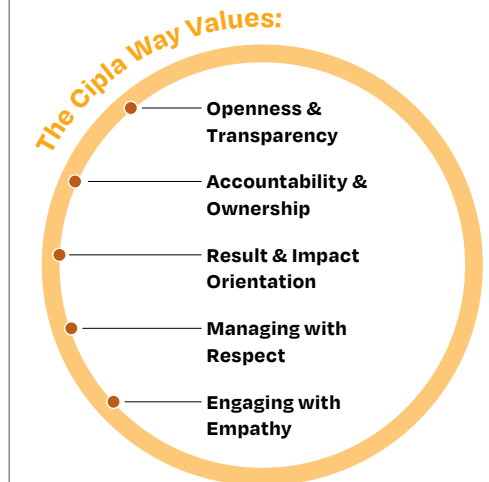
<p><b>C</b> <b>Collaborate to Succeed</b> Building partnerships and working together with others to meet shared objectives as well as building strong customer relationships and delivering customer-centric solutions.</p>	<p><b>I</b> <b>Innovate to Excel</b> Creating new and better ways for the organisation to be successful.</p>	<p><b>P</b> <b>Perform with Accountability</b> Taking on new opportunities and tough challenges with urgency, energy, and enthusiasm while also holding self and others accountable for the commitments and results</p>	<p><b>L</b> <b>Lead with Empathy</b> Gaining the confidence and trust of others through honesty, integrity, and authenticity</p>	<p><b>A</b> <b>Act with Agility</b> Actively learning through experimentation when tackling new problems, using both successes and failures as learning fodder.</p>
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Our efforts in leadership development, won accolades at the **SHRM Excellence Awards** in 2022-23 where **Cipla was recognised for its Excellence in Developing Leaders of Tomorrow.**

**The Cipla Way – Our culture refresh initiative**

We embarked on a culture refresh journey - 'The Cipla Way' - with the objective of maintaining the vitality of our Company, while reinforcing the core and fundamentals of Cipla.

**The Cipla Way is anchored around these five values which remain critical -**



The Cipla Way represents our commitment to continuously refresh and reinforce our strong and vibrant culture, which empowers and enables people to leverage their potential, to grow and contribute, and feel respected and valued.

The programme, aimed at senior leadership, included in-person workshops for 125 leaders, followed by cascade workshops conducted by the leaders for their respective teams. In FY 2022-23, a total of **325 associates** were covered under The Cipla Way initiative.

To reward and acknowledge individuals who demonstrated behaviours aligned with The Cipla Way, we introduced the **Living The Cipla Way Recognition** programme. More than **5,000 associates** across the global Cipla community were recognised under this programme.

<sup>6</sup>GRI 401-1  
<sup>7</sup>GRI 404-2

### Policy and compliance training<sup>8</sup>

Strong governance and compliance is the foundation of everything that we do in Cipla. Accordingly we focus on enhancing awareness and education of our employees on the policies, procedures and actions required to prevent both issues at the workplace and violations of the law. This encompasses Business Ethics, Pharmacovigilance, Code of Conduct, POSH and First Aid training among others. These trainings are discussed in their respective sections of this report.

#### Category-wise training hours for FY 2022-23

Particulars	Average training hours		
	Male	Female	Total Average
<b>Permanent employees</b>			
a. Top Management	5.80	4.67	5.51
b. Senior Management	20.49	20.47	20.49
c. Middle Management	30.74	18.28	29.06
d. Junior Management	35.73	30.75	35.08
e. Associate / Non Management	1.81	0.74	1.49
f. Indian Subsidiaries	2.25	1.44	2.10
<b>Permanent workers</b>	15.15	37.59	20.87
<b>Non-Permanent employees</b>	5.08	8.02	5.49
<b>Non-Permanent workers</b>	0.27	0.31	0.28
<b>Total</b>	<b>24.14</b>	<b>16.90</b>	<b>22.98</b>

#### Details of skill upgradation training of employees and workers<sup>9</sup>

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	30,955	28,141	90.91	30,009	26,734	89.09
Female	5,295	4,677	88.33	4,548	3,771	82.92
<b>Total</b>	<b>36,287</b>	<b>32,818</b>	<b>90.44</b>	<b>34,557</b>	<b>30,505</b>	<b>88.27</b>
<b>Workers</b>						
Male	6,634	1,108	16.70	6,865	895	13.04
Female	1,742	371	21.30	1,976	509	25.76
<b>Total</b>	<b>8,376</b>	<b>1,479</b>	<b>17.66</b>	<b>8,841</b>	<b>1,404</b>	<b>15.88</b>

**Note:** There are 37 Non-Permanent employees whose gender has not been collected in compliance with Civil Rights Act (& State Equivalents) in USA and hence are not bifurcated in the above information table.

**Measuring Learning Impact:** At Cipla, we employ the Kirkpatrick model of training evaluation to assess the effectiveness of our learning initiatives. This serves as a valuable tool for evaluating training outcomes within an organisation and encompasses four levers: Reaction, Learning, Behaviour and Results.

<p><b>01</b></p> <p><b>Reaction</b></p> <p>Training feedback scores</p> <p>▼</p> <p><b>4.7 average</b> feedback score across all learning programmes</p>	<p><b>02</b></p> <p><b>Learning</b></p> <p>Pre and post assessment score improvement</p> <p>▼</p> <p><b>20% knowledge</b> gain observed across our 3 flagship programmes :<b>Ignite, Leap, LeadX</b></p>	<p><b>03</b></p> <p><b>Behaviour</b></p> <p>Real behavioural impact observed our top leadership programmes</p> <p>▼</p> <p><b>Executive presence:</b></p> <p><b>93% of</b> leaders have started demonstrating early signs of expected behavioural changes (Basis pre and post feedback on behavioural changes from managers)</p>	<p><b>04</b></p> <p><b>Results</b></p> <p>Correlation with business impact</p> <p>▼</p> <p>Programmes under evaluation stages such as CLAP, Leaders as Coaches, etc.</p>
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<sup>8</sup>GRI 2-24, GRI 404-1. Average training hours excludes trainings provided on employee, health, and safety.

<sup>9</sup>Information in line with BRSR Question no.8 under essential indicators of Principle 3. This data includes employees/workers who were active and separated during the year.

### Highlights:



**12,81,471**

Overall training hours



**28.69**

Overall average training hours per person

The average amount spent on training and development for each permanent employee and worker was ₹ 2,334.

### 3.

#### Growing careers

Cipla is dedicated to providing enriched career opportunities in a planned and systematic manner. The Company continues to provide considerable opportunities for career advancement through cross-functional and geographical movements, allowing employees to broaden their skill sets and experience different cultures. Moreover, the Company focuses on role enlargement, internal job postings and cyclical promotions, enabling individuals to explore different roles within the organisation.

These strategies align with Cipla's philosophy of investing in its employees and offering them a supportive environment to flourish.

#### Highlights for FY 2022-23

**1,526**

Career movements within Cipla

**49%**

Female leaders at Senior and Mid-levels offered career moves

**64%**

Senior and mid-level leaders covered through career movement opportunities

#### Succession Planning

The succession planning process at Cipla is led and governed by the Apex Talent Review Board and reviewed by the Nomination and Remuneration Committee, to build and strengthen a strong talent pipeline to ensure leadership and business continuity.

As on 31<sup>st</sup> March, 2023, the Company has succession cover of more than **81%** for senior management critical roles.

#### Performance review and appraisal process<sup>10</sup>

Cipla uses a Management by Objective approach for its performance reviews and appraisals which take place on a completely digitised platform called MiDNA (Mi-Develop, Nurture, Achieve). As the name implies, our performance management process fosters employee development by nurturing and helping people achieve their objectives.

Our performance cycle follows the fiscal year cycle with performance planning and concludes with performance reviews.

Our employees set their goals and update them on a real-time basis while managers can track them online and provide real-time feedback. This enables the manager to provide timely support wherever required. We also follow the performance curve – where employees are not force fitted to a bell curve but performance distribution is aligned to and reflective of the business performance and achievements. Since our forms are digitised they also provide a unique opportunity to get feedback and inputs from multiple stakeholders. These inputs form the basis for determining performance ratings and compensation reviews.

#### Eligible permanent employees who received performance and career development reviews

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Male	22,371	19,790	88.46	22,224	19,749	88.86
Female	3,700	3,018	81.57	3,369	2,956	87.74
<b>Total</b>	<b>26,071</b>	<b>22,808</b>	<b>87.48</b>	<b>25,593</b>	<b>22,705</b>	<b>88.72</b>

**Note:** Performance appraisal is conducted for all employees who have joined on or before 31<sup>st</sup> December 2022, and trainees confirmed on or before 31<sup>st</sup> December, 2022. Further, the employee must be on the payroll of the organisation as on 31<sup>st</sup> March, 2023.

<sup>10</sup>GRI 404-3 and Information in line with BRSR Question no. 9 under essential indicators of Principle 3

4.

**Enriching Employee Experience**

At Cipla, we believe that fostering a supportive and enriching work environment, enables our employees to fulfil their roles and responsibilities. Our focus is on enriching the overall experience of our employees, as we have witnessed that a positive employee experience directly contributes to a healthy and conducive work environment.

**Rewards and Recognition**

Our recognition platform - Applause, enables our colleagues to appreciate and reward employees on demonstrating our credo behaviours and delivering breakthrough results. Our employees are rewarded through SPOT recognitions and accolades across functions.

Throughout the year, we conducted various recognition programs to celebrate exceptional individuals within our organisation. These programs included recognizing supportive #workbuddies during Friendship Week, honouring inspiring #bosswomen who serve as role models and acknowledging culture champions who embody 'The Cipla Way.' These initiatives aim to foster a culture of appreciation within our organisation.

**In FY 2022-23, we had 27,943 'appreciations' and 11,631 rewards awarded out to our employees through the 'Applause' platform.**

**Holistic Well-being**

Our focus on the holistic well-being of our employees is aligned to our purpose of 'Caring for Life' and covers physical, mental and financial well-being. Several initiatives were planned under these three pillars:

**a) Physical well-being**

Through our wellness app, employees can avail unlimited and free doctor consultations, diet consultations, discounted medicines, home collections and diagnostic facilities for themselves and their family members.

Cipla also participates in initiatives that integrate wellbeing into the workday of our colleagues and help them focus on their overall health and wellness. A few highlights from these initiatives are stated below:

- ▶ 25,000 steps were walked daily by 100 Ciplaites each, which culminated in securing first position among 15 organisations in an Intercorporate Step Challenge.
- ▶ 1,800 Ciplaites participated in an internal Walk2Fit Step Challenge for 21 days.
- ▶ Under our 'Bringing fitness to work' campaign, we hosted recurring Zumba and yoga sessions at sites and corporate offices.

**b) Mental well-being**

Mental well-being has been at the centerstage especially since the post Covid world. The dynamic changes in our ecosystem and the changing world of work necessitates sharper focus on the mental well being of employees. We have taken many initiatives to address and promote mental well-being of our employees around the globe:

- ▶ **24x7 professional** and confidential counselling/psychiatry services are available to Ciplaites and their family members, both virtually and in person.
- ▶ Launched **Self-care Toolkit** to help employees improve their well-being. The toolkit provides multiple self-help resources, such as modules, trackers and relief bots.
- ▶ More than, **1,500 employees** attended webinars aimed at providing coping strategies, and dealing with anxiety/depression, postpartum depression, empty nest syndrome and with other stressors.
- ▶ 'Mental wellbeing moments' at workplace enabled our colleagues

to practise mindfulness, grounding and relaxation techniques and take a break in the middle of their workday.

- ▶ 'Wellbeing Champions', a month-long celebration was conducted to spread awareness on the importance of Mental health in October.
- ▶ Onsite Counselling Centres were deployed at corporate offices and site locations to help colleagues tackle personal and related issues.

**c) Financial well-being**

At Cipla, we support our colleagues to become financially prudent and plan their finances smartly. In line with this ethos, we undertook the following initiatives to promote financial well-being:

- ▶ Pioneered the launch of MiEarnedSalary, a service that enables flexible withdrawal of their earned salary to tide over any unplanned financial emergency.
- ▶ MiCareFund, a crowdfunding platform which enables our employees to reach out across the Cipla network, for financial support during medical emergencies.

- ▶ **All Things Money (ATM)** - a byte sized video knowledge repository on money management across different life-stages was also launched.

- ▶ Various webinars with experts on topics such as investing for young parents, the psychology of wealth creation, taxation, avoiding debt traps, etc, that were attended by over 1,800 colleagues.

**Our commitment towards employee wellbeing was recently recognized at SHRM Excellence Awards & Economic Times- Human Capital Awards under the category of 'Excellence in Health & Wellness initiatives'.**

**Continued care towards our alumni**

To fulfill our commitment to 'Caring for Life' for our Alumni, we launched the Cipla Alumni portal. This portal allows our alumni to stay connected with Cipla and gives them access to several privileges, such as medicine discounts, health checkups, counseling sessions, and career opportunities.

**Employee volunteering**

In our ongoing commitment towards Caring for Life for our community, there was significantly higher participation in volunteering activities by our employees through Cipla Foundation. The volunteering platform, 'Cipla for Change', was developed to provide a more interactive, engaging and real time experience for our employees.

**There has been a significant increase in employee participation during FY 2022-23. 21,000+ dedicated Ciplaites contributed over 70,000+ volunteering hours of their time, actively engaging in 500+ events and activities that focused on a range of environmental and social projects.**

**Employee benefits and policies<sup>11</sup>**

We offer a host of benefits to our employees in line with our ethos of providing a conducive and enabling environment to our valued people. A brief summary of such benefits are listed below:

Time away from work	Inclusive ecosystem	Flexibility	Family support
<p>▼</p> <p><b>Different types of leave:</b></p> <p>Maternity</p> <p>Paternity</p> <p>Adoption</p> <p>Sabbatical</p> <p>Medical</p> <p>Accidental</p> <p>Compassionate</p>	<p>▼</p> <p>Medical Insurance for self, spouse, children, live-in partners, same sex partners and their respective parents and parent-in laws</p> <p>Day care centre and creche facilities</p> <p>Gender neutral washrooms</p> <p>Accessibility facilities for differently-abled colleagues</p>	<p>▼</p> <p>Hybrid working model at corporate office locations</p> <p>Flexibility to work from home for two days in a month for women in field roles</p> <p>Employee financial well-being</p> <p>Employee volunteering policy</p>	<p>▼</p> <p>Financial assistance programme in the event of death of employees/workers</p> <p>Education merit awards for children of employees</p> <p>Crowd funding platform- to support employees in medical emergencies for self and family.</p>

We encourage employees to avail at least 14 days or half their Privilege Leave in a calendar year through our Time away from Work policy to nurture a healthy work-life balance.

**Parental leave<sup>12</sup>**

We acknowledge that our employees need support at certain stages of their life while they build careers with us, and parenthood is one such special phase. Such benefits are essential in creating an environment that allows our employees to thrive professionally, as well as personally.

The details of parental leave availed by our employees for FY 2022-23 are as follows:

No. of employees who availed parental leave in FY 2022-23		No. of employees who were due to return to work in the reporting period after parental leave ended		No. of employees who returned to work in the reporting period after parental leave ended		Out of the employees who returned to work, how many have completed 12 months after returning to work		Return to work rate			Retention rate		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total	Male	Female	Total
1,554	149	1,569	178	1,565	176	1,328	103	99.75%	98.88%	99.66%	79.57%	81.75%	79.72%

<sup>11</sup>GRI 401-2

<sup>12</sup>GRI 401-3. Information in line with BRSR Question no. 5 under essential indicators of Principle 3. This data pertains to permanent employees and workers of Cipla Limited and Indian subsidiaries. During FY 2022-23 parental leave was not availed by any of the permanent workers.

Coverage of well-being benefits for employees and workers<sup>13</sup>

Category	Total (A)	Percentage of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	21,244	21,244	100.00	21,243	99.99	NA		21,244	100.00	11,305	53.22
Female	2,960	2,960	100.00	2,960	100.00	2,960	100.00	NA		2,806	94.80
<b>Total</b>	<b>24,204</b>	<b>24,204</b>	<b>100.00</b>	<b>24,203</b>	<b>99.99</b>	<b>2,960</b>	<b>100.00</b>	<b>21,244</b>	<b>100.00</b>	<b>14,111</b>	<b>58.30</b>
<b>Permanent workers</b>											
Male	108	108	100.00	108	100.00	NA		108	100.00	108	100.00
Female	28	28	100.00	28	100.00	28	100.00	NA		28	100.00
<b>Total</b>	<b>136</b>	<b>136</b>	<b>100.00</b>	<b>136</b>	<b>100.00</b>	<b>28</b>	<b>100.00</b>	<b>108</b>	<b>100.00</b>	<b>136</b>	<b>100.00</b>

Note: The Company extends employee benefits to non-permanent employees and workers such as health insurance, accident insurance and daycare facilities, except maternity / paternity benefits.

The details of retirement benefits for the current and previous financial year are as follows<sup>14</sup>

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
Provident Fund	99.78	100.00	Y	98.26	100.00	Y
Gratuity	99.78	100.00	N.A.	98.26	100.00	N.A.
ESI	11.36	-	Y	14.70	-	Y

5.

Fostering a diverse and inclusive workspace<sup>15</sup>

Cipla is committed to providing an inclusive and safe work environment, thus enabling our associates to bring their whole and best selves to work. At #EqualCipla, we believe in equality across genders, generations, cultures, choices and abilities. We have reimagined our diversity lens to encompass generational diversity and ethnicity as well.

Our targets

Diversity is a critical agenda for Cipla, and diversity goals are captured in the annual scorecards for the overall organisation (including our MD & CEO's scorecard) and other key senior leaders/divisions. This agenda is championed and sponsored by our Executive Vice-Chairperson, Ms Samina Hamied.

We have established an Inclusion and Diversity Council, consisting of leaders from different functions and geographies. This council regularly reviews the progress made in achieving gender diversity on a quarterly basis.

Our strategy

Our strategy to promote, protect and celebrate diversity is highlighted below.



- ▶ Attracting diverse talent
- ▶ Changing mindsets to create mindfulness and respect
- ▶ Involving leaders and employees in championing diversity
- ▶ Creating a conducive ecosystem
- ▶ Sharing and advocating our commitment towards inclusion and diversity

Attracting diverse talent

As stated in our Code of Conduct, we are an Equal opportunity employer. We provide opportunities for all candidates without any discrimination and adhere to bias-free decision making while hiring. Our referral campaign, EqualCipla Champions aims at attracting women talent by incentivising colleagues to refer candidates for open positions. As a result of these initiatives, we currently have 14 packaging lines which are managed by women only in our sites in India.

Changing mindsets

Our Inclusion & Diversity (I&D) Policy handbook sets out the principles which help us drive I&D throughout the organisation. We conducted Unconscious Bias Workshops for 2,300 managers across sites and on field to spread awareness about these gender biases and how to mitigate them. Additionally, Inclusive Etiquette Sensitisation workshops are conducted across manufacturing sites to promote inclusive behaviours among shopfloor employees. In FY 2022-23, there were no instances of complaints on the grounds of discrimination.

Involving leaders and employees

The Inclusion & Diversity Council, comprising nine senior leaders and chaired by our Executive Vice Chairperson, has been working towards strengthening the diversity and inclusion culture at Cipla. This

council meets on a quarterly basis to discuss Cipla's diversity performance. They are supported by the I&D working community, which aims to provide on-ground perspectives and feedback to implement incremental changes with respect to I&D.

Creating a conducive ecosystem

At Cipla, we are dedicated to creating an environment that fosters inclusivity and supports the diverse needs of our workforce. To promote work-life balance, we have implemented the Flexi-Field Days policy, offering women associates in field roles the flexibility to work from home. Recognising the importance of childcare, we provide creche facilities and partner with organisation like Klay to offer reliable support to working parents.

We actively create employment opportunities for vulnerable communities, making a positive impact on society. We take pride in our Group Mediclaim policy, which is inclusive of LGBTQ individuals and their live-in partners, challenging societal norms and fostering a truly diverse workforce.

Accessibility is a priority for us, and our infrastructure facilities across offices and site locations comply with accessibility standards.<sup>16</sup> We prioritise the rights of our differently-abled colleagues, and our Equal Opportunity policy, drafted in accordance with The Rights of Persons with Disabilities

Act, 2016, safeguards their rights and ensures equal opportunities for growth and success. The policy can be accessed from this link <https://www.cipla.com/sites/default/files/2023-07/Equal-Opportunity-Policy.pdf><sup>17</sup>

Sharing our journey

We have undertaken various campaigns on social media to share our journey on I&D, as well as advocate for a more inclusive industry. Our #EqualCipla social media campaign emphasised our commitment to creating a gender-balanced organisation, featuring inspiring insights from Cipla leaders. In addition, our 'A day in the life' initiative showcased the experiences of women in Manufacturing and Sales, providing a peak into their daily lives at Cipla.

Our diversity indicator for FY 2022-23:

Diversity indicator	%
Female Employees share in total workforce	14.3
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	13.6
Share of women in junior management positions (as % of total junior management positions)	13.7
Share of women in top management positions (as % of total top management positions)	25.0
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers	6.5
Share of women in STEM-related positions (as % of total STEM positions) <sup>18</sup>	21.6

Attrition<sup>19</sup>

Maintaining a stable and engaged workforce is a key focus at Cipla. Over the past three years, we have closely monitored and managed attrition. The following data provides a snapshot of employee attrition during this last three years:

Category	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	19.37	2.60	21.96	19.14	2.55	21.70	14.75	2.42	17.17
Permanent Workers	2.50	0.00	2.50	5.06	0.56	5.62	3.63	0.52	4.15

Turnover Rate (FY 2022-23)

21.7%

Total permanent employee and worker turnover rate

19.1%

Voluntary permanent employee and worker turnover rate

<sup>13</sup>GRI 401-2 and Information in line with BRSR Question no. 1(a) and 1(b) under essential indicators of Principle 3. This data is specific to Cipla Limited and its Indian Subsidiaries

<sup>14</sup>GRI 401-2 and Information in line with BRSR Question no. 2 under essential indicators of Principle 3. This data is specific to permanent employees and workers of Cipla Limited and its Indian subsidiaries excluding Jay Precision Pharmaceutical Private Limited.

<sup>15</sup>GRI-3-3

<sup>16</sup>Information in line with BRSR Question no. 3 under essential indicators of Principle 3

<sup>17</sup>Information in line with BRSR Question no. 4 under essential indicators of Principle 3

<sup>18</sup>Considered % of women in roles that require a STEM qualification mandatorily, and not % of women from total employees with a STEM qualification

<sup>19</sup>Information in line with BRSR Question no. 20 of Section A and GRI 401-1

6.

**Harmonious employee relations and strong compliance orientation**

Cipla's Corporate Responsibility Policy and Code of Conduct and Ethics govern our ethical, fair and responsible behaviour. These policies apply to our employees, contractors, consultants, trainees and service providers to ensure broad compliance standards.

Our Code of Conduct and Employee Grievance Redressal Policy outline procedures for raising concerns or grievances, ensuring that employees and workers have a platform to voice their concerns. In India, we have mechanism for employee self-reporting to management. In SAGA, grievance is dealt with as per the Grievance Policy and Employment Equity Act. In the USA, employees have mechanisms to self-

report to management and/or the site HR department under the Open Door Policy. Detail of the complaints received under these policies have been provided under Question no. 23 of the BRSR on page no. 146 of this Report.<sup>20</sup>

**Details on minimum wage payment to permanent employees and workers<sup>21</sup>**

Category	Total (A)	More than legally mandated minimum wages	
		Total Coverage (B)	% (B/A)
<b>Permanent Employees</b>			
Male	21,244	21,244	100
Female	2,960	2,960	100
<b>Permanent Workers</b>			
Male	108	108	100
Female	28	28	100

**Note:** Payment of minimum wages to non-permanent employees and workers is the responsibility of the respective contractor

**Human rights<sup>22</sup>**

Cipla maintains a strong commitment to protecting human rights. We strictly prohibit discrimination and harassment of our workers and employees. Our comprehensive Human Rights Policy applies to all stakeholders and is available at weblink (<https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf>).

Our business agreements and contracts contain a standard provision of compliance with all the applicable laws, conventions and policies, etc., which encompasses the human rights requirements.<sup>23</sup> We have a dedicated grievance channel through our Whistle-blower Policy, which allows stakeholders to report concerns confidentially to the Chairperson of the Ethics Committee or the Chief Internal Auditor at [ethics@cipla.com](mailto:ethics@cipla.com).<sup>24</sup> We follow a zero-tolerance policy for

retaliation against the complainant or whistle-blower and ensure their protection throughout the investigation process and beyond.<sup>25</sup>

For FY 2022-23, the policies and processes pertaining to human rights were reviewed at the global level and comprehensive human rights due diligence (viz. child labour, forced labour, freedom of association, right to collective bargaining, equal remuneration, employee health and safety and discrimination) for employees and workers was carried out for all manufacturing facilities in India by an independent professional. The policies and practices for safeguarding human rights were found satisfactory with no major observations. The CAPA for various identified human rights risk will be implemented at all the facilities.<sup>26</sup>

In FY 2022-23 and FY 2021-22, there were no instances of complaints for discrimination at workplace, child labour, forced / involuntary labour and or non-payment of proper wages. Details of the complaints received on other issues in FY 2022-23 and FY 2021-22 are provided in Question no. 23 of BRSR on page no. 146 of this Report.<sup>27</sup>

In FY 2022-23, human rights training was imparted to 6,672 employees/workers in India. Additionally, 100% of all our security personnel in India have undergone training on Human Rights policies and procedures.<sup>28</sup>

**Human rights training<sup>29</sup>**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/workers (B)	% (B/A)	Total (C)	No. of employees/workers (D)	% (D/C)
<b>Employees</b>						
Permanent	32,009	5,099	15.93	31,113	314	1.01
Other than permanent	4,278	726	16.97	3,444	72	2.09
<b>Total Employees</b>	<b>36,287</b>	<b>5,825</b>	<b>16.05</b>	<b>34,557</b>	<b>386</b>	<b>1.12</b>
<b>Workers</b>						
Permanent	314	21	6.69	354	35	9.89
Other than permanent	8,062	919	11.40	8,487	294	3.46
<b>Total workers</b>	<b>8,376</b>	<b>940</b>	<b>11.22</b>	<b>8,841</b>	<b>329</b>	<b>3.72</b>

**Labour management**

Cipla complies with all applicable labour laws where it operates.

Respect for workers' rights to freedom of association and collective bargaining is paramount to us, and we maintain regular engagement with unions to address various labour-related matters. We support labour unions and engage in collective bargaining, with significant worker representation at associations in India and the SAGA region. Our colleagues in United States of America are covered by the US National Labour Relations Act (NLRA). None of our operations have significant risk for incidents of child or forced or compulsory labour, or where the workers right to exercise freedom of association may be violated or at risk.<sup>30</sup>

**Union and association memberships:<sup>31</sup>**

Category	FY 2022-23			FY 2021-22		
	Total workers in respective category (A)	No. of workers who are part of associations or unions (B)	% (B/A)	Total workers in respective category (C)	No. of workers who are part of associations or unions (D)	% (D/C)
Male	226	226	100.00	244	240	98.36
Female	80	80	100.00	90	90	100.00
<b>Total permanent Workers</b>	<b>306</b>	<b>306</b>	<b>100.00</b>	<b>334</b>	<b>330</b>	<b>98.80</b>

**Note:** None of our permanent employees are part of any associations / unions.

When implementing significant operational changes, we provide employees with reasonable notice to ensure transparency and allow for adequate preparations. Our collective bargaining agreements specify the minimum notice period that must be followed in such cases. In SAGA, the minimum notice period is 1 week for every year of employment for the respective employees (as per Section 189 of LRA).<sup>32</sup>

**Our safety culture<sup>33</sup>**

We are committed to provide a safe and healthy workplace for all our employees, workers and partners (including, contractors, consultants and visitors on site). Our safety culture across the organisation is vital in keeping to this commitment.

**Governance oversight for safety**

Our safety committees are responsible for the governance oversight for safety within Cipla. These committees, consisting of both management and workers, are established at different levels to discuss, escalate and resolve safety issues. These committees also monitor the implementation of recommendations arising from risk and hazard assessments and incident reports. The details of the Safety Committee meetings are as follows:<sup>34</sup>

FY 2022-23	Number of meetings	Frequency
Plant level	137	Monthly/ Bimonthly
Department level	1,143	
Global Manufacturing	82	

Additionally, an internal inspection procedure is followed for identification and reporting of unsafe acts and unsafe conditions.

<sup>20</sup>Information in line with BRSR Question no. 6 under essential indicators of Principle 3  
<sup>21</sup>Information in line with BRSR Question no. 2 under essential indicators of Principle 5. This data is specific to Cipla Limited and Indian subsidiaries  
<sup>22</sup>GRI 2-23  
<sup>23</sup>Information in line with BRSR Question no. 8 under essential indicators of Principle 5  
<sup>24</sup>Information in line with BRSR Question no. 4 and 5 under essential indicators of Principle 5  
<sup>25</sup>GRI 403-2 and Information in line with BRSR Question no. 7 under essential indicators of Principle 5  
<sup>26</sup>Information in line with BRSR Question no. 2 under leadership indicators of Principle 5 and Question no. 9 under essential indicator of Principle 5  
<sup>27</sup>Information in line with BRSR Question no. 6 under essential indicators of Principle 5 and GRI 406-1  
<sup>28</sup>GRI 410-1, GRI 2-24.

<sup>29</sup>GRI 412-2, Information in line with BRSR Question no. 1 under essential indicators of Principle 5. This data includes employees/workers who were active and separated during the year.  
<sup>30</sup>GRI 2-30, GRI 407-1, GRI 408-1, GRI 409-1  
<sup>31</sup>Information in line with BRSR Question no. 7 under essential indicators of Principle 5  
<sup>32</sup>GRI 402-1  
<sup>33</sup>GRI-3-3 and information under this section in line with BRSR Question no. 12 under essential indicators of Principle 3  
<sup>34</sup>GRI 403-4



### Safety management systems<sup>35</sup>

We have implemented a robust Occupational Health and Safety management system (ISO 45001:2018) at all our manufacturing sites in India. All people and processes within the boundary are in the scope of the management system with no exclusion. Similarly, our EHS Policy and Procedures (In line with Factory Rules and ISO 14001/45001) apply to all our site locations.

Annual surveillance and re-certification audits are conducted by third party auditors for our sites each year. There was no significant non-conformance reported last year during such audits. Safety audits (as per Factories Act, 1948) are undertaken at the sites in accordance with the applicable jurisdictional laws. Focused audits like Legal, Electrical, Process Safety, etc., are also organised as per site and legal needs.

Additionally, wherever applicable as per regulation in India, our sites undergo external audits as per IS 14489 – Code of Practice on Occupational Safety and Health every two years.

The Company has not received any complaints from employees and workers with respect to working conditions and health and safety during FY 2022-23 and FY 2021-22.<sup>36</sup> Our employees and workers are encouraged to report Unsafe Acts and Conditions and all EHS incidents however small they are. We also have implemented behaviour observations safety (BOS) programme to our employees. All these leading and lagging indicators are available on our dedicated digital EHS platform. Site EHS team analyses these leading and lagging indicators and implement necessary controls to eliminate or reduce the identified risks and make the workplace safe for all employees.<sup>37</sup>

### Process safety<sup>38</sup>

As a requirement of Section 6.1.2 of ISO 45001, each site carries out annual Occupational Safety and Health (OSH) Hazard Identification and Risk Assessment for routine and non-routine activities.

The Site Process Safety Leads are engaged in carrying out multiple Risk Assessment Techniques like Hazard Identification (HAZID), Hazard and Operability studies (HAZOP), Bow-Tie Analysis and HIRA to identify process related hazards and risks.

Our Process Risk Assessment consists of four stages: Hazard Study 1 (HS1) to Hazard Study 4 (HS4):

HS1: Basic hazards of materials and operations are identified and EHS criteria are set.

HS2: Hazard identification, risk assessment, operability and control features are incorporated into detailed design, along with special environmental considerations.

HS3: Design and procedures to identify potential hazards or obstacles to operability are reviewed, especially deviations from the design intent.

HS4: A pre-Startup Safety Review is conducted. This is a pre-commissioning inspection of the plant or building, completed before introducing process materials or commencing operations.

We have implemented eight core PSM procedures across our sites to further strengthen our process safety. A few of these include Workplace Monitoring, Controlled and Critical equipment, Powder Handling risk assessment, Chemical hazard management, etc.

### EHS in commercial operations

In FY 2022-23, several significant EHS initiatives were implemented within our

commercial operations. A few of these initiatives include:

- ▶ The introduction of a Road Safety Module for travel desk and warehouse associates through Cipla University.
- ▶ An Onsite Emergency plan was introduced and implemented across PAN India warehouses to ensure preparedness in emergency situations.
- ▶ Continuous training programmes were conducted for warehouse personnel on various aspects such as fire safety, first aid, emergency evacuation and operation-based trainings.

To embed our safety culture into procurement and contractual processes, we make 'user requirement specifications' in our contracts that include OHS requirements as well. Further, all change managements are also reviewed by EHS manager for its likely impact on OHS, and subsequent risk assessment is conducted to identify additional controls to reduce risk.

### Access to Healthcare Services<sup>39</sup>

Occupational Health Centres (OHCs) with qualified doctors, nurses and other paramedical staff are functional at all our manufacturing sites. The Factory Medical Officer oversees the OPD reports, surveillance check-ups and annual medical examinations. We prioritise maintaining the confidentiality of personal and health-related information.

We have digital platforms such as the Wellness Corner, which offer specialist referrals and one-on-one assistance for mental health concerns. We also employ an Industrial Hygienist-cum-Occupational Health Specialist who leads initiatives related to occupational health and industrial hygiene.

### Safety training<sup>40</sup>

We prioritise the safety of our employees and workers through regular EHS training sessions conducted by both experts and in-house safety personnel. These training programmes are tailored to address specific hazards. In FY 2022-23, we provided a total of 5,757 OHS & 379 Environment related trainings.

We also conduct frequent mock drills at our manufacturing sites and offices to ensure preparedness for emergencies.

### Average number of people trained during FY 2022-23

<b>12,949</b>	<b>9,009</b>
Employees	Workers
<b>Total man-hour training during FY 2022-23</b>	
<b>1,72,831</b>	<b>82,254</b>
Employees	Workers

### OHS average training hours per person during FY 2022-23

Employees	13.35
Workers	9.13
Overall	11.62

**Note:** The above also include Environment related trainings

### Site assessments during FY 2022-23<sup>41</sup>

#### EHS audits

<b>30</b>	<b>15</b>
Internal audits (Frequency: 6 months)	External audits (Frequency: 12 months)
<b>10</b>	<b>07</b>
Working conditions audit	Focused audits (Legal, Electrical safety, Lab safety, Boiler safety)

### Percentage of our plants were assessed on:

<b>83%</b>	<b>50%</b>
Health and safety practices	Working conditions

### Our safety performance<sup>42</sup>

Safety incidents	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million person-hours worked)	Employees	0.15	0.26 <sup>43</sup>
	Workers	0.20	0.30 <sup>43</sup>
Total recordable work-related injuries	Employees	9	16
	Workers	12	17
Rate of recordable work-related injuries (per one million person-hours worked)	Employees	0.33	0.59
	Workers	0.59	0.86
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

**Note:** Lost Time Injury Frequency Rate (LTIFR) = (No. of lost time injuries in FY x 10,00,000)/(Total hours worked by all staff in same FY)

From FY 2022-23, to monitor, report and better represent OHS performance data, we have started reporting this data segregated along the lines of:

- ▶ Global Operations<sup>44</sup>
- ▶ India Manufacturing Operations<sup>45</sup>

This segregation enables us to evaluate and manage our localised OHS aspects better while also providing a holistic view of our global operations. It promotes internal accountability, benchmarking and optimisation of our OHS initiatives across organisational boundaries.

LTIFR for global operations for FY 2022-23 is reduced by 42% for employees and 33% for workers compared to FY 2021-22. LTIFR for India Manufacturing Operations is reduced by 1% for Employees & 42% for Workers.

Total recordable work-related injury for Global Operations for FY 2022-23 is reduced by 44% for employees and 31% for workers compared to FY 2021-22. Recordable work-related injury for India manufacturing operations is reduced by 57% for employees and 34% for workers.

Category	% injury distribution	
Employee	Lost Time Injury (LTI)	44%
	Medical Treatment Case (MTC)	56%
Worker	Lost Time Injury (LTI)	33%
	Medical Treatment Case (MTC)	67%

Cut injuries accounted for 44% of all employee injuries and 75% of all worker injuries. All Incidents occurred are investigated by group of relevant cross functional team members to find its root cause and develop a preventive action plan. The investigation process is recorded in our incident reporting and investigation software tool, based on which a global CAPA is assigned to other sites to avoid reoccurrence of such incidents.<sup>46</sup>

<sup>35</sup>GRI 403-1, GRI 403-8 and Information in line with BRSR Question no. 10 (a) under essential indicators of Principle 3

<sup>36</sup>Information in line with BRSR Question no. 13 under essential indicators of Principle 3

<sup>37</sup>Information in line with BRSR Question no. 10 (c) under essential indicators of Principle 3

<sup>38</sup>GRI 403-2, GRI 403-10 and Information in line with BRSR Question no. 10 (b) under essential indicators of Principle 3

<sup>39</sup>GRI 403-3, GRI 403-6 and Information in line with BRSR Question no. 10 (d) under essential indicators of Principle 3

<sup>40</sup>GRI 403-2, GRI 403-5 and Information in line with BRSR Question no. 8 under essential indicators of Principle 3.

<sup>41</sup>Information in line with BRSR Question no. 14 under essential indicators of Principle 3

<sup>42</sup>GRI 403-9, GRI 403-10 and Information in line with BRSR Question no. 11 under essential indicators of Principle 3

<sup>43</sup>GRI 2-4 numbers restated due to calculation error in previous year

<sup>44</sup>For the purpose of Human Capital, Global Operations includes all manufacturing sites of Cipla Limited and manufacturing sites of its subsidiaries in India and abroad

<sup>45</sup>For the purpose of Human Capital, India Manufacturing Operations includes manufacturing sites of Cipla Limited and its subsidiaries in India (Goldencross Pharma Limited, Medispray Laboratories Private Limited, and Meditab Specialties Limited)

<sup>46</sup>Information in line with BRSR Question no. 15 under essential indicators of Principle 3



# Relationship Capital

**24 lac+**

Respiratory patients counselled through Breathfree programme

**8,700+**

Suppliers globally

**4 lac+**

Interactions with HCPs

**25 crores +**

Reach of 'Berok Zindagi' campaign

### Our guiding philosophy on Relationship Capital management<sup>1</sup>

At Cipla, we believe that the relationships we have built and sustained are essential to our success in the healthcare industry.

Our focus on nurturing enduring connections have turned out to be one of our major competitive advantages in the markets we serve.

We recognise the importance of fostering trust, collaboration, and shared objectives with our stakeholders to drive organisational growth. Moving forward, we are committed to expanding, strengthening and leveraging our relationship capital to achieve our business and ESG goals.

### Our industry associations<sup>2</sup>

Cipla and its subsidiaries regularly engage with industry associations across geographies. We leverage associations as an advocacy platform for outreach to governments and other regulators on various regulatory and policy matters. We continue to share our learnings and insights on several issues concerning public health. Beyond routine membership fees, we do not provide any funding to associations.

Some of the major industry associations that we are currently a part of, include:

#### India

- ▶ Indian Pharmaceutical Association (IPA)
- ▶ International Generic and Biosimilar Medicines Association (IGBA)
- ▶ Confederation of Indian Industry (CII)
- ▶ Federation of Indian Chambers of Commerce & Industry (FICCI)
- ▶ Federation of Pharma Entrepreneurs (FOPE)
- ▶ Pharmaceutical Export Promotion Council (PHARMEXCIL)
- ▶ Federation of Indian Export Organisations (FIEO)
- ▶ Export Promotion Council for EOUs & SEZ Units

#### South Africa

International Generics and Biosimilars Medicines association (IGBA)

#### Morocco

Fédération Marocaine de l'Industrie et de l'Innovation Pharmaceutiques (FMIIIP)

#### Colombia

Asociación Nacional De Empresarios De Colombia

#### United States of America

- ▶ Association of Accessible Medicines (AAM)
- ▶ American Lung Association

### Strategic Focus Areas



Availability and Affordability of Medicines



Patient Experience and Health Awareness

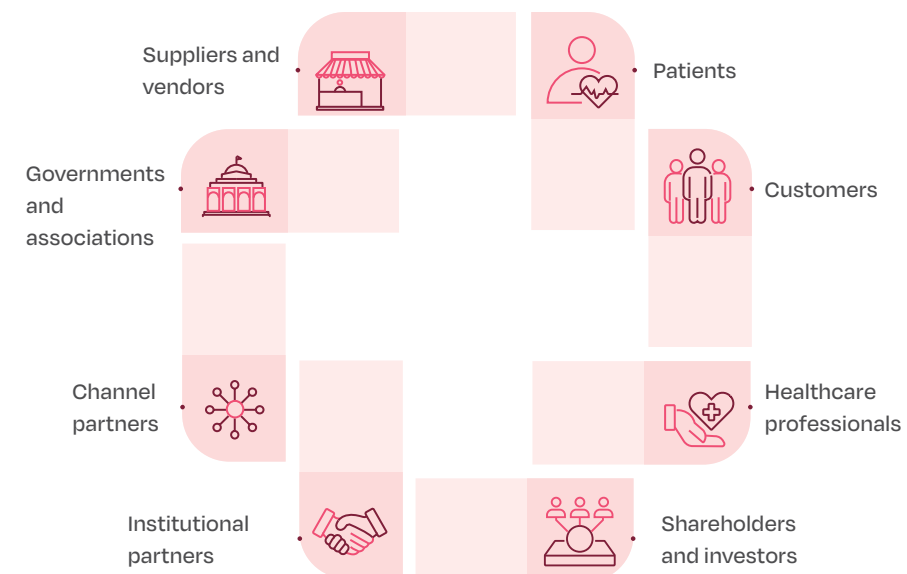


Digitisation



Sustainable Supply Chain

### Our key stakeholders include:



<sup>1</sup>GRI 3-3 | <sup>2</sup>GRI 2-28, Information in line with BRSR Question no. 1 under essential and leadership indicators of Principle 7



### Alliances for policy advocacy

Cipla engages in transparent and knowledge-based dialogues with external stakeholders such as the Central and State Governments and Industry Associations on several policy and regulatory matters. We remain committed to advocate for an inclusive and collaborative healthcare ecosystem which fosters innovation, digitisation, quality and R&D. We also engage in concerted advocacy efforts towards

ensuring timely launch of new drugs. One of the key objectives of such attempts is to enable access to quality medicines at an affordable price for all sections of the society.

Cipla has also been actively working on augmenting thought leadership and constructive dialogue globally around our priority areas such as Respiratory, Tuberculosis, Anti-Microbial Resistance, Wellness, digitisation, sustainable supply chains, besides others.

In this regard, we act as an agent of change and Force for Good in countries where we operate. We led several fruitful engagements with embassies, high commissions, relevant health authorities and regulators to further our advocacy on access to medicines, reduction of trade barriers and market access opportunities at a global level.

### Augmenting accessibility and availability of medicines<sup>3</sup>

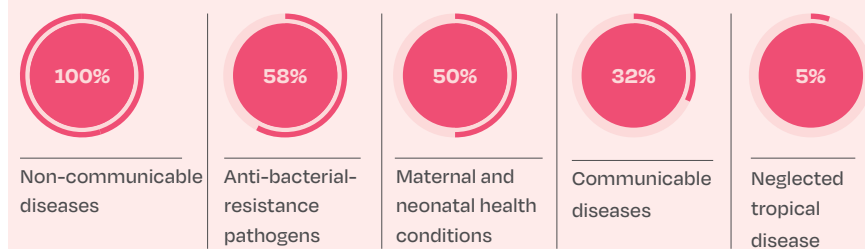
Cipla's compassionate approach to medicine and healthcare has been the driving force behind our history. True to our mantra, 'None shall be denied,' we are committed to making medicines accessible and affordable.

#### Our continuous focus on accessibility and affordability against HIV/AIDS.


In our crusade against the disease, we have developed over 15 single and combination medicines that have revolutionised HIV therapy, not just in India, but across the world. In 2001, we introduced the world's first-ever recommended 3-in-1 fixed dose combination (Stavudine + Lamivudine + Nevirapine) to treat AIDS. At a time when the prevailing cost for AIDS medication in most countries was approximately USD 12,000 per patient per year, we made this combination drug available at less than USD 1 per day per patient. Our world class scientific resources and educational platforms help physicians across the world address the demand for HIV/AIDS medications and increase its accessibility worldwide.

Currently, we make drugs available for 45% of diseases on the World Health Organisation (WHO) Essential Medicine List (EML), including five of the seven antibacterial-resistant pathogens prioritised by India's National Antibacterial Surveillance Network. The Company also has its 35 products listed in WHO List of Prequalified Medicinal Products as part of WHO Prequalification of Medicines Programme (PQP) which is used by international procurement agencies to guide bulk purchasing of medicines for distribution in resource-limited countries. The list of products is available on website of WHO : <https://extranet.who.int/pqweb/content/prequalified-lists/medicines>

#### Percentage of diseases on WHO EML with Cipla's product availability



Despite numerous geopolitical, economic, and demographic challenges in recent years, we have upheld our commitment to making medicines accessible and affordable. Through partnerships with both global and domestic stakeholders, we successfully addressed critical patient needs.

 Details of key products launched by the Company for augmenting accessibility and availability of medicines is reflected in Intellectual capital on page no. 60

### Partnerships and acquisitions

At Cipla, we seek to broaden our product portfolio through strategic partnerships and partner with the brightest organisations and innovators in the field of science and healthcare.

#### Endura® Mass

During the year, Cipla Health Limited (CHL), our wholly owned subsidiary and consumer healthcare arm, acquired Endura® Mass and all other associated trademarks, from Medinnbelle Herbalcare Private Limited. Endura Mass has a legacy of over 20 years in providing solutions for consumers actively looking to gain weight. It has a range of proven, efficacious, and safe range of weight gainers that help to gain weight in a healthy way.

#### Achira Labs Private Limited, India

During the year, Cipla acquired 21.05% stake (on a fully diluted basis) in Achira Labs Private Limited, which is a point-of-care ("PoC") diagnostic company engaged in the business of the development and commercialisation of innovative technologies for PoC medical testing. Investment in Achira will enable Cipla to enter into the business domain of designing, developing and manufacturing microfluidics-based PoC immunoassay and molecular assay technologies.

#### Ethris GmbH, Germany

Cipla (EU) Limited, wholly owned subsidiary in United Kingdom, acquired ~10.35% stake in Ethris GmbH, Germany, a pre-clinical stage firm working on a proprietary non immunogenic mRNA platform. Investment in Ethris will provide Cipla access to its mRNA platform and the mRNA-based products developed by Ethris.

#### Goapptiv Private Limited, India

Cipla increased its stake in GoApptiv, a digital-tech company, to facilitate better patient reach to tier 2-6 cities in India. GoApptiv offers comprehensive digital solutions, including distribution, marketing, patient support, and healthcare data analytics that benefit healthcare companies while also serving the needs of underserved communities in semi-urban and rural locations.

#### Aspergen Inc, USA

Cipla's joint venture with Kemwell Biopharma (Aspergen Inc) continues to make progress in the development, manufacturing, and commercialisation of biosimilars. Aspergen Inc. has two active projects under development, with several others under evaluation stage. Such strategic partnerships strengthen Cipla's position in the biosimilars market and contributes to our long-term, diversified growth objective.

### Enhancing patient experiences and health awareness<sup>4</sup>

Patients have always been at the heart of everything we do. The strong relationships we build with our patients deepens our understanding of individual and market needs and helps us cater to their needs as best as we can.

We strongly believe that empowering and consistently supporting our patients is essential in our mission to be a leader in the healthcare industry. To achieve this goal, we have adopted a multidimensional approach that includes mass awareness campaigns and patient-support initiatives.

#### Berok Zindagi - A Cipla initiative for Asthma patients

Our flagship patient awareness initiative, Berok Zindagi, has made significant strides in raising awareness about inhaler usage and dispelling myths around asthma treatment. **Through social conversations and educational efforts, we have received over 25 crores views in last financial year.**

The digital-first campaign began with the impactful #InhalersHainSahi film, featuring a heartfelt mother-daughter story expressed through dance and music. We extended the campaign's reach on social media by introducing

interactive challenges in collaboration with well-known personalities and music creators, resulting in active participation and an overall reach of over 1 crores.

**Additionally, more than 60 doctors across 30 markets spoke about inhalers and asthma on radio, reaching an additional 1 crores+ audience.**

**Berok Zindagi has also garnered extensive media coverage, generating 350+ news stories in top publications and reaching out to an audience of over 3 crores.**

#### Breathefree

Breathefree is one of Cipla's most extensive patient support programmes

<sup>3</sup>GRI 3-3

<sup>4</sup>GRI 3-3

which aims to support respiratory patients in their journey from awareness to adherence of treatment protocols.

**With over 850+ Educators, Breathefree extended its counselling to 24 lac+ patients as compared to 14 lac+ last year.** The counselling was focused on treatment adherence, disease monitoring, device usage and hygiene. **Outreach initiatives like Breathefree yatras and camps have been one of our biggest drivers of awareness. Under this initiative, over 10,000+ activities were conducted where nearly 5 lac+ people** were screened to identify suspected patients of obstructive airway diseases and help them on their treatment journey towards better respiratory health.

Our Breathefree Digital Educator platform (India's 1<sup>st</sup> digital education platform for inhaler device training) has trained nearly 2 lac+ patients in FY 2022-23. Other than India, Breathefree is also present in Nepal, Morocco and Sri Lanka as well.

#### Gaas, Baas, Kapas Ra Saas

We have recently launched the 'Gaas, Baas, Kapas Ra Saas' (GBKS) campaign in Nepal, which essentially means Food, Shelter, Clothing is of no value without 'Saas' i.e., healthy breathing. GBKS is an influencer marketing campaign which is helping us reach and connect with masses to create respiratory disease awareness and improve disease detection. **In FY 2022-23, we have reached out to about ~6 million people in Nepal which resulted in more than 90,000 responses and 30,000 patient leads.**

#### Interactions with healthcare professionals

At Cipla, we help bring recent and updated knowledge on disease, drugs and other treatment modalities to healthcare professionals (HCPs) through medical conferences, Continuing Medical Education (CME) programmes, International speaker programmes and webinars, both national and regional. During the year, we reached out to ~4 lac

#### Maximising shareholder value

At Cipla, we adhere to all regulatory and statutory compliances and preservation of investor interest by ensuring the most stringent governance protocols and address their concerns through our Investor Servicing and Grievance Redressal Policy. We engage with our investors regularly through earnings calls, presentations, meetings and conferences. Details of interactions and communications with the shareholders forms part of the Report on Corporate Governance on page no. 165 of this report.

We continue to be a member to the FTSE4 Good Index Series for the fifth consecutive time, a testimony to our robust Environmental, Social and Governance ('ESG') practices.

Cipla is also a constituent of the MSCI All Country World Index and has an ESG Rating of BBB.

#### Relationship with customers

We serve a wide range of customers including business partners, institutional partners, governments and consumers by providing high quality-affordable medicines across the globe.<sup>5</sup> We prioritise patient centricity and have feedback processes in place to continually track and improve customer satisfaction levels.

The Company carries out consumer satisfaction surveys for its OTC products as a part of its product launch process. Products are put to rigorous consumer checks before the launch to integrate consumer feedback and post launch for continuous improvement and for

understanding market acceptance. Additionally the Company also takes regular feedback through the e-commerce and D2C platforms.<sup>6</sup>

We continue to update our Corporate Quality Assurance (CQA) system, which contains well-defined Standard Operating Procedures (SOPs) to respond to customer complaints on product quality. An advanced customer complaint tracking system enables us maintain customer data securely and facilitates deeper investigation.

There were no significant cases filed or pending against the Company regarding unfair trade practices, irresponsible advertising, or anti-competitive behaviour during the reporting period.<sup>7</sup> All products are considered significant and quality team assesses health and safety impact of all products.<sup>8</sup>

We take steps to educate customers, especially from the vulnerable and marginalised segments, on the safe and responsible use of our products and services.<sup>9</sup> Our product labelling follows all applicable regulatory norms and any additional information subject to specific product and packaging requirements.<sup>6</sup> During FY 2022-23, there were no incidents of non-compliances with regulators and/or voluntary codes concerning product labelling resulting in fine or penalty or warning.<sup>10</sup> Cipla is a part of pilot projects run by WHO to test electronic product labelling using 2D datamatrix codes. This project can lead to the elimination of physical leaflets from all WHO products, thus reducing both costs and environmental footprint.<sup>9</sup>

HCPs. Expert forums and advisory board meetings help in understanding implications of new knowledge for patients.

**13,200+**  
CME programmes

**31**  
Disease awareness activities

**473**  
Expert forums

**29**  
Big conferences (virtual and physical)

Few notable initiatives are described below:

#### Healthcare Superstars (HSS):

HSS is Cipla's first international respiratory web series. In this series, internationally acclaimed and recognised medical experts join to discuss trending respiratory topics and give expert opinions on various case studies.

#### Key highlights:

Completed its **14** episodes with **17,100+** doctors engaged and has completed **64,000+** registrations across **55+** countries.

#### CiplaMed Flix (CMF):

CMF is an OTT knowledge-sharing platform for engaging HCPs in respiratory therapy. With a host of choices, HCPs may choose to view news feeds, presentations, our flagship International CME like HSS & Global Respiratory Connect. HCPs and medical representatives can even schedule appointments, and request brand availability and detailing through the platform, facilitating communication between parties.

#### Key highlights:

Since Nov 2021, **24,000+** doctors have been onboarded to CMF with an average engagement time of 18+ mins and a monthly active user (MAU) base of 33%

#### Global Respiratory Connect (GRC):

GRC was initiated in January 2023 with the objective of engaging global HCPs with a more practical approach to respiratory topics. It is a series of three sessions on the topic of 'Pulmonary Function Tests'. The topics are practical in nature targeting general practitioners (GPs) and consulting physicians (CPs).

#### Key highlights:

In two sessions, we have had a total of **6,000+** registrations and 2,500+ doctor engagements in this series.

#### Digital Medical Representative (DMR):

DMR is a decentralised doctor engagement platform used in Cipla Emerging Markets and Europe (EMEU) Direct to Markets (DTMs) by medical representatives to stay connected with doctors through different digital communication channels. The engagement contents is developed centrally and broadcasted by our medical representatives.

#### Key highlights:

**8** countries, **220+** users, content in **2** languages (English & French), **700+** content uploads

Over **9** lac total doctor interactions in FY 2022-23

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

AMR is a global threat with potentially devastating consequences to those infected with resistant pathogens and high direct and indirect costs to society. During the year, Cipla has actively participated in research by the Access to Medicine foundation with a focus on access to antibacterial and antifungal medicines in low and middle-income countries (LMICs). Our work on providing access to Colistin and Fosfomycin in India was recognised as a case study, highlighting our efforts to address demand for these antibiotics.

In line with our commitment to fight AMR, we launched CipCZA (ceftazidime – avibactam infusion) in India which represents a valuable new treatment option for serious and difficult-to-treat bacterial infections.

Cipla conducted over 10 Optimising Antimicrobials for Improving Stewardship ("OASIS") programmes in India, which focused on increasing awareness for responsible use of medicines and determining the percentage of resistant pathogens that cause hospital-acquired infections. We also celebrated Antibiotic Awareness week (18<sup>th</sup> – 24<sup>th</sup> November 2022) by conducting

various activities such as, webinars on various topics related to antimicrobial stewardship, releasing three bulletins on the importance of antimicrobial resistance, radio campaign involving 48 HCPs and distributing posters pertaining to AMR in 500 hospitals. As a responsible manufacturer, Cipla also empaneled a third-party agencies to conduct a compliance assurance programme focusing on AMR. Through this programme, in FY 2022-23, 100% of domestic antibiotic API and formulation suppliers completed the self-assessment questionnaire and desktop review. Selected critical suppliers also underwent physical on-site audits.

<sup>5</sup>Information in line with BRSR Question no. 17(c) of Section A, GRI 2-6 | <sup>6</sup>Information in line with BRSR Question no. 4 under leadership indicators of Principle 9

<sup>7</sup>GRI 206-1, 417-3 | <sup>8</sup>GRI 416-1 | <sup>9</sup>Information in line with BRSR Question no. 2 under leadership indicators of Principle 9, GRI 417-1 | <sup>10</sup>GRI 417-2

## Building a responsible supply chain<sup>11</sup>

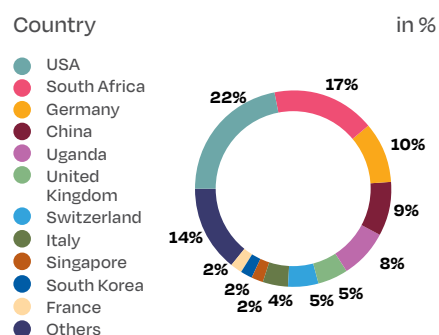
At Cipla, we believe in serving society by maintaining high standards throughout our value chain. We strive to deliver responsibly and ethically by abiding necessary regulatory compliances and ensuring timely availability of our medicines. This commitment is reflected in our supply chain management practices, which not only follows the best industry practices, but also adopts them through sustainable practices and innovation for improvement.

We categorise critical suppliers as suppliers who are essential for our operations and provide competitive advantage. Such suppliers provide us with goods/services with high-value contracts or expenditure which if disrupted or lost, may require us significant time and costs to recover. Identification of such critical suppliers helps us prioritize their risk management measures and proactively detect issues linked with suppliers' performance.

### Geographical distribution of our suppliers:

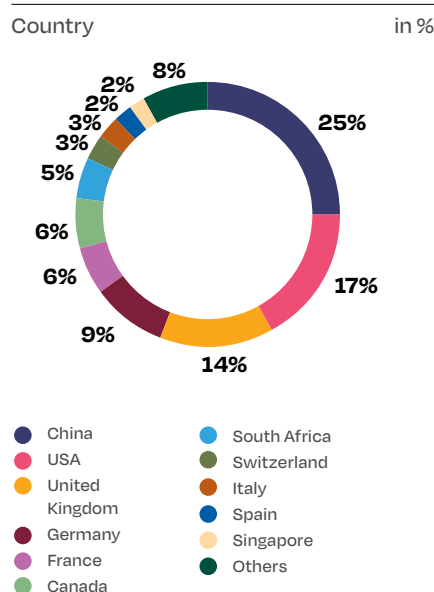
We have more than 8,700 tier 1 upstream and downstream suppliers (more than 8,600 for FY 2021-22) of which 597 (433 for FY 2021-22) are critical suppliers.

Almost 88% of our total suppliers around the globe are based in India. The breakup of geographical distribution of remaining suppliers 12% is provided below:



### Geographical distribution of our procurement spend

India accounts for 75% of our global procurement spend. The breakup of geographical spend for remaining suppliers which is 25% is provided below:



We spend 62% of our total procurement budget on local sourcing, (65% for FY 2021-22) which amounts to 603 local-based suppliers for our manufacturing facilities globally.<sup>12</sup>

During the year, out of the total input materials sourced by the Company, ~9.3% were sourced from MSME suppliers, in comparison to ~8.7% in FY 2021-22<sup>13</sup>.

### Quality within our supply chain

To maintain procurement quality, rigorous site audits are conducted every three years for API, excipients and packaging to ensure adherence to Good Manufacturing Practices (GMP) guidelines. Audits are also performed for contract manufacturing organisations (CMOs) and principal to principal contract vendors. For domestic markets, CMO sites undergo thorough audits to ensure compliance with Indian Regulatory requirements, market regulations, cGMP requirements and Cipla's in-house SOP requirements. In vitro diagnostics (IVD) and medical device manufacturing sites are assessed for compliance with Indian MDR 2017 and ISO 13485 : 2016 standards.

Post audits, we ensure timely resolution of audit observations and closely monitor the closure of Corrective Action Preventive Actions (CAPA).

During FY 2022-23, 296 (326 for FY 2021-22) vendor audits and 117 (94 for FY 2021-22) CMO audits were conducted on parameters such as GMP, facility compliance, quality management system controls and documentation.

**Vendor engagements:** In FY 2022-23, we carried out a vendor engagement programme to identify and close gaps at supplier facilities relating to cGMP practices, regulatory compliances and audit readiness.

As a part of vendor engagement, quality systems, production facility, laboratory practices, etc., are reviewed to identify systems, procedures, processes, practices, gaps and necessary guidance is provided to all engaged vendors on compliance expectations. Such engaged vendors are monitored periodically for consistency in quality of supply and their compliance status. These engagements help ensure business continuity and reduce the risk of vendor disqualification based on audits.

During FY 2022-23, Company achieved 90% compliance for 21 vendors (as compared to target of 85% for 20 vendors) and supported 18 vendors in improving their on-time and in-full ('OTIF') scores as well as improved quality scores by 5% for 11 vendors. For FY 2023-24, we have set a compliance target of 85%.

### Quality awareness and training programs

During the year, the Company arranged a training programme for 66 selected critical vendors focusing on topics such as vendor audits, qualification documentation, material quality etc.

Additionally, we conducted two quality awareness programmes covering 50 suppliers on the themes of USFDA audit preparations, regulatory guidelines, GMP awareness, change notifications and Quality Technical Agreements.

We also conducted 30 trainings across CMO sites with a focus on quality, serviceability, data integrity, incident investigation procedure and batch release documents.

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

### Supplier code of conduct<sup>14</sup>

Sustainability parameters are integrated into our overall supply chain through various measures, including a comprehensive Sustainability Policy and Code of Conduct applicable to all our suppliers. The Policy and Code of Conduct outline the criticality of adhering to environmental and social parameters such as reducing environmental impact of their operations, waste management, collective bargaining, prohibition of child labour and forced labour, health and safety practices, working conditions, and so on, in a transparent manner. This ensures that present and future business relationships with Cipla are built on ethical values to realise sustainable economic, social and environmental benefits. During the year, 1,461 vendors (including 250 critical vendors) confirmed alignment to Cipla's Supplier Code of Conduct in comparison to 221 vendors (including 175 critical vendors) for FY 2021-22. The Company also took note of nine critical vendors who shared their satisfactory EcoVadis score in lieu of the same.

To enhance our ESG performance along our supply chain, we conduct desk based assessments where suppliers are requested to respond to a questionnaire based on ESG parameters with supporting evidence and certification of management systems (e.g. ISO standards). In addition to this, we also accept the EcoVadis report which is widely accepted globally. During the year, we conducted desk-based assessments for 168 critical vendors (81 for FY 2021-22, out of which 75 were critical vendors) and 10 suppliers shared their satisfactory EcoVadis score in lieu of desk-based assessments. Out of these assessments, 6 suppliers were new suppliers that joined our network in FY 2022-23. For FY 2023-24, we have set the target for completion of desk based assessment of 175 vendors and on-site assessments of 30 vendors. During the year, we also organised a virtual ESG workshop for our suppliers, attended by representatives from 38 vendors.

### Innovation and technology in SCM

At Cipla, we focus on continually improving our supply chain responsiveness, competitiveness and customer service through innovation and technology-led advancements. Some of these initiatives include:

**CipBot:** During the year the Company developed first-of-its-kind, AI-based chatbot, named CipBot, which is designed by Global Supply Chain Management (GSCM) team to provide users with real-time updates on the status of purchase orders. This is a pilot for deploying robotic capabilities in our system. Going further, we intend to extend the use of bots to assist us in our day-to-day work, in line with our agenda of increasing our digital footprint.

**SPOT:** Single Point of Truth (SPOT) is a mobile application designed to provide easy access to essential Supply Chain Key Performance Indicators (KPIs) such as material expiry risk and forward days of inventory coverage. Its main objective is to alert the users and enable them to make faster decisions and ensure efficient and seamless operations by offering real-time information. The initial launch of the mobile app, featuring primary KPIs, has been successfully completed.

**IBP:** During the year, our IBP (Integrated Business Planning) has undergone significant improvements. We have achieved an enhanced end-to-end supply chain visibility which has enabled plant-level simulation capabilities, smart alerts and effective S&OP. In addition to this, we have integrated the IBP and Production Planning and Detailed Scheduling (PPDS) which will ensure single source of truth in the two systems for capacity data, leading to the generation of accurate capacity utilisation.

**Online direct to pharmacy:** The North America business has introduced an online direct-to-pharmacy initiative aimed at enhancing distribution efficiency and reducing costs through an innovative distribution mechanism. During the year, credit card payment integration has been implemented into the customer ordering application to further enhance customer service.

**Supplier scorecard:** ~1,100 suppliers were assessed basis supplier scorecard which is a monitoring tool that evaluates all supplier transactions on quality, delivery and cost related parameters. This process helps the Company to identify significant suppliers and prioritise our risk management measures.

### Pharmaceutical supply chain initiative

Cipla is an associate member of the Pharmaceutical Supply Chain Initiative (PSCI). PSCI is a top membership body driving excellence in safety, environmental, and social outcomes across the global pharmaceutical and healthcare supply chain. Through the initiative, Cipla aims to collaborate with peers and support our suppliers to enhance their practices on effective and responsible supply chain management.

Through the PSCI audit sharing programme, our suppliers can share audits with more than one company via a web-based platform, resulting in fewer audits and 'audit fatigue', making it easier for them to comply with multiple supplier codes.

### De-risking of supply chain

Our commitment to responsible and quality supply chain practices goes beyond than just being compliant. We have implemented a Continuous Improvement Programme that focuses on optimising processes through cost-effective procurement of raw materials, reducing API costs, and mitigating risks of supply disruption.

We employ an Alternate Vendor Development (AVD) strategy for sourcing APIs, promoting local manufacturing, and reducing risks while ensuring cost advantages. Through proactive measures, including 360-degree vendor reviews, we address logistical challenges and ensure uninterrupted raw material supply.

In FY 2022-23, we have been able to de-risk products worth revenue USD 300 million, with a saving of ~USD 4 million. Approximately 100 projects were taken up for de-risking, out of which we accomplished 75 projects in FY 2022-23.

<sup>11</sup>GRI 3-3, GRI 2-6 | <sup>12</sup>GRI 204-1, We define local as 'local to the country of operation (India, South Africa, USA and Uganda)', Information in line with BRSR Question no. 4 under essential indicators of Principle 8 | <sup>13</sup> Information in line with BRSR Question no. 4 under essential indicators of Principle 8

<sup>14</sup>GRI 3-3, GRI 403-7, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2, GRI 308-1, GRI 308-2, Information in line with BRSR Question no. 5 under leadership indicators of Principle 3, Information in line with BRSR Question no. 4 under leadership indicators of Principle 5, Information in line with BRSR Question no. 9 under leadership indicators of Principle 6, Information in line with BRSR Question no. 2(b) under essential indicators of Principle 2. Information in line with BRSR Question no. 1 under leadership indicators of Principle 1



# Social Capital



### Strategic Focus Areas



Health



Education



Skill Development



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



17 PARTNERSHIPS FOR THE GOALS

### Our guiding philosophy<sup>1</sup>

At Cipla, we strongly believe that sustainable business growth is intertwined with the well-being of the societies and natural ecosystems where we operate. Our commitment to the philosophy of 'Caring for Life' extends to our social endeavours, evidenced by the strategic, long-term partnerships that we forge to actively engage with communities and to maximise positive outcomes. Our efforts are targeted at making meaningful contributions to society and empowering vulnerable communities, in ways that they need to be supported the most.

Cipla Foundation, the exclusive philanthropic arm of the Company,

collaborates with reputed institutions, non-governmental organisations (NGOs), government agencies and domain experts (as permitted by CSR Rules) to implement our social programmes and initiatives. We believe that our inclusive approach has two-fold benefits

1. Our implementation partners have an innate understanding of the needs of the communities where they undertake projects
2. Specialised project experience of such partners drives execution efficiency, under the guidance and supervision of the Foundation.

Our CSR strategy has identified the following thematic areas to collaborate with the communities in India and South Africa:



Health



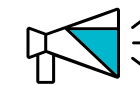
Education



Skilling



Environmental Sustainability



Disaster Response

During the FY 2022-23, our social initiatives touched the lives of 4,00,000+ individuals across India. In true Cipla spirit, our employees spent 70,000+ hours of volunteering on different social initiatives.

### Governing our social capital

We have established a robust system for governing our community initiatives, anchored in continuous collaboration between the Board of Directors, the CSR committee and the Cipla Foundation. We maintain high standards of due diligence, compliance, auditing and monitoring mechanisms across projects and partners.

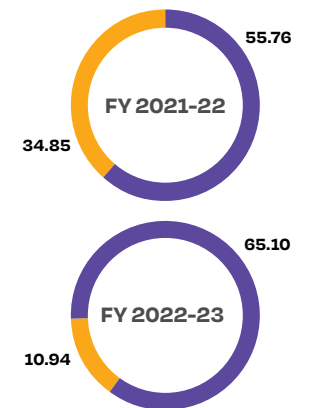
### Our strong CSR governance is based on three pillars

Board	CSR Committee	Cipla Foundation
Approves CSR policy and Annual Action Plan	Recommends CSR policy to the board	Identifies CSR projects as per CSR Policy and proposes to the CSR Committee
Reviews and ensures fund utilisation as per approved plan	Recommends Annual Action Plan and modifications, if any to the board	Implements and monitors projects as per board approval
Monitors projects along with CSR Committee	Reviews project implementation through transparent monitoring and management mechanism.	Maintains robust mechanisms to ensure compliance with the approved proposal, CSR policy, and applicable laws

<sup>1</sup>GRI 3-3



### Social Expenditure (in crores)



- CSR spends by Cipla and its subsidiaries (as per Section 135)
- Other social spends by Cipla and its subsidiaries



## Enhancing Community Health<sup>2</sup>

Contributing to community health and well-being is important to us. We are committed to providing to the targeted communities comprehensive support through response, recovery, and rehabilitation efforts. Our focus lies in ensuring equitable access to healthcare services, to the targeted communities with particular emphasis on palliative care, respiratory healthcare and support for other medical interventions.

Cipla's manufacturing units, depots and other project sites across geographies actively participate in these initiatives to address the healthcare needs of vulnerable communities in their vicinity, with special emphasis on children, women and the elderly.

### 1 Creating access to palliative care

Palliative care refers to specialised medical care that runs alongside curative care, for persons with serious illnesses. Palliative care recognises that the needs of individuals with a serious illness are not just confined to the disease, but extend to the physical, psychological, social and spiritual needs of the patients as well as their families. Palliative care is provided by a specially trained team of doctors, nurses, social workers and other specialists to provide the best possible quality of life at every stage of the serious illness.

Our strategy to increase access to palliative care focuses on bringing direct care within reach of patients and their families, supporting training initiatives and increasing awareness about palliative care.



<sup>2</sup>GRI 413-1

## A The Cipla Palliative Care & Training Centre



The Cipla Palliative Care and Training Centre (CPC) in Pune was established in 1997 to respond to the needs of cancer patients and their families in and around Pune.

CPC services aim to improve the health and well-being of patients and caregivers. The Centre's team supports cancer patients and caregivers by creating care plans to address pain, symptoms, and their emotional and spiritual concerns. This support helps improve overall well-being.

CPC further strengthened its services to ensure a better quality of care by increasing the monitoring of patient pain levels, enhancing the frequency of home visits, and strengthening coordination between caregivers and treating physicians. CPC continued to provide in – patient, outpatient and home – based services at its Centre and at partner hospitals offering cancer treatment in Pune.

During FY 2022-23, CPC services included:

**9,000 +**  
Inpatient admissions and outpatient consultations

**11,000+**  
Home visits

Some highlights of our partnerships during FY 2022-23:

- ▶ **Integrating palliative care in public health:** We supported a palliative care team in Jodhpur, Goa as well as a partnership with Tata Memorial Hospital in Mumbai, Navi Mumbai and Varanasi to provide comprehensive care to patients, right from the time of diagnosis.
- ▶ **Paediatric palliative care:** Our partners expanded their services for children, introducing home care services, a first in Mumbai, and additional outpatient clinics for Government hospitals in Chennai and Goa, also a first for both locations.

**37,500+**  
Patients served across 20 cities, through 28 partners who provided palliative services including in –patient, outpatient and home – based care.



Note: The map used in the social capital is for general illustration only, not indicative of political boundaries and not be used for reference purposes.

## B Patient navigation programme

The Kevat programme was started in 2018 by Tata Memorial Centre (TMC) in collaboration with the Tata Institute of Social Sciences. The programme endeavours to create a task force, the 'Kevats', who are trained to handhold cancer patients and help them navigate the cancer continuum from diagnosis, treatment and cure to survival. In addition, they extend special palliative care services, thereby offering seamless care to patients with cancer as well as to survivors. It is the first and the only training programme for Patient Navigation in Oncology in India.

This year, Cipla Foundation continued to support the efforts of TMC to train 10 Kevats as well as train the first batch of 30 Kevat assistants.

The Kevats have completed their Post Graduate Diploma and are now

working in different cancer hospitals across the country. Their training has enabled them to effectively handhold patients and families, resulting in improved compliance with cancer treatment and linkages to services that provide holistic end-to-end support. The Kevat assistants work with the Kevats to support families complete their documentation, address language barriers faced by patients and give information to patients and families on various issues such as infection control measures. **On an average each Kevat supports 15+ patients a day, annually catering to the needs of 3,600+ patients**

## C India's first national palliative care helpline

The 'Saath Saath' helpline (1800-202-7777) is a collaborative effort of 25+ leading palliative care organisations, including Cipla Palliative Care and Training Centre, with a shared vision to provide enhanced and equitable access to palliative care.

As of FY 2022-23, 2900+ calls have been received, and 700+ patients have been referred to partner organisations across the country.

## Pulmonary rehabilitation centres

Pulmonary rehabilitation is a programme of education and exercise that helps manage breathing problems, increases stamina and decreases breathlessness in patients with Chronic Respiratory illnesses. It has been advocated as an essential component of treatment in Chronic Respiratory Disorders (COPD). Pulmonary Rehabilitation Centres (PRC) projects were first initiated by Cipla Foundation in 2021 with the aim to provide free-of-cost Pulmonary Rehabilitation services to both post-COVID as well as COPD patients. The programme provides dedicated cardiopulmonary, physiotherapy, nutritional guidance as well as psychosocial support. Cipla Foundation supports five such centres in public and charitable hospitals in Jaipur, Mumbai, Kolkata, Lucknow and Pune.

**1,300+**  
Patients have benefited from these services

## 2 Public system partnership project

A 'Public System Partnership' project, in collaboration with our partner SNEHA, endeavours to address issues of maternal morbidity and mortality, low birth weight babies (LBW), and access to health facilities across seven Municipal Corporations of Mumbai.

Which include:

Brihanmumbai Municipal Corporation, Thane Municipal Corporation, Vasai Virar City Municipal Corporation, Mira Bhayander Municipal Corporation, Ulhasnagar Municipal Corporation, Kalyan Dombivli Municipal Corporation and Bhiwandi Nizampur Municipal Corporation.



### Case Study: Care all the way

24-year-old Dia<sup>3</sup> visited her maternal home during the 8<sup>th</sup> month of her pregnancy. During regular community visits, the Mahila Aarogya Samiti (MAS) member observed that Dia was experiencing swelling all over her body and had not consulted a doctor out of fear. The MAS member, along with SNEHA staff and the community-based ASHA visited her home and convinced her to take timely treatment. She was referred to the nearest health facility for an antenatal care check-up, where she was diagnosed with high blood pressure.

The Medical officer at the health facility prescribed her suitable medications along with lifestyle modifications. The MAS member explained to her the importance of nutrition, ANC care, breastfeeding and family planning and was continuously followed up for two months. Dia went on to have a normal delivery in due time which may otherwise have had fatal complications.

The project has focused intensively on improving the health indicators of mothers and newborns by empowering communities and strengthening existing health systems. The activities undertaken under these projects and their associated outputs include:

#### Strengthening and streamlining maternal referral linkages

In the post programme roll out, all seven participating municipal corporations have been adhering to proper documentation of maternal referrals. This has enabled the receiving health facility to get on-time updates about the referred cases and plan for further lines of treatment. As a result, 86% of cases have been referred with complete referral documentation.

#### Strengthening and streamlining primary healthcare components

The programme team has ensured the availability of nine core services at the health posts through rigorous advocacy and coordination with the municipal corporations.

As a result, 84% of the health posts are providing nine cores services that are critical for better maternal and child health outcomes while the other 15 health posts provide six to eight cores services regularly.

#### Improving the community's healthcare access

Mahila Arogya Samiti (MAS) member representatives from all seven municipal corporations are involved in health post activities such as health talks, feedback meetings, joint home visits and more to create a bridge between the health post and communities and benefitted approximately 1,30,000+ individuals.

<sup>3</sup>Name changed for representation purposes only

### 3 Reaching the last mile through mobile healthcare vans



As part of Cipla Foundation's community doorstep health programme, we support operations of Mobile Healthcare Units (MHUs) through HelpAge India which provide high-quality primary health care services to patients in remote locations. With a medical doctor, a pharmacist, and stock of essential medicines, MHUs extend regular free-of-cost out-patient services across 100+ villages in four states.

#### During FY 2022-23, 1,42,000+ consultations were provided to patients through the 7 MHUs that we support

In addition, with HelpAge India we extended support to registered patients suffering from tuberculosis by providing free-of-cost nutrition kits to 130+ patients in Himachal Pradesh and Maharashtra under the Government of India's Nikshay Mitra Scheme.

### 4 Supporting patients with Thalassemia

Cipla Foundation takes forward Cipla's legacy by providing comprehensive care to patients living with Thalassemia. We provide support for medication, blood transfusion and Bone Marrow Transplants (BMTs) for children from low-income families that would otherwise not have been accessible to them.

- ▶ Supported 120+ patients with life-saving Bone Marrow Transplants through Sankalp India Foundation and Borivali BMT Centre.
- ▶ Through the Arpan Thalassemia Society, 280+ Thalassemia major patients (children and adults) received 3,800+ units of blood.

### Our initiatives in South Africa

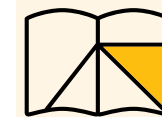


**54,000+** Patients served under Sha'p Left Nurse Surgeries.

**5,50,000+** Medicine parcels delivered through 51 pickup points, benefitting **2,30,000** people. The project also provided direct employment opportunities to **130+** people,

In partnership with Operation Smile, the 'Miles for Smiles' initiative raised funds to facilitate **204 life-changing cleft and corrective lip surgeries.**

Through seven Early Childhood Development Centres (ECDs) located in disadvantaged communities, we provided high-quality infrastructure to create a conducive environment for the growth of children, including quality care, nutrition, and education. These ECDs supported 600+ children and created 50+ employment opportunities in the local communities.



### Education<sup>4</sup>

We partnered with various organisations to create access to education and learning opportunities for children. We aim to create an enriching learning environment in identified government and government-aided schools by providing facility enhancement support to ensure that students have the necessary resources to continue their education. In FY 2022-23, over 14,000+ children were supported through various educational initiatives. In addition through eight Mobile Science Labs, 15,000+ children were provided hands-on science exposure.

#### 1 Girl child education

Gender plays a crucial role in determining an individual's level of education, with women and girls being disproportionately affected.

<sup>4</sup>GRI 413-1

There is a significant disparity in literacy rates between males and females, creating a persistent barrier to education at both the primary and secondary levels.

To address this issue, Cipla Foundation has partnered with Educate Girls to support efforts that improve the enrolment and retention of out-of-school girls and enhance learning outcomes for primary-grade students in 300+ villages in the Dhar District of Madhya Pradesh.



With the active participation and assistance of community volunteers known as 'Team Balika', Educate Girls successfully identified and integrated 2,318 out-of-school girls into neighbourhood government schools

during the year. Moreover, through the Gyan-Ka-Pitara initiative, remedial learning was provided to **5,000+** children across **120+** schools.

The Educate Girls team worked closely with School Management Committees and local communities to facilitate the enrollment and retention of out-of-school girls, emphasising the importance of education for girls.

#### 2 Digital learning

During the pandemic and lockdowns, digital infrastructure and equipment played a crucial role in ensuring the continuity of education for children. Towards this Cipla Foundation partnered with different NGOs to support rural students and teachers by providing digital learning content. Additionally, we extended support for accessories, training, telephonic support, monitoring, and reporting access to teachers and stakeholders. Our key offerings included Digital Library, Personalised & Adaptive Learning and Digital Classrooms.



In FY2022-23, a total of 117 schools were covered through our digital learning initiatives supporting 6,000+ Students across six states (Maharashtra, Sikkim, Himachal Pradesh, Karnataka, Madhya Pradesh, and Goa).

**Experiential learning (Mobile Science Labs)**

We support Agastya International Foundation's, Mobile Science Lab (MSL) project, which provides hands-on science education and project-based, peer-to-peer learning to economically disadvantaged children from government schools around Cipla units. Agastya instructors build on children's innate curiosity through activities and low-cost models made from easily available and reusable materials. The project helps spark curiosity, nurture creativity, instil confidence and promote critical thinking skills, teamwork, and leadership in students, preparing them for a brighter future.



During the year, we supported 8 MSLs across states of Maharashtra, Goa, Sikkim, Madhya Pradesh, and Karnataka covering 120+ school and impacting 15,000+ children.

**3 Educational support and scholarships**

To tackle the impact of the pandemic on the education system, including access to continued education, we collaborated with PRATHAM Mumbai Education Initiative reaching out to 900+ children from vulnerable communities in Maharashtra and Uttar Pradesh.

We provide financial support to academic achievers through our 'Merit Awards' programme. In addition, together with our partner organisations, we provided children with access to education, experiential learning opportunities and scholarships for continuing their education. During the year, 14,000+ students were supported through educational support and scholarship interventions.

**4 Capacity building of Anganwadi workers<sup>5</sup>**

We support SETHU's Gyandeeep initiative that focuses on enhancing the capacity of Anganwadi workers in various aspects like the identification of developmental disabilities among children at an early stage, classroom management and imparting foundational skills. In FY 2022-23, the initiative reached out to 1,200+ Anganwadi workers in the state of Goa. 800+ children were accessed for any form of disability. 24 children with possible developmental concerns were identified and referred for necessary support. In addition to building the capacity of Anganwadi workers the programme also addresses developmental the concerns and overall well-being of children, thus improving the quality of education and care provided by Anganwadi workers.



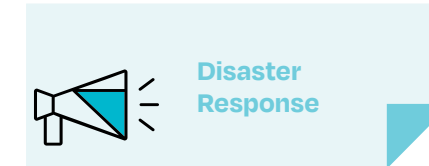
Through our partners, the Skill and Entrepreneurship Development Institute in Nalagarh, Himachal Pradesh, Skill Development and Rehabilitation centre in Roopnagar, Punjab and Learning Links Foundation in Panvel, Maharashtra we supported skilling programmes to empower 1,200+ youth from low-income communities and children with special needs.



**Environmental Sustainability**

We embarked on a water neutrality journey which has led to the launch of different projects in partnership with not-for-profit organisations like BAIF and Myrada, focusing on the regions of Maharashtra, Karnataka, and Tamil Nadu.

These projects employ innovative watershed approaches to create new structures and revitalise existing water bodies, enabling the effective harvesting of rainwater. Currently, the projects are operational in the districts of Nashik and Satara in Maharashtra, as well as rural Bengaluru in Karnataka and Krishnagiri district in Tamil Nadu.



**Disaster Response**

In FY 2022-23, natural disasters hit the state of Assam and Kerala worsening the plight of communities already impacted by COVID-19. Together with partner organisations, we reached out to 1,300+ families as well as 270+ individuals through different response programmes, covering one district of Kerala and four districts of Assam. The support included the distribution of hygiene kits, face masks, dry rations, shelter and relief material.

**Global Response**

In line with our commitment to improving access to life-saving drugs, Cipla donated HIV-AIDS, Cancer, Respiratory, and other critical medicines worth ₹ 23.15 lacs to organisations providing humanitarian aid to vulnerable communities in distress world-wide.

**Impact Assessment**

In line with the Companies (Corporate Social Responsibility Policy) Amendment Rule 2021, since the past year, Cipla Foundation is obligated to assess the impact of its CSR projects. The OECD DAC Evaluation Criteria was used for the assessment of the previous year's projects, and this was duly completed in FY 2022-23. The executive summary of the CSR impact assessment on CSR

projects is available in the Annual Report of CSR Activities on page no. 128.

**The Company, through the Foundation, continues its passionate journey of social change anchored in the purpose of 'Caring for Life'. We endeavour to empower vulnerable communities by keeping them at the heart of all our CSR initiatives.**

<sup>5</sup>Information in line with BRSR Question no. 3 under Leadership Indicator of Principle 4  
<sup>6</sup>GRI 413-1



# Natural Capital

## Strategic focus areas

Environmental Sustainability

- Effective Governance
- Emissions reduction
- Renewable Energy
- Water Stewardship
- Waste Management



### Cipla's guiding philosophy for Natural Capital management<sup>1</sup>

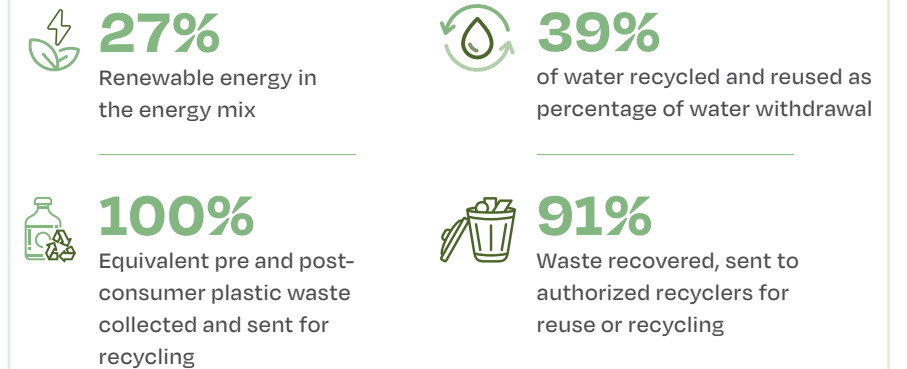
Our fundamental purpose, 'Caring for Life', has guided our actions since our inception.

With relentless dedication, we have endeavoured to enrich the lives of the communities we touch and nurture life on the planet through active environmental stewardship.

Our ESG framework 'CARE' (Championing Climate Positivity, Accelerating Community Well-being, Raising the Bar on Governance and Enhancing Access and Affordability) captures this ethos and defines our approach towards each of the following components - Environment, Social and Governance. By bringing these four aspects together under one platform and bestowing equal importance on them, our ESG framework emphasises holistic thinking that provides a clear context for strategy formulation and decision making.

On the environmental front, our sustainability endeavours include pursuing a low-carbon pathway, reducing our dependence on freshwater usage, minimising pollution and extracting maximum value from waste. Additionally, we are exploring opportunities in circular economy and striving to preserve biodiversity near our operating locations. Following our ambition of being a 'Force for Good', we seek to fulfil our responsibility towards our people and planet through innovation, collaboration and strong governance.

### Highlights:



### Biodiversity stewardship

Biodiversity and ecosystem services are critical factors in our sustainable operations and form an integral part of our business decisions. During FY 2022-23, we became a signatory of the India Business & Biodiversity Initiative (IBBI). As part of this initiative, we have set objectives on biodiversity and ecosystem services for India manufacturing operations to address risk related to biodiversity loss and create opportunities for sustainable operations. We are conducting a comprehensive study to map the interfaces between our operations and biodiversity. We also participated in piloting the beta frameworks of Task-force on Nature-related Financial Disclosures (TNFD) Framework V 0.4 and all the learnings will be integrated in site specific short and long term action plan to support native biodiversity and promote sustainable use of ecosystem services.

A biodiversity policy will be derived covering all aspects of our commitment towards biodiversity.

We have collaborated with MP state Forest department of Indore for afforestation activity in barren forest land as one of the measures towards sustainability initiatives. We are planting around 20,800 local species trees in 40 hectares of land in Talai Choral Forest.

### Governance and stewardship of Natural Capital

All our manufacturing operations and subsidiaries based in India are ISO 14001:2015 and ISO 45001:2018 certified. A principal guiding light in our environmental efforts is the [Environment, Health and Safety \(EHS\) policy](#), which defines our priorities and guides our actions.

### Roles and Responsibilities in Environment, Health and Safety (EHS) governance

EHS is a significant organisational metric monitored at the board level and cascaded down to individuals. Our ISO management systems define the roles and responsibilities under our EHS policy.

A dedicated central EHS function oversees end-to-end EHS activities across the organisation, including plant operations, supply chain and business EHS. They report directly to the Chief Technology Officer, who is part of the management council chaired by the MD & GCEO.

<sup>1</sup>GRI 3-3

At the operational level, EHS is led by the Site Head, with support from the Site EHS Lead. The Site Head ensures implementation of EHS policies, communicates EHS expectations to the workforce and oversees the EHS management system's implementation. The Site Head reports on policy implementation to the Senior Management.

To bolster the efficient implementation of our EHS policy, we conduct half-yearly internal audits in addition to annual external audits. In line with this system, in FY 2022-23, our facilities successfully underwent 15 external and 30 internal audits. There were no instances of any major non-conformances. We also have no open show cause or legal notices, or penalties imposed by regulatory agencies for safety and environmental violations.<sup>2</sup>

To ensure proper implementation of our EHS policy, we employ several governance mechanisms:

- 1. Management reviews:** Monthly site safety committee meetings, chaired by the site head, are held as part of our ISO Management systems. These reviews assess EHS implementation and suggest improvements.
- 2. EHS performance reviews:** The corporate central team conducts monthly site-level EHS performance reviews to evaluate compliance and identify opportunities for improvement.
- 3. Bi-monthly EHS reviews:** The CTO, along with site teams, conducts bi-monthly EHS reviews across sites, depots, and businesses. These reviews identify risks and drive continuous improvement.
- 4. Compliance reviews:** Monthly compliance reviews are conducted at all sites to ensure adherence to EHS regulations.

**We have been selected in S&P Dow Jones Sustainability Index (DJSI) for the Emerging Markets category in 2022, honoured as an S&P Global Industry Mover and included in the Sustainability Yearbook for 2022.**



From FY 2022-23, to monitor, report and better represent environmental performance data, we have started reporting environmental data segregated along the lines of:

- **Global Operations<sup>3</sup>**
- **India Manufacturing Operations<sup>4</sup>**

This segregation enables us to evaluate and manage our localised environmental impacts better while also providing a holistic view of our global operations. It promotes internal accountability, benchmarking and optimisation of our sustainability initiatives across organisational boundaries.

**Demonstrating our commitment to holistic sustainable development, we aim to become carbon neutral<sup>5</sup>, water neutral and achieve zero waste to landfill status for India manufacturing operations by December 2025.**

The following sections outlines our progress and endeavours in addressing the aforementioned goals.



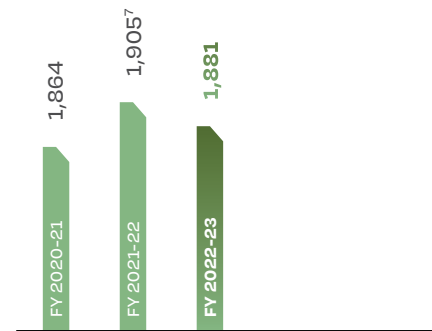
**Our decarbonisation journey**

**Energy consumption<sup>6</sup>**

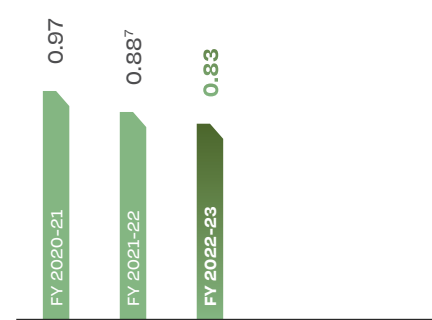
**In FY 2022-23, our global energy consumption stood at 18,80,898 GJ, of which India manufacturing operations accounted for 16,38,939 GJ.**

The trends in our energy consumption over the last three years are highlighted below.

**Global energy consumption** (in TJ)

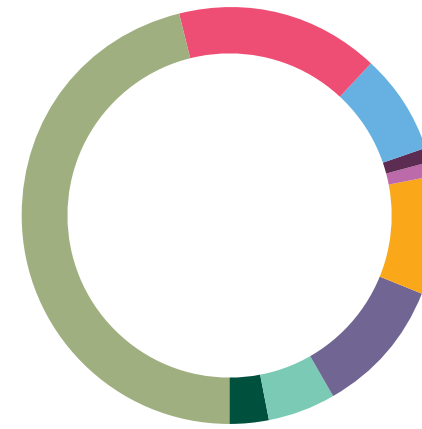


**Global energy intensity<sup>8</sup>** (GJ/₹ lacs revenue)



**Sources of global energy in our energy mix<sup>9</sup>** (in GJ)

**18,80,898**  
Total



- **8,71,902** Electricity (Grid)
- **18,638** LPG
- **97,385** Furnace Oil
- **2,95,555** Solar
- **1,75,964** Natural Gas
- **57,022** LSHS
- **1,46,530** Diesel
- **1,97,324** Biomass
- **839** Others (Petrol and Bio diesel)
- **19,739** Wind Energy

Monitoring of our decarbonisation efforts are based on two key elements: **innovation for energy conservation and efficiency** and **investments in renewable energy**.

**Energy conservation and efficiency initiatives<sup>10</sup>**

We continue to undertake initiatives aimed at making our operations more efficient, with an aim to optimise processes that utilise large amounts of energy. A few of our initiatives are highlighted below.

**Replacing existing centrifugal chillers with energy efficient magnetic bearing chillers**

In 2022, we undertook an initiative to increase the energy efficiency in our chilling process. The initiative involved replacing existing centrifugal chillers with energy-efficient and reliable magnetic bearing chillers in HVAC applications. In December 2022, a 1,500 TR magnetic bearing chiller was installed in Goa. The magnetic bearing driveline eliminated the need for lubrication, resulting in lower maintenance requirements and a longer lifespan.

As a result of this initiative, the organisation estimated annual savings of ₹ 24.8 lacs, with a payback period of 3.5 years. Additionally, the initiative led to an annual reduction of approximately 127 tCO<sub>2</sub>e of greenhouse gas emissions. Other benefits included greater precision and control, reduced footprint, wider operating range, increased uptime and silent and vibration-free operation.

<sup>2</sup>GRI 2-27

<sup>3</sup>For the purpose of Natural Capital, Global Operations includes all manufacturing sites, depots and offices of Cipla Limited and manufacturing sites of its subsidiaries in India and abroad

<sup>4</sup>For the purpose of Natural Capital, India Manufacturing Operations includes manufacturing sites of Cipla Limited and our subsidiaries in India (Goldencross Pharma Limited, Medispray Laboratories Private Limited, and Meditab Specialties Limited)

<sup>5</sup>Carbon neutrality is for scope 1 (Fuel based) and scope 2 emissions

<sup>6</sup>GRI 302-1, 302-2. For more information, please refer to BRSR Question no. 1 under essential indicators of Principle 6

<sup>7</sup>GRI 2-4 Regular review of the data is carried out to ensure accuracy and consistency. This has led to changes in the data for FY 2021-22 energy and scope 2 emissions for Cipla Medpro Manufacturing (Pty) Ltd

<sup>8</sup>GRI 302-3

<sup>9</sup>Reference for fuel conversion values: 2006 IPCC Guidelines for National Greenhouse Gas Inventories - Volume 2 (Energy)

<sup>10</sup>GRI 302-4. Information in line with BRSR Question no. 7 under essential indicators of Principle 6.

### Steam optimisation

The Cipla Boiler strategy focuses on steam reduction and derating of boilers during excess capacity, with an aim to optimise energy utilisation. With this objective, we implemented Mechanical Vapour Recompression Evaporator (MVRE) as part of our Zero Liquid Discharge (ZLD) project. We installed a Reverse Osmosis (RO) unit in November 2022, followed by the MVRE in January 2023. The aim was to achieve ZLD by evaporating most of the water from the reject, and then drying the wet slurry in an Agitated Thin Film Dryer (ATFD).

By opting for MVRE instead of the Multiple Effect Evaporator (MEE), steam consumption was significantly reduced. For an equivalent output, an MEE would require 500 kg/hr of continuous steam supply. In contrast, MVRE only utilises 100 kg/hr intermittently. The benefits of MVRE include lower steam consumption (20% of MEE requirements), a smaller footprint and the elimination of the need for continuous steam supply.

Additionally, a few significant energy conservation initiatives are detailed below:

a.

#### Installation of energy efficient compressor:

We Installed an energy efficient compressor at our Indore site, resulting in savings of approximately

**111 MWh.**

b.

#### VFD (Variable frequency drive) system:

We installed a VFD system for a Brine Chiller, compressor and ventilation blower at Goa-II, Kurkumbh and Sikkim, resulting in savings of approximately

**127 MWh.**

c.

#### BacComber system for cooling water treatment:

We installed BacComber system (Ultra Low frequency treatment) in place of Nalco system for Chemical dosing in our cooling tower at Indore, resulting in savings of approximately

**112 MWh.**

For more details in our energy conservation initiatives, please refer to Annexure III of Board's Report on page no. 133 of this report.



Through our energy saving interventions, we avoided the use of approximately **4,810 MWh** of energy across India Manufacturing operations in FY 2022-23.

### Renewable energy

We adopt a double-pronged strategy to increase the proportion of renewable energy in our energy mix. This approach involves:

1

#### Scaling up of renewable electricity:

We are constantly looking to scale up the utilisation of renewable electricity to power our operations by installing rooftop solar panels and through open access of solar and wind energy. Notably, our manufacturing facilities located in Sikkim and Baddi are entirely powered by hydroelectricity sourced from the grid.

2

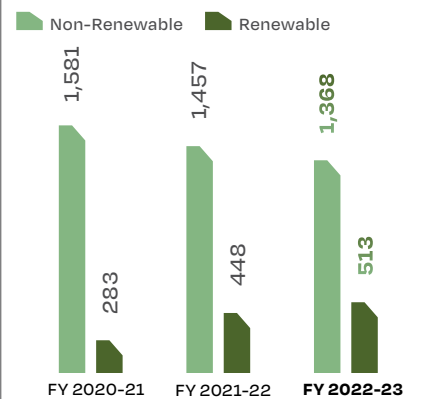
**Embracing alternative fuels:** We embrace the use of alternative fuels for our operational processes to reduce our reliance on non-renewable sources, such as the use of biomass which currently makes up over 10% of our energy consumption.

### Renewable energy consumption

In FY 2022-23, renewable energy's share in our global operations reached **27%**, compared to a **24%** share in FY 2021-22.

For India manufacturing operations, renewable energy stood at 31% of the total energy mix.

#### Global energy consumption trend (in TJ)



### Highlights from our efforts to increase the share of renewables:

1.

As of 31<sup>st</sup> March, 2023, we have a total operational capacity of:

**55 MWp**

Of captive solar power open access

**2.7 MVA**

Of captive wind power open access

**8.1 MWp**

Of solar rooftop installations across various sites in India

Through these sources, we sourced a total of 87,591 MWh of renewable electricity during the year, representing a **28% increase compared to FY 2021-22** (68,241 MWh).

2.

**Contribution of Captive Solar Plant:** Our captive solar plant in Tuljapur helped meet **66% of the electricity requirements** of our manufacturing units at Kurkumbh and Patalganga, and our R&D center at Vikhroli, Mumbai.

3.

**Expansion of Captive and Third-Party Open Access Projects:** During the year, we added a captive open access project in Karnataka. Additionally, we sourced solar and wind power through third-party open access supplies for our Bangalore units in Virgonagar and Bommasandra. Through these projects, we **achieved 93.4% renewable electricity consumption at these units.**

4.

**Rooftop Solar Installation:** We installed an **additional 3.125 MWp of rooftop solar panels** at our manufacturing units in Indore.

### Greenhouse gas emissions<sup>11</sup>

As a responsible business, we have long been committed to reducing our carbon emissions. The scope 1 and scope 2 emissions for our global operations are detailed below<sup>12</sup>.

#### Scope 1 emissions:

In FY 2022-23, our global Scope 1<sup>13</sup> emissions stood at 35,831 tCO<sub>2</sub>e, a reduction of 6.5% from the previous year. We have also started monitoring our global refrigerant related GHG emissions from FY 2022-23, which stood at 3,04,961 tCO<sub>2</sub>e.

#### Scope 2 emissions:

In FY 2022-23, the increased use of renewable energy helped us avoid approximately 70,948 tonnes of GHG emissions. Our global Scope 2 emissions decreased by 6% to 1,89,900 tCO<sub>2</sub>e.

Additionally, the biogenic emissions from our global operations stood at 19,733 tCO<sub>2</sub>e in FY 2022-23.

**We endeavour to become carbon neutral for our scope 1<sup>13</sup> and scope 2 emissions for India Manufacturing operations by December 2025.**

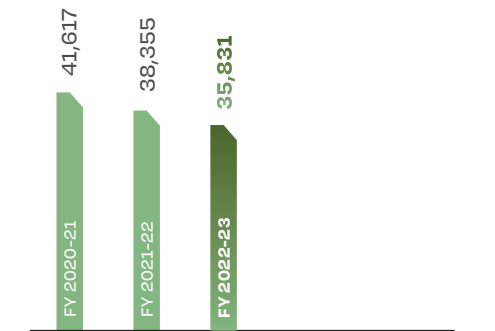
During the year, our scope 1<sup>13</sup> and scope 2 emissions for India manufacturing operations stood at 32,160 tCO<sub>2</sub>e and 1,53,882 tCO<sub>2</sub>e, respectively.

In line with our targets, we are committed towards reducing GHG emissions by implementing various energy saving initiatives, switching to alternative low emission fuels and increasing the share of renewable energy in our operations. As a result, scope 1<sup>13</sup> and scope 2 emissions for India Manufacturing operations have reduced by 11% from FY 22.

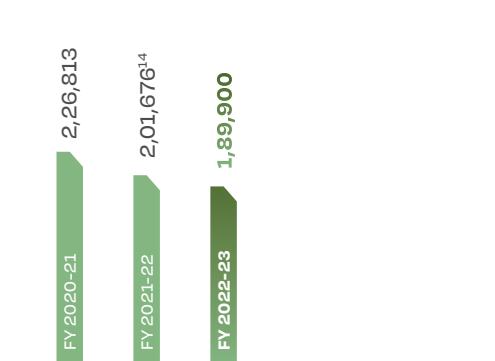
We are also in the process of aligning our reporting and monitoring practices

with the requirements of the SBTi (Science-Based Targets initiative). As part of this endeavour, we have been developing systems to monitor and track scope 3 emissions, reiterating our commitment to responsible environmental stewardship.

#### Global scope 1<sup>13</sup> emissions (tCO<sub>2</sub>e)



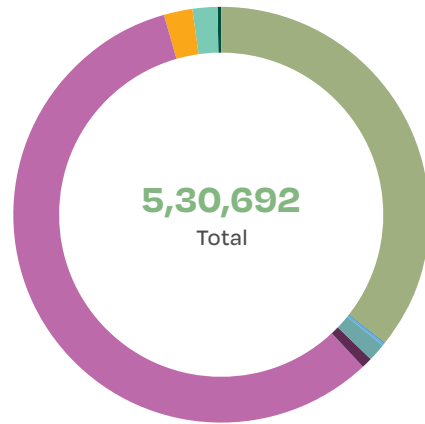
#### Global scope 2 emissions (tCO<sub>2</sub>e)



The global emissions intensity (scope 1<sup>13</sup> and 2 combined) in terms of tCO<sub>2</sub>e/rupees (lacs) has reduced from **0.11 to 0.1** over the last year.<sup>15</sup>

<sup>11</sup>GRI 305-1, 305-2, 305-5. For more information, please refer to BRSR Question no. 6 under essential indicators of Principle 6  
<sup>12</sup>References for emissions factors: The Intergovernmental Panel on Climate Change Assessment Report 5, India Central Electricity Authority 2022 report, Harmonized IFI Default Grid Factors 2021, V3.2, United States EPA eGrid Database  
<sup>13</sup>Carbon neutrality is for scope 1 (Fuel based) and scope 2 emissions  
<sup>14</sup>GRI 2-4 Regular review of the data is carried out to ensure accuracy and consistency. This has led to changes in the data for FY 22 energy and scope 2 emissions for Cipla Medpro Manufacturing (Pty) Ltd  
<sup>15</sup>GRI 305-4

**Emissions by source** (tCO<sub>2</sub>e)



- **1,89,900** Electricity
- **3,04,961** Refrigerant
- **58** Petrol
- **10,893** Diesel
- **1,177** LPG
- **11,340** Natural Gas
- **7,561** Furnace Oil
- **375** Biomass-briquette
- **4,427** LSHS

**Emissions from Ozone Depleting Substances (ODS)<sup>19</sup>**

The Montreal Protocol mandates phase out of refrigerants that are ODS as per schedules approved for developing countries. We are monitoring the consumption of HCFCs and HFCs at our sites and will phase out the same as per the timelines stipulated in the schedules. ODS emissions from our manufacturing operations in FY 2022-23 stood at 0.11 CFC-11 eq.

**Managing climate risks**

At Cipla, we have been actively monitoring climate risks and opportunities, assessing physical and transitional risks, as well as identifying potential opportunities associated with adapting to climate change. In FY 2022-23, we took a significant step towards formally aligning our practices with the Task Force on Climate-related Financial Disclosures (TCFD) framework. While our climate risks management journey started years ago (through our initiatives in renewable energy, emissions reduction and conservation), we are now working towards integrating our efforts with the Financial Impact Assessment of the TCFD framework. We believe this will allow us to integrate climate factors into our financial planning – thus ensuring resilience, cost-saving and enhanced transparency for our stakeholders. Cipla identified the associated physical risks for its sites, offices, and warehouses and performed baseline and scenario analyses considering the Representative Concentration Pathway (RCP). RCPs are prescribed concentration pathways used by the climate modeling community for greenhouse gas and aerosol concentrations, as well as land use change. Cipla considered three RCP scenarios: RCP 4.5, RCP 6.0 and RCP 8.5 for the scenario analysis. This approach allowed the company to evaluate the potential impact of different levels of greenhouse gas emissions on its assets and operations. A detailed TCFD report will be published separately.



**Water stewardship<sup>16</sup>**

Water, being a critical resource for sustenance of individuals, communities and corporates alike, is used with utmost care and responsibility. We diligently track the entire cycle of water use in our operations, including withdrawal, consumption and the recycling and reuse of wastewater. This comprehensive approach ensures efficient water management and improved efficiencies.

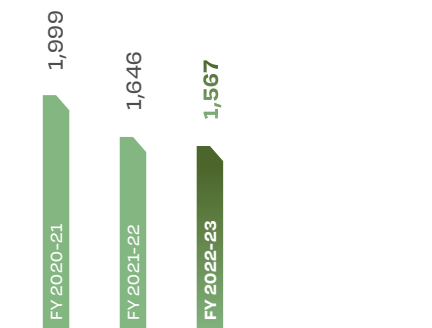
**In FY 2022-23, our global water withdrawal stood at 15,66,809 KL, a 5% reduction from the previous year. Our global water consumption is 14,84,831 KL.<sup>17</sup>**

**We endeavour to become water neutral for India manufacturing operations by December 2025.**

During the year, our total water withdrawal quantity for India manufacturing operations stood at 14,61,251 KL, which is a 6.4% reduction from the previous year.

**Water withdrawal<sup>18</sup>**

**Global water withdrawal trends** (in '000 KL)



We adopt a three-pronged approach to our water management strategy: enhancing the use of rainwater, reducing the use of blue water through wastewater management and supporting communities through water conservation programmes.

**Enhancing the use of rainwater**

**Watershed programmes:** We undertake watershed programmes to build rainwater harvesting structures like check dams, ponds, rooftop harvesting systems, etc., to conserve water and create a shared value for communities at large. As part of these programmes, multiple rainwater harvesting structures are planned to be developed in over 15 villages in India, with support from our implementation partners MYRADA and BAIF. These villages were selected after stakeholder consultations and were found to be experiencing low water table that impacts domestic and agricultural activities.

**Reducing the use of blue water through wastewater management**

► **Utilisation of treated water and reject water:** Our water conservation efforts are strengthened by the utilisation of water treated at our Effluent and Sewage Treatment Plants. We also utilise Reverse Osmosis (RO) reject water from raw water treatment plants in our operations. These measures effectively reduce our reliance on freshwater consumption, promote controlled usage for cleaning and contribute to the ongoing improvement of our water treatment facilities.

► **Zero Liquid Discharge (ZLD) projects for wastewater management:** Recognising the importance of responsible wastewater management, we have undertaken ZLD projects at few sites of India Manufacturing Operations. These initiatives are essential for preserving ecosystems, protecting community health, and ensuring environmental sustainability. By implementing ZLD, we minimise liquid discharge and enhance our commitment to sustainable water management

practices. Currently, Sikkim, Kurkumbh, Virgonagar, Indore and Bommasandra sites are ZLD and our Goa formulation site has initiated a ZLD project during FY 2022-23.

**Community based water conservation projects**

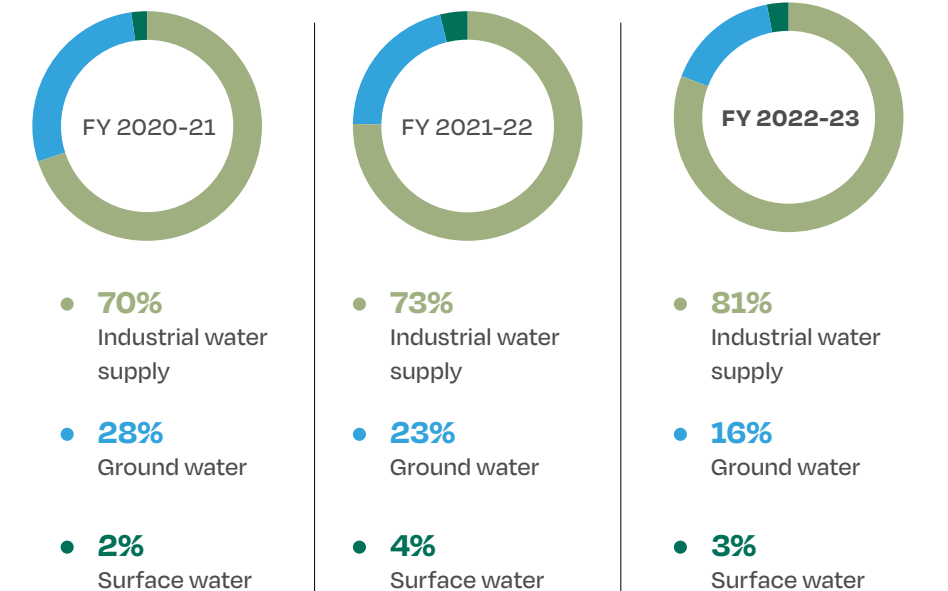
We educate communities on water conservation, wastewater minimisation, water-efficient agriculture methods, etc., in order to spark a favourable behaviour change towards water management. As part of our strategic initiative, we also undertake biodiversity enhancement by means of afforestation activities around rainwater harvesting structures that enable indigenous flora and fauna to flourish. Our conservation efforts follow our commitment to enhance natural systems, promote long term water-

security and make the planet more resilient to climate change impacts.

As per the TCFD study carried out, water stress is categorised as a 'chronic risk' and most of our assets such as manufacturing operations, offices and warehouses were assessed to be at low risk with respect to water stress. However as per the detailed assessment carried out, some of our assets, namely Baddi, Bommasandra, Indore and Mumbai may become prone to water stress in the future. Our proactive mitigation approach for water stress includes installation of rainwater harvesting structures and adopting zero liquid discharge systems towards efficient water utilisation.

As a result of our initiatives, we have seen a significant decrease in our water withdrawal amount as compared to previous years.

**Global water withdrawal by source<sup>20</sup>**



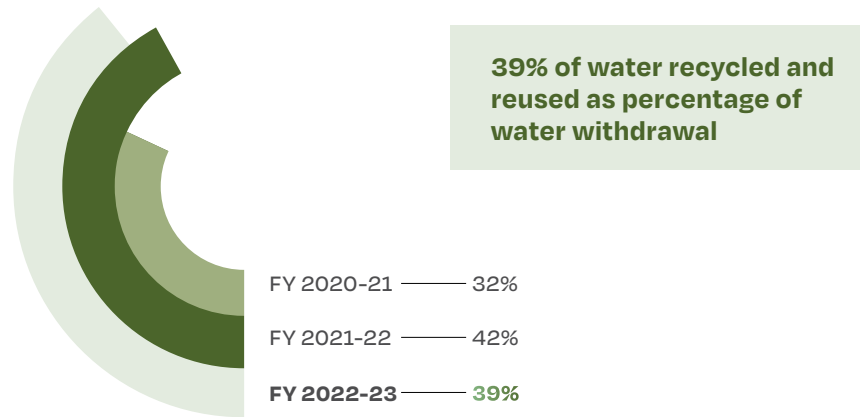
<sup>16</sup>GRI 303-1  
<sup>17</sup>GRI 303-5, In terms of guidance note on BRSR, we have computed water consumption as water withdrawal (minus) water discharge  
<sup>18</sup>GRI 303-3. For further information, refer BRSR Question no. 3 under essential indicators of Principle 6 and Question no. 2 and 3 under leadership indicators of Principle 6.  
<sup>19</sup>GRI 305-6

<sup>20</sup>GRI 303-3. For further information, refer BRSR Question no. 3 under essential indicators of Principle 6 and Question no. 2 and 3 under leadership indicators of Principle 6.

## Water Recycled and Reused<sup>21</sup>

During the FY 2022-23, 85 % of the wastewater generated was recycled and utilised within our facilities through our in-house Effluent Treatment Plants (ETPs), Sewage Treatment Plants and ZLD plants. These plants ensure that the treated water meets all the prescribed quality standards for the bulk drugs and pharmaceutical industry.

## Global water recycled and reused



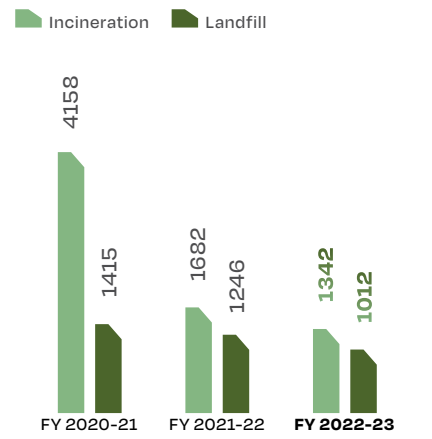
## From waste-to-value<sup>22, 23</sup>

Our waste streams, which include hazardous waste, non-hazardous waste, e-waste, biomedical waste and others, are inventoried periodically and are sent to third party for recycling / disposal in compliance with applicable government regulations. Our total waste generation across global operations for FY 2022-23 stood at 27,078 MT, a reduction of 2.4% compared to previous year. Meanwhile, the total waste generated for India manufacturing operations stood at 25,516 MT.<sup>24</sup>

## Channelising our waste

Waste generated at our sites are sent to authorised recyclers, authorised Treatment, Storage, and Disposal Facilities (TSDF) as well as co-processing facilities. At TSDF and co-processing facilities, thermal destruction methods are undertaken to safely eliminate waste.<sup>25</sup> Co-processing of our waste involves utilising waste as a resource in the production of Alternative Fuels and Raw Materials (AFR) for the Cement Industry. Approximately 91% of waste generated from our global operations has been sent for recycling / reuse.

## Global waste disposed (in MT)



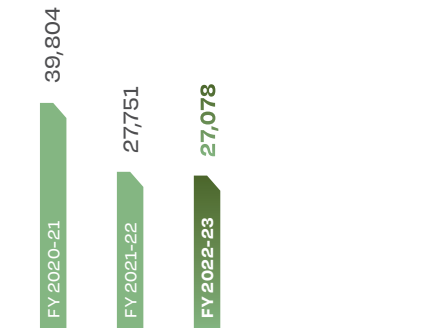
In FY 2022-23, total waste disposed via incineration and secure landfills for our Global operation stood at 2,354 MT, which is a 20% reduction from the previous year.<sup>26</sup>

**We aim to achieve zero waste to landfill status for India manufacturing operations by December 2025.**

The waste disposed to landfill for India manufacturing operations stood at 849 MT in FY 2022-23, which amounts to 3.3% of the total waste generated at these sites.

Our strategy to achieve our target involves increasing the proportion of waste that is recycled or subjected to co-processing methods, thus reducing the need to send wastes to landfill sites.

## Global waste generated (in MT)



<sup>21</sup>GRI 303-2, 303-4. For further information with respect to different destinations of wastewater discharge including bifurcation for water stress areas, refer BRSR Question no. 2 and 3 under leadership indicators of Principle 6.

<sup>22</sup>GRI 306-1, 306-2. For further information, refer BRSR Question no. 8 under essential indicators of Principle 6.

<sup>23</sup>Data for waste management excludes information from depots

<sup>24</sup>GRI 306-3

<sup>25</sup>Information in line with BRSR Question no. 9 under essential indicators of Principle 6.

<sup>26</sup>GRI 306-5

## Waste channels

Waste channels	Global Operations	
	Total waste qty (MT)	Percentage (%)
Buy back	62	0.23
Co-processing	818	3.02
Incineration (TSDF)	1,342	4.97
Pre-processing	32	0.12
Sold as scrap	4,130	15.28
Sold to authorised recycler	19,626	72.63
Waste to Secure Landfill (TSDF)	1,012	3.75
<b>Total</b>	<b>27,022</b>	<b>100.00</b>

## Waste Recycled/Reused (Global operations)<sup>27</sup>

Waste Diversion	Total (MT)
Sent to third party for recycle/reuse	19,626
Other recovery operations	5,042
<b>Total</b>	<b>24,668</b>

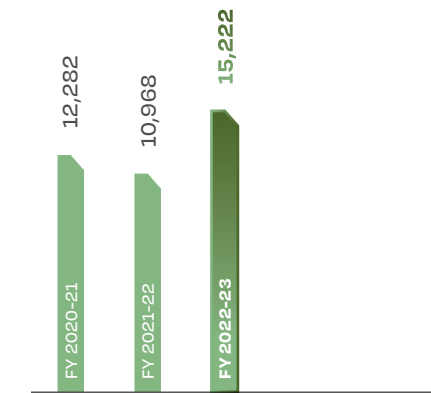
## Deriving Value from Waste<sup>28</sup>

In FY 2022-23, we collected plastic waste equivalent to 100% of our pre and post-consumer plastic waste generation, which amounts to 15,222 MT. Of this, 2,759 MT was sent to waste-to-energy plants or co-processing and 12,463 MT was sent for recycling.

We got our extended Producer responsibility (EPR) certificate renewed under the Plastic Waste Management Rules, 2016 in August 2022 on the new EPR portal developed by Central Pollution Control Board (CPCB). For FY 2023-24, we aim to maintain 100% EPR compliance for pre and post-consumer plastic waste.

As a responsible corporate, we have also engaged an external consultant to carry out detailed audit of our EPR vendor for assurance on EPR compliance.

## Plastic waste to value (in MT)



The plastic we collected and channelised for recycling in FY 2022-23, is equivalent to following :

**48,60,55 GJ**  
Of energy saved

**1,96,138 KL**  
Of water consumption avoided

**19,675 tCO<sub>2</sub>e**  
Of emissions avoided

## Managing toxic chemicals<sup>29</sup>

At Cipla, we are committed to completely restrict the usage of toxic chemicals that are harmful to individuals as well as the environment, in our routine operation. Toxic elements are being monitored in our drug substances and products as per the globally implemented guidelines (ICHQ3D) by means of onetime analysis or routine analysis based on the contents observed. Although these chemicals may be present in some form in the materials or machines used for our routine manufacturing, we have implemented necessary controls to maintain the levels within governing limits.

<sup>27</sup>GRI 306-4

<sup>28</sup>Information in line with BRSR Question no. 4 under essential indicators of Principle 2

<sup>29</sup>Information in line with BRSR Question no. 9 under essential indicators of Principle 6



# Financial Capital and Management Discussion and Analysis

Strategic focus areas



Capital Allocation



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

## Highlights for FY 2022-23:

**5%**

Increase in consolidated revenue year-on-year (YoY)

**12.3%**

75 bps expansion in Profit after tax (PAT) YoY

**20%**

Increase in R&D spend YoY

**23.8%**

Highest Return on Invested Capital (RoIC) achieved till date

## Global overview

The global economy faced headwinds in FY 2022-23, as inflation rose due to energy price hikes and supply chain disruptions caused by the Russia-Ukraine war and COVID-19 related lockdowns in China. Key developed economies slowed down and central banks struggled to contain inflation despite raising interest rates. As a result, the global economy contracted. However, there were signs of recovery by the end of the year, with India leading the way by growing at a brisk pace and inflation easing to more comfortable levels.

As we move into FY 2023-24, many countries will likely continue to implement tight monetary policies to combat inflation while avoiding recession. However, in the post-pandemic world, we do not expect governments to deprioritise their pharmaceutical budget allocations. We believe that medical spending in high-income countries such as those in Western Europe, North America and Japan will remain high, as these countries continue to see high per capita usage of prescription drugs. We expect per capita usage of prescription drugs to grow in low-income countries and that the pharmaceutical market will continue to grow at a steady pace, as new products offset the loss of revenue from expiring patents.

## Company overview

In last three years, Cipla has optimised its business models, reshaped its portfolio, and expanded its footprint to strengthen its competitive position in key geographies. Throughout the pandemic, Cipla has upscaled its capabilities to support stronger execution and ensure widespread availability of quality medicines. The Company has also invested in automation and digitisation to drive sustainable efficiencies across its portfolio selection, manufacturing, supply chain, and quality operations. Cipla is committed to investing in talent to nurture an agile, innovation, and excellence-focused culture.

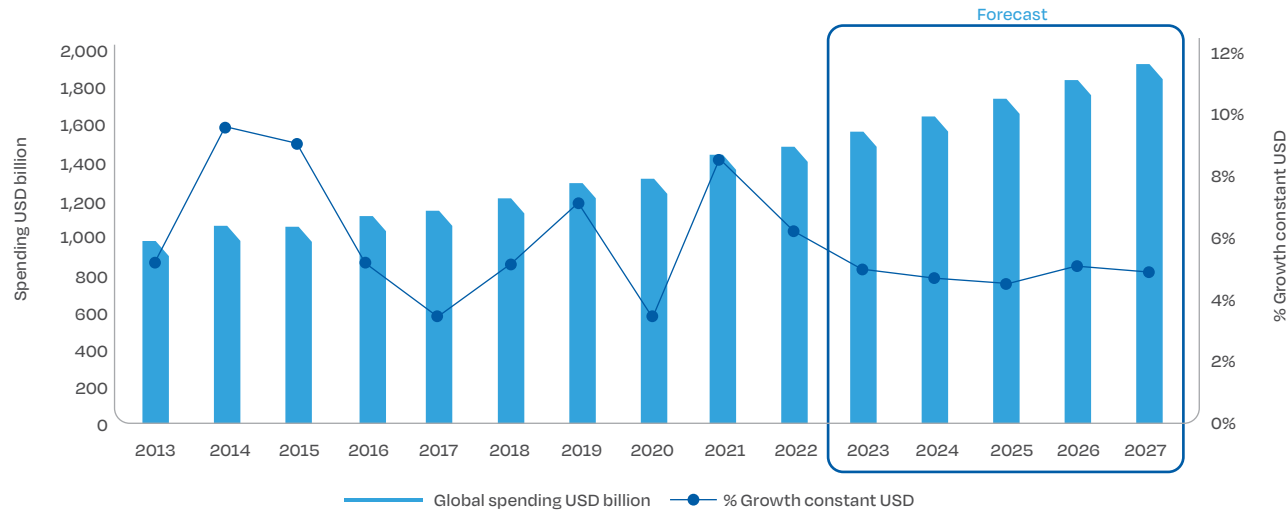
During the year, Cipla continued to make significant progress across its strategic priorities with the highest ever revenue and EBITDA including several major milestones in our One-India\* and US businesses. The Company has made robust capital investment across multiple growth initiatives including investments in complex pipeline, new science, big brands and expanding consumer portfolio among others. Despite of all the external headwinds and COVID-19 impacted base for FY 2022-23, YoY growth stands at 5% and a solid 11% on ex-COVID-19 basis while delivering strong operating performance with EBITDA of 22.1%.

The Company's continuous emphasis on bringing complex drugs at affordable prices represents our deep-rooted purpose of 'Caring for Life', serving patients via innovative respiratory drug-device combinations, complex formulations, and broad-spectrum capabilities in injectables, oral solids and inhalation amongst others. Over the last few years, the businesses have exceeded internal estimates by continuing rigor on portfolio execution and financial discipline to drive higher profitability, improved cash flow generation and return on investment. Cipla continues to focus on strengthening its core franchises while venturing into newer portfolios of complex generics, co-developing biosimilars, inhalation devices, diagnostics solutions, new age technology platforms and digitised business models. Cipla consumer business is leveraging portfolio strengths and capabilities across India, South Africa and emerging markets coupled with consumer insights and robust media campaigns to drive innovation, translating into winning benefits for consumers.

\*One India includes branded prescription, trade generics and consumer health business.

## Global pharmaceutical industry structure and key developments

### Global medicine market size and growth 2013-2027



Source : IQVIA Market Prognosis, September 2022; IQVIA Institute, November 2022.

As per IQVIA report, the global medicine market is expected to reach USD 1.9 trillion by 2027, growing at a CAGR of 3-6% over 2023-2027. Biotechnology will be the flavour of growth in future, while oncology and immunology will lead the growth chart through 2027. Oncology is projected to add 100 new treatments over five years, contributing to an increase in spending of USD 184 billion to a total of more than USD 370 billion in 2027 and facing limiting new losses of exclusivity. Treatments for auto-immune disorders are forecasted to reach USD 177 billion globally by 2027, driven by steadily increasing numbers of treated patients and new products, and offset after 2023 due to biosimilars.

In developed countries, medicine spending is expected to be in line with past trends. The adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars, are expected to continue as the main factors influencing medicine spending and growth. Dramatic increases in healthcare access were the largest drivers of change in the use of medicines historically, but the trend is slowing and will result in volume declines across many markets.

Following the global trends, Cipla has deepened its differentiated portfolio for the US markets with continued traction in respiratory franchise and expansion of its peptide portfolio with increased market share in Company's first 505(b)(2) Lanreotide injection. This portfolio is boosted by the successful launch of gRevlimid. In India, the Company continues to offer a healthy well diversified portfolio of branded prescription business, trade generics and consumer wellness by focusing to grow organically in its core strengths while parallelly investing in opportunities to fortify its position. Continuing this strategy, with an aim to expand in its diabetes portfolio in India, Cipla has entered into a perpetual agreement with Novartis for the brand 'Galvus' which will considerably elevate Company's share in this market.

Cipla will continue to prioritise its investments strategically for driving growth and return on invested capital in its core portfolio. Over the medium term, clinical trials for respiratory products, peptide injectables and biosimilars are likely to gradually inch up absolute R&D spends run rate. Cipla continues to put significant

efforts in moving up the innovation curve by leveraging data science and digital technology in R&D coupled with best-in-class commercialisation and create value for all stakeholders which is further emphasized by Cipla's recent equity investment in Ethris for partnership for the development of mRNA-based therapies.

### Evolving framework across key regulated markets

In FY 2022-23, global regulatory bodies resumed on-site regulatory inspections to reduce the backlog of approvals that had accumulated during the COVID-19 pandemic. Approvals for novel drugs, first generics, novel biologics, and biosimilars continued across countries to ensure that patients have continued access to chronic medications. In addition, the following key factors are impacting the global pharmaceutical economy:

### Localisation

The global economy entered FY 2022-23 with a slower recovery post COVID-19, impacted by inflation and Russia - Ukraine war. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated. The ongoing slowdown in Chinese economy and COVID-19 induced lockdowns have disrupted China focused supply chains. This has resulted in many countries changing their focus to being self-sufficient and incentivizing localisation to hedge external dependency.

### US Inflation Reduction Act

The Inflation Reduction Act, August 2022, resulted in groundbreaking changes in the U.S. pharmaceuticals market, as it includes measures to prevent increases in drug prices from surpassing inflation. Two main components of the legislation aim to reform Medicare's drug-pricing policy: price negotiations and higher inflationary cap price.

### National List of Essential Medicines (NLEM), 2022 - Indian pharmaceutical market

In a bid to make drugs affordable, Ministry of Health and Family Welfare revisits and revises National List of Essential Medicine (NLEM) every five years. The NLEM 2022 was released by the Ministry in September 2022, a revision to the previous NLEM 2015.

Pricing of several antibiotics, vaccines, anti-cancer drugs and many other important drugs has reduce effective from 11<sup>th</sup> November, 2022. The NLEM focuses on aspects such as safety, efficacy, availability, and affordability. It comprises of 384 drugs across 27 categories. While the 2022 list has 34 new drugs, 26 drugs from the 2015 list have been removed.

### Increased quality focus in India Pharma Market

In the post-COVID-19 world, the focus is on the best quality standards and drugs made in India must also align with these changing standards. The health ministry has made regulatory changes to make marketing companies who outsource manufacturing of products equally responsible for quality of those products, at par with their inhouse products.

### Medical devices

Traditionally, tightly controlled due to the impact they may have on human life, medical devices are witnessing a further expansion in regulation with recent developments such as the overhaul of the medical device regime in the EU, focus on medical device traceability, concerns about cybersecurity and more. These changes are in tandem with concerns regarding restriction of chemicals substances in products and other regulations pertinent to electronics. The objective of these restrictions is to make manufacturers of medical devices continuously monitor and assess regulatory requirements to ensure compliance.

### Increase in greenhouse gases

As per climate.gov, the global surface average for carbon dioxide (CO<sub>2</sub>) rose by 2.13 parts per million (ppm) to 417.06 ppm, roughly the same rate observed during the last decade. Atmospheric CO<sub>2</sub> is now 50% higher than pre-industrial levels. The year 2022 was the 11<sup>th</sup> consecutive year CO<sub>2</sub> increased by more than 2 ppm, the highest sustained rate of CO<sub>2</sub> increase in 65 years since monitoring began. Prior to 2013, three consecutive years of CO<sub>2</sub> growth of 2 ppm or more had never been recorded.

### USFDA inspections

The number of warning letters prompted by onsite inspections increased dramatically in FY 2022-23:

- ▶ 42 (67.7%) of the warning letters followed onsite inspections, while 16 (25.8%) resulted from inspecting samples, and four (6.5%) were the result of a records request. (RAPS)
- ▶ The number of Form 483s issued to drug establishments in FY 2021-22 was 466 compared to 215 in FY 2020-21, an increase of about 116%. (FDA dataset)

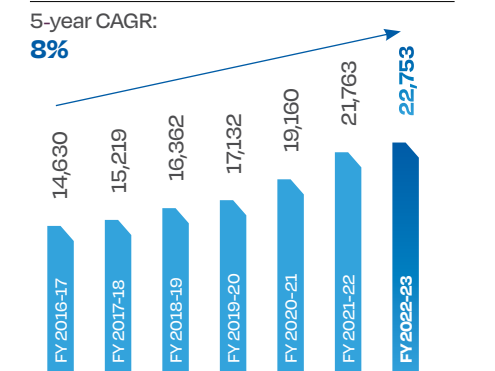
## Financial Capital

**Our robust financial management process assesses the requirement of funds across the business and helps to strategically allocate our financial resources to value-accretive opportunities and future growth lever. This approach creates long-term value for all stakeholders including customers, investors, employees and the communities in which we operate.<sup>1</sup>**

### Total income from operations<sup>2</sup>

In FY 2022-23, the Company reported revenue of ₹ 22,753 crores (FY 2021-22: ₹ 21,763 crores) and grew by 5% on a YoY basis, the overall growth was at 11% Ex-COVID-19. This performance was supported by growth in focused portfolios of One-India and US.

### Revenue from operations (₹ in crores)



<sup>1</sup>GRI 3-3  
<sup>2</sup>GRI 201-1



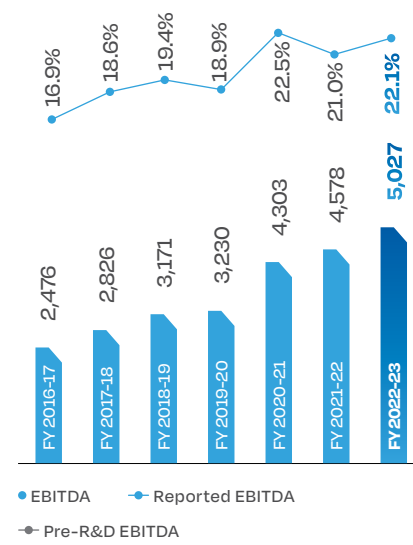
### Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)<sup>3</sup>

In FY 2022-23, the Company reported EBITDA of ₹ 5,027 crores (FY 2021-22: ₹ 4,578 crores) with EBITDA margins of 22.1% (FY 2021-22: 21.0%). This 106-bps expansion was driven by product mix, continued rigour on cost and operating efficiency while continuing our focus on growth linked investments.

**12%**

5-year CAGR

### EBITDA and EBITDA margin



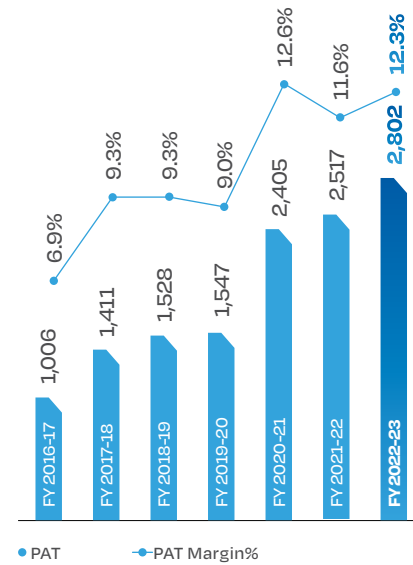
### Profit after tax

The Company has achieved the robust Profit After Tax (PAT) to date, amounting to ₹ 2,802 crores (11.3% YoY growth), a testament to the Company's ability to generate profitability, while simultaneously fulfilling our social responsibility. The profitability for this year was achieved through product mix, continued rigour on cost and operating efficiency while continuing our focus on growth linked investments.

**15%**

5-year CAGR

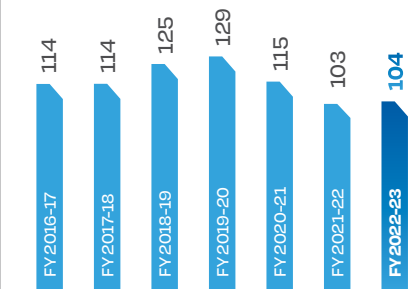
### PAT and PAT margin (₹ in crores) & (%)



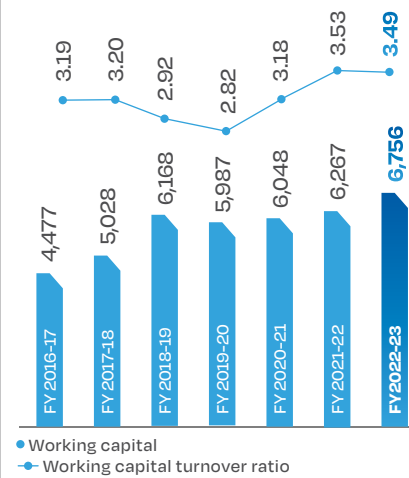
### Optimising working capital and cash conversion cycle

Cipla has consistently prioritised effective working capital management, implementing targeted initiatives to manage inventory, receivables and payables. In FY 2023-23, we remained committed to enhancing liquidity and mitigating risks associated with supply disruptions. We took proactive measures to ensure the timely collection of receivables, maintained sufficient stock of essential raw materials and finished products and extended support to our suppliers and distributors, as necessary. Such efforts help ensure that the markets have adequate supply of our products, so that consumers can access our products conveniently and continually.

### Cash conversion cycle<sup>4</sup> (No. of days)



### Working capital and working capital turnover ratio<sup>5</sup> (₹ in crores)

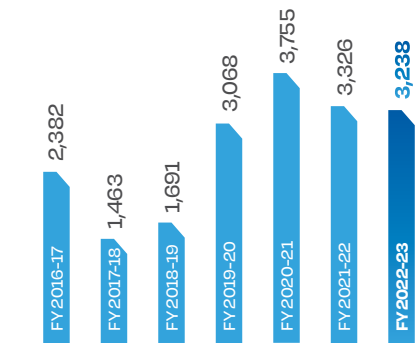


### Cash flow from operations and free cash flow

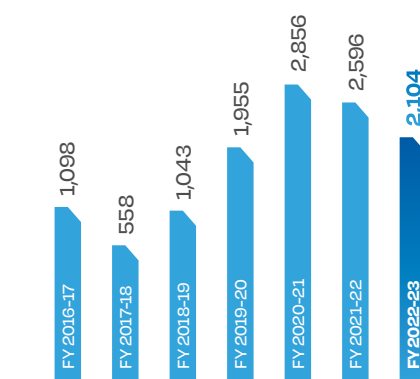
Our record profits and improved cash conversion cycle allowed us to maintain consistent cash generation. We are pleased to announce that we have increased our dividend payout ratio to 25%, up from 16% in FY 2021-22.

The trends in our cash flows are highlighted below:

### Cash flow from operations (₹ in crores)



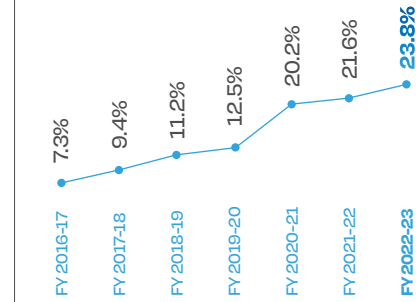
### Free cash flow<sup>6</sup> (₹ in crores)



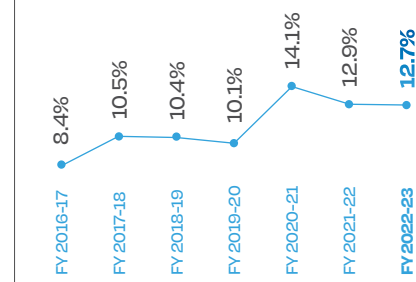
### Sustained value creation

Effective capital management is also reflected in rising Return on Invested Capital (RoIC) and Earnings Per Share (EPS) ratios, and a stable trend in our Return on Equity (RoE) ratio. These ratios reflect the Company's ability to generate higher returns for shareholders, allocate capital efficiently and sustain profitability. Such trends highlight Cipla's commitment to maximising shareholder value and solidifying its position as a financially robust organisation.

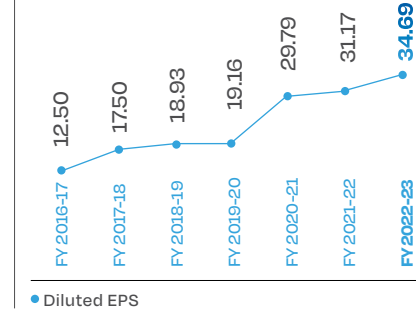
### Return on invested capital<sup>7</sup>



### Return on equity<sup>8</sup>



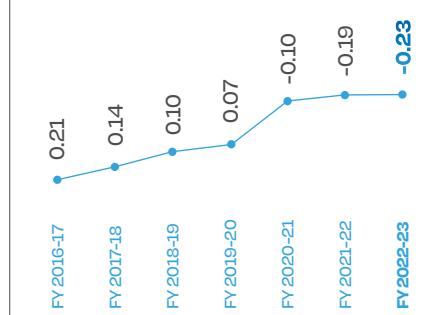
### Earnings per share (₹)



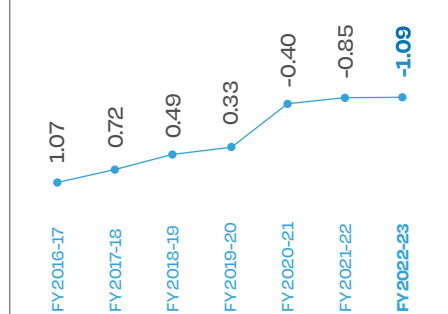
### Reduced net debt ratios

Cipla's financial prudence and commitment to sustainable growth is evident in the significant reductions in net debt to equity and net debt to EBITDA ratios, as well as a favourable increase in the interest coverage ratio.

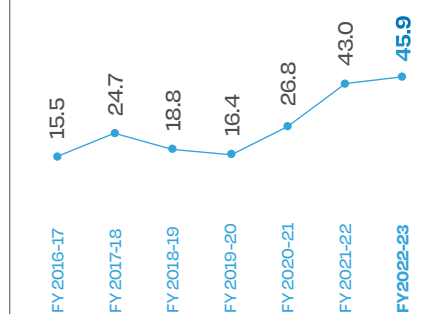
### Net debt to equity ratio<sup>9</sup>



### Net debt to EBITDA ratio



### Interest coverage ratio<sup>10</sup>



<sup>3</sup>EBITDA = Revenue from operations - (cost of material consumed + purchase of stock-in-trade + changes in inventory of finished goods, work-in-progress and stock-in-trade + employee benefits expense + other expenses)

<sup>4</sup>Cash conversion cycle = Average working capital ÷ Revenue per day

<sup>5</sup>Working capital = Trade receivables + Inventory - Trade payables | Working capital turnover ratio = Average working capital ÷ Revenue

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

<sup>7</sup>RoIC = EBITDA - depreciation & amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowings]

<sup>8</sup>RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling interest)

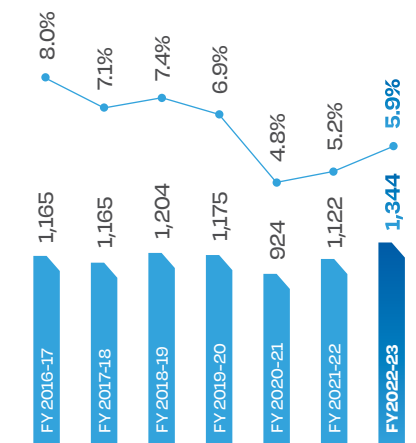
<sup>9</sup>Total borrowings = Total debt + lease liabilities | Net Debt = Total borrowings less Cash and Cash equivalents including fixed deposits, current investments, margin deposits and excludes unclaimed dividend balances

<sup>10</sup>Interest Coverage Ratio = EBITDA ÷ Total Finance Cost

### R&D expenditure

In FY 2022-23, our spend in R&D increased by about 20% which were ₹ 1,344 crores or 6% of revenues, reflecting our commitment to developing cutting-edge healthcare solutions and strengthening our position as a provider of high-quality, affordable medicines.

### R&D expenditure (₹ in crores)



● R&D Expenditure  
● R&D Expenditure as a % revenues

The absolute trajectory of the spends and product filings remains intact, with all priority assets progressing well and other portfolio development efforts remaining on course.

### ANDA and NDA portfolio and pipeline

(As on 31<sup>st</sup> March, 2023)

Approved ANDA and NDA	Tentatively approved ANDA and NDA	Under-approval ANDA and NDA	Total ANDA and NDA
161	31	74	266

**Note:** Cumulative 266 ANDA + NDAs Includes under approval, tentatively approved, approved ANDAs / NDAs/PEPFAR ANDAs for Cipla/InvaGen/Partner.

**Employee expenses:** Cipla's employee expenses for the year stood at ₹ 3,830 crores, an increase of 8.5% over FY 2021-22. The increase was largely due to annual increments and performance-linked components.

**Other expenses:** In FY 2022-23, the other expenses which included R&D, quality, sales and marketing, regulatory, manufacturing, etc. stood at ₹ 5,644 crores, increasing by 8.8% over FY 2021-22. The other expenses accounted for 24.8% of the revenue (FY 2021-22: 23.8%) due to YoY increase in IPD spends, professional fees, CMO spends and travel expenses.

**Depreciation and amortisation:** During FY 2022-23, depreciation and amortisation expenses stood at ₹ 1,172 crores (FY 2021-22: ₹ 1,052 crores). This includes impairment of intangible assets under development.

**Finance cost:** During FY 2022-23, finance expenses stood at ₹ 110 crores which is in line with FY 2021-22 expenses of ₹ 106 crores.

**Tax expenses:** The effective tax rate stood at 29.8% for FY 2022-23.

**Leverage position:** Robust operating profitability and strong free cash-flow generation enabled the Company to maintain a healthy debt to equity ratio, improving it to 0.03 in FY 2022-23 (FY 2021-22: 0.05). As of 31<sup>st</sup> March, 2023, our long-term debt stands at ZAR 720 million in South Africa. We have repaid the working capital loans of USD 49 million in the US considering the interest cost environment. Driven by our relentless focus on cash generation and rigour on cost discipline, we continue to be a net cash positive Company as on 31<sup>st</sup> March, 2023.

**Operating profit margin (%):** Operating profit for FY 2022-23 stands at healthy 16.9% (FY 2021-22: 16.2%) majorly accounted by favourable product mix.

### Other key ratios:

Ratio	FY 2022-23	FY 2021-22
Interest coverage ratio	45.9	43.0
Debtors turnover ratio	6.1	6.3
Return on net-worth	12.6%	12.8%
Inventory turnover ratio	1.6	1.7
Current ratio	3.38	2.99
Debt-service coverage ratio	14.52	2.97
Net profit margin	12.3%	11.6%

No material changes and commitments have occurred after the close of the year till the date of this report, which may affect the financial position of the Company. Further, there have been no significant changes in other key financial ratios requiring disclosure and explanation as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Capital allocation<sup>11</sup>

The Company's management and the Board strives to optimise capital allocation based on business and financial parameters, ensuring a sustainable foundation for our operations. Shareholders play a crucial role in our success demonstrating their continued trust and also providing us with the capital required for our growth aspirations. Our capital allocation policy aims to strike a judicious balance between retaining cash for operations and contingencies, while also rewarding and creating value for our shareholders.

The Board aims to maintain a healthy dividend pay-out of up to 30% of consolidated PAT. Nonetheless, it retains the flexibility to recommend a lower (or nil) dividend based on a comprehensive analysis of business environment and other internal, external and regulatory factors.

Cipla recognises the importance of cash retention for its growth, expansion and diversification endeavours. We have a

robust financial management process that assesses the requirement of funds for sustainable business operations and continues to strategically commit capital across value-accretive avenues and future growth levers.

In FY 2022-23, we maintained the dividend per share in line with our overall profitability by increasing the dividend to ₹ 8.5 per share (FY 2021-22: ₹ 5). The dividend payout ratio was 25% of consolidated PAT (FY 2021-22: 16%).



Research and development to strengthen our portfolio



Working capital requirements

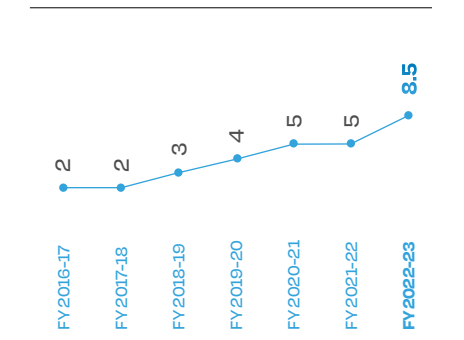


Organic and inorganic growth opportunities



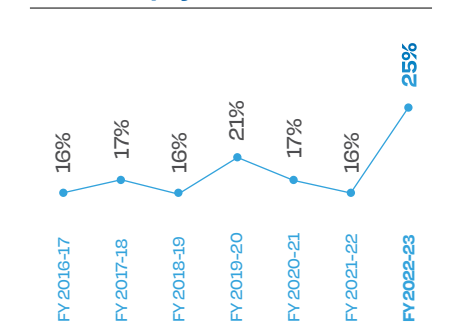
Enhancements in manufacturing infrastructure

### Dividend per share - trend (₹)



● Dividend per share

### Dividend payout ratio (%)



● Dividend Payout Ratio

### Financial performance and growth in key markets

#### One-India

In FY 2022-23, the One-India business experienced significant traction led by strong core portfolio tailwinds in prescription and trade generics businesses. Overall, the One-India business grew 13% during the year ex COVID-19. The focus for FY 2023-24 continues on maintaining market beating growth, increase in the share of chronic therapies, industry leading medical representatives productivity and enhancing patient experience with digital analytics and data science.

#### North America

Cipla's North America business delivered the highest-ever revenue of USD 733 million, growing 23% on a YoY basis. This was achieved through strong pipeline and execution, which has provided a well-

defined balance to our differentiated portfolio. Apart from strong respiratory portfolio, our lead asset, Lanreotide has achieved a market share of 17% in FY 2022-23, while gRevlimid too contributed to the growth trajectory. The Company continues to maintain strong serviceability levels across respiratory and complex portfolios.

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

The SAGA region faced headwinds led by internal supply issues in South Africa private market for first half of the year and price pressure in tender markets. However, Cipla continued to deliver market beating growth in private market by growing at a 3-year CAGR of 8.9% (vs market growth of 4.8%). Our focus continues on driving market beating growth and increasing the share.

#### International Markets

The International Markets comprising of Europe and emerging markets navigated extreme volatility, forex movements and geopolitical headwinds during the year. However, the business overcame challenges and managed to grow by 11% on YoY (ex COVID-19 basis in ₹ terms). The Direct to market (DTM) business, where we have our own sales force and local team, saw a double-digit growth across key geographies mainly driven by volume analytics and data science.

#### Active Pharmaceutical Ingredients (API)

The API business faced headwinds due to a drop in demand in regulated markets, however, emerging markets continued showing traction. The business maintained high visibility in seedings and lock-ins.

<sup>11</sup>GRI 3-3

## Business performance and outlook

### One-India

Cipla's One-India business comprises of branded business, trade generics and consumer health business (incorporated under Cipla Health Limited). In FY 2022-23, the One-India business experienced significant traction led by growth in core portfolios in all three franchises. Overall, the One-India business grew by 13% during the year ex COVID-19. We continue to witness strong volumes across core therapies which are likely to sustain in FY 2023-24.

### Branded prescription business

In FY 2022-23, Cipla's branded prescription business continued its growth story by posting market beating growth across chronic therapies, thus consolidating its

position as a formidable, branded franchise in our home market India. The core prescription business in India grew strongly by 12% on a YoY basis ex COVID-19. On an overall basis, the branded prescription business continued the market beating growth driven by sustained traction across therapies in core portfolio. We continue to maintain healthy ranks and market shares in our key therapy areas across respiratory, cardiac, anti-diabetic and gastro-intestinal.

#### Key highlights:

- ▶ Twenty brands in top 300 India Pharma Market (IPM) brands and 20 brands with sales greater than 100 crores in IPM.
- ▶ Overall contribution of chronic segment expanded by 300bps to 60%.

Therapy	Market rank	Market share	Cipla growth	Market growth
Overall	3	5.2%	12.8%	10.0%
Chronic	2	8.1%	14.5%	11.0%
Acute	8	3.3%	10.2%	9.4%
Respiratory	1	22.6%	16.4%	8.0%
Urology	2	12.2%	3.0%	17.4%
Anti-infectives	4	6.7%	5.7%	7.0%
Cardiac	6	4.8%	9.8%	8.7%
Gastro-Intestinal	13	2.7%	16.6%	12.3%
Anti-diabetics	14	2.1%	9.2%	6.8%

Source: IQVIA MAT March 2023 (ex COVID-19)

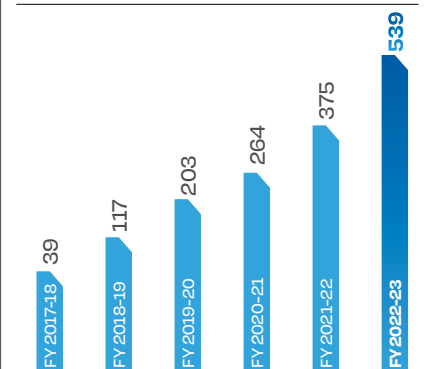
Over the last five years, the Company has forged strong partnerships with global pharma companies for strategic widening of therapy base with specialty offerings across cardiology segment with Novartis AG, anti-diabetic segment with Eli Lilly & Company and Boehringer Ingelheim and oncology segment with Roche Holding AG. As per internal data, Cipla's licensing franchise has grown at a CAGR of 69% over the period from FY 2017-18 to FY 2022-23 and stood at ₹ 500 crores+ in FY 2022-23. In an effort to increase access to innovative medicines and enhance its chronic portfolio, Cipla has recently signed a perpetual license agreement

with Novartis for the marketing and distribution of Galvus (Vildagliptin) and its combination brands. As per IQVIA MAT March 2023, these brands had reported sales of nearly ₹270 crores.

Cipla has also entered into a strategic partnership with Novartis to market and distribute Novartis's brand Scapho®, a human IgG1k monoclonal antibody used for the treatment of psoriasis. This partnership is expected to contribute another ₹40 crores to Cipla's topline (as per internal data).

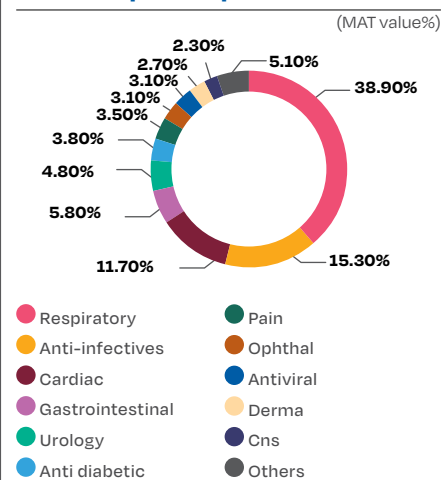
The in-licensing franchise is well-positioned to continue on the growth path in FY 2023-24.

### Strengthening speciality in-licensing business (non-COVID)



↑ **69%**  
CAGR FY 2018 to FY 2023

### Therapy-wise share split of India branded prescription business (MAT value%)



Source: IQVIA MAT March 2023 (EX-COVID)

### Branded prescription business outlook FY 2023-24

Cipla will continue to focus on maintaining market-beating growth, increasing its share of chronic therapies and expanding its field force to focus on growth therapies with industry-leading medical representative (MR) productivity. The Company will also enhance patient experience with digital analytics and data science.

While the National List of Essential Medicines (NLEM) will continue to have an impact on pricing, Cipla expects this to be partially offset by price increases linked to the Wholesale Price Index (WPI).

### Trade generics business

Cipla's generics business has reinforced its leadership position in the trade generics industry through continuous portfolio building and execution. This has helped the Company improve its reach to over 15,000 pin codes and provide access to quality medicines to patients in tier 2 cities and beyond.

The generics business caters to over 200 brands covering 26 therapeutic categories. It has delivered market-beating 9% growth through the strong performance of its flagship brands and the good performance of its new launches.

Digitisation of the business has been a core agenda for the generics business unit, which has initiated many first-of-its-kind tools in the trade generics space. Today, the business has launched its exclusive phygital model to promote its brands and serve pharmacies.

#### Key highlights:

- ▶ Deepening connects with channel with entering into tier 2 to tier 6 cities complemented by expanding retail taskforce.
- ▶ Expanding portfolio breadth (50+ launches) with targeted launches.
- ▶ Eight brands with revenue >₹ 50 crores (Pantosec, Nicip, Cheston, Azicip, Rexcof, Cipcal, Okacet, Paracip).

### Trade generics business outlook FY 2022-23

Cipla's trade generic business will continue to be a pioneering force in trade generics industry by leveraging digital advancement and portfolio building as well as scaling the reach of the brands through its customer centric focus.

- ▶ Driving strong brand building across wellness therapies
- ▶ Investing in digitisation initiatives
- ▶ Widening portfolio offerings in injectables and chronic segments

### Consumer health business

In India, Cipla's consumer health business is housed under its wholly owned subsidiary, Cipla Health Limited (CHL). In FY 2022-23, the business continued to drive 'illness to wellness' theme led by brand building initiatives, deep distribution and category innovations.

Consumer reach			
Retailers <sup>1</sup>	Grocers and others	Modern trade	e-commerce
450K	65K+	7,700+	11

Note 1: Including pharmacies

The business reported a revenue growth of 25% in the past year, driven by robust traction in anchor and transitioned brands. This traction was supported by high consumer recall, which benefited from robust media campaigns and meaningful consumer insights.

Some of the brands are well positioned to cross ₹ 100 crores mark in FY 2022-23. CHL is now a ₹ 1000 crores+ entity with the margins expected to reach mid teens by next year.

Brand	Therapy	YoY growth	Market position
<b>Anchor brands</b>			
Nicotex	Nicotine replacement therapy	33%	1 <sup>*</sup>
<b>Transitioned brands</b>			
Omnigel	Pains	37%	2 <sup>**</sup>
Cipladine	Cuts, Burns and wounds	21%	1 <sup>#</sup>
Prolyte ORS	Oral rehydration	39%	1 <sup>**</sup>

Note: Market share as per latest market estimates (\*Latest data as on May 2022 | \*\*Latest data as on August 2022 | #Latest data as on August 2022 (volume share) | \*\*Latest data as on September 2022)

### Consumer health business

- ▶ CHL will continue the growth momentum by making big brands bigger, strengthening current portfolio position in the market and build a formidable franchise to improve consumer's lives every day.
- ▶ CHL will focus on brand-building on the already transitioned brands while also exploring inorganic opportunities and foray into Direct-to-consumer (D2C) market.

### North America

Cipla's North America business delivered its highest revenue ever by scaling USD its 733 million which was led by strong traction in the differentiated portfolio. The North America core formulation business contributed 26% of Cipla's topline, growing 23% YoY in FY 2022-23. In addition to our already strong respiratory portfolio, our peptide pipeline has added a new muscle of institutional capability and portfolio which the Company plans to enhance further. In FY 2022-23, our lead asset, Lanreotide had a market share of 17%.

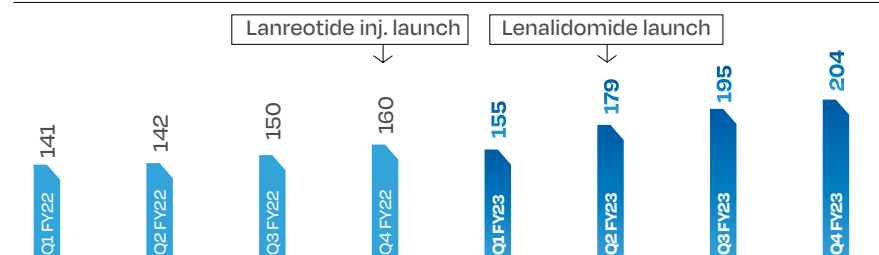
Market segment	TRx overall market rank	TRx overall market share
Albuterol HFA	5	13.5%
Budesonide Solution	2	21.4%
Diclofenac Gel	1	40.7%
Gabapentin Caps	3	14.0%
Esomeprazole Granules	1	56.7%
Arformoterol Inh. Sol.	1	37.9%

Source: IQVIA weekly TRx ending 31<sup>st</sup> March, 2023

During the year, Cipla's North America business portfolio saw steady momentum in selected products. This, along with the respiratory and complex portfolio, helped the Company to increase its run rate and better respond to price erosion in other products. In the respiratory segment, Cipla is the second-leading brand for Budesonide respules and is one of the leading suppliers of in Albuterol Inhaler. During the year, Cipla scaled up its 505(b)2 business unit, expanding its footprint in the oncology complex injectable segment. This business unit has become a key growth driver for FY 2022-23. With a well-designed strategy of onshore and offshore manufacturing capabilities and balanced capital allocation across organic and inorganic initiatives, Cipla's DTM portfolio delivered a commendable performance of 27% YoY growth in FY 2022-23. The portfolio maintained its position among the top fifteen TRx generic players in the US. Quarter-on-quarter revenue growth was robust, with Quarter 4 of FY 2022-23 crossing the revenue mark of USD 200 million.

### North America - growth backed by expansion in differentiated products

(USD million)



In FY 2021-22, the Company received approval for the first 505(b)2 version of Lanreotide injection. This approval expands our peptide portfolio and is in-line with our aspiration to improve the footprint of complex assets. Cipla's expects a sustainable ramp-up on this product over the medium term.

#### Cipla's US Gx strategy

- ▶ Continued expansion of 505(b)2 business through field force and portfolio expansion.
- ▶ Optimise commercial portfolio by improving competitiveness and market share consolidation.
- ▶ Continued expansion of respiratory footprint as a key driver of growth.
- ▶ Focused execution of complex generics peptide pipeline (4 products under approval, 6 products under development.)

#### FY 2022-23 : Pipeline portfolio update and break-up

Total Under approved (UA)/ Tentative approval (TA) March 2022	64
Filed in FY 2022-23	12
Transfer to Invagen in FY 2022-23	1
Final approvals (FA) and TA to FA in FY 2022-23	4
Withdrawals	2
Total UA/TA March 2023	71

#### North America outlook FY 2023-24

Our near to medium term focus is targeted on expanding the peptide portfolio through internal development and partnerships, strengthening our high value complex generic pipeline and de-risking our US portfolio. With focused investments in complex generics and consistent efforts to increase market share, the Company continues to expand its footprint in the US. We expect the business run rate to continue at the exit level as we enter in FY 2023-24.

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

SAGA's revenue reached USD 376 million, contributing 14% of the Company's total revenue. The overall SAGA region faced headwinds due to internal supply challenges and margin pressure in the tender business. However, the South Africa private market continued to drive revenue for the region, recording market-beating growth on a 3-year CAGR. (Source IQVIA MAT March 2023).

#### South Africa

Cipla South Africa is the third largest pharmaceutical corporation in South Africa. It has a strong presence in both the private and tender markets. According to IQVIA MAT March 2023 report, Cipla's private market business continues to outperform the market, with strong growth of 4.8% (1.3 times the total private market growth). The business faced a particularly challenging year in 2022, with pressures from global supply chain disruptions, the impact of COVID-19 on its portfolio, and a decline in tender business due to lower anti retro viral (ARV) awards in the new tender that started in July 2022.

In local currency (ZAR) the revenue declined by ~4.8% - Private business declined by ~2.1% while the tender business declined by ~12.9%. For FY 2022-23, the Private business contributed 77% of the overall revenue, with the balance contributed by the Tender business.

#### Private market - Over the counter (OTC) and branded prescription (Rx) views

According to IQVIA MAT March 2023 report, Cipla maintains its third position in the overall private market, OTC segment, and prescription segment. During the year, Cipla's OTC business contributed 35%, while its Rx business contributed 65% to the overall South Africa's private business. Both segments have grown ahead of the market increasing their market share marginally in comparison to last year.

Market segment	Market rank	Market share	Cipla growth	Market growth
OTC	3	7.3%	2.6%	0.3%
Rx	3	7.7%	6.1%	5.9%
Total	3	7.6%	4.8%	3.7%

Source - IQVIA MAT March 2023

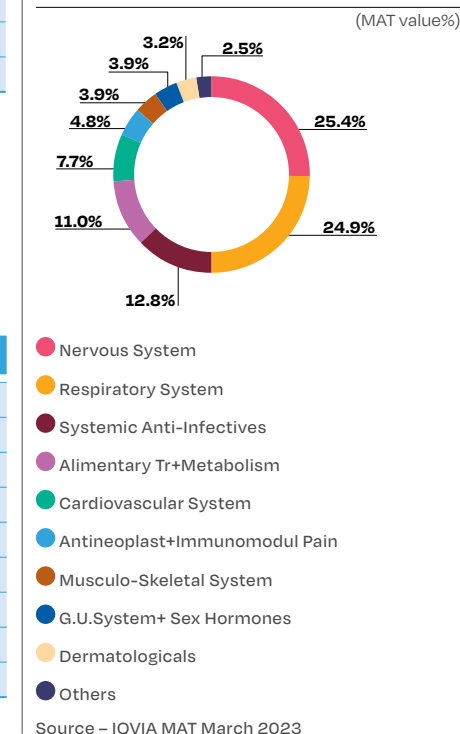
#### South Africa private market - Therapy view

Subdued growth in antineoplast + immunomodul has been offset by outperformance in other therapies. For Cipla South Africa, nervous system continues to be the largest therapy area followed by respiratory system.

Market segment	Market rank	Market share	Cipla growth	Market growth
Respiratory System	2	13.3%	10.1%	8.8%
Nervous System	3	10.9%	1.1%	1.4%
Systemic Anti-Infectives	1	10.3%	18.3%	3.9%
Cardiovascular System	4	7.8%	0.3%	2.3%
Musculo-Skeletal System	4	6.3%	-2.5%	-1.0%
Dermatologicals	4	5.8%	-0.6%	-0.9%
Antineoplast+Immunomodul	8	5.6%	-5.6%	16.1%
G.U.system+ Sex Hormones	5	5.4%	14.0%	2.1%
Alimentary Tr+Metabolism	6	4.8%	4.4%	4.3%

Source - IQVIA MAT March 2023

### Therapy wise share split of Cipla South Africa private business



#### Top OTC brands in South Africa private market

These brands account for ~42% of the FY 2022-23 revenue of OTC business unit and have reported a strong primary growth of ~10.7% (in ZAR) in FY 2022-23. In addition, Broncol and Entiro have gained momentum by becoming a part of ZAR 100 million+ brand club and being the most scripted probiotic on the South Africa market, respectively.

Brand	Therapeutic group	FY 2022-23 YoY growth%
Broncol	Cough, Cold And Flu	58.0%
Allecet	Respi OTC	13.6%
Asthavent	Respi OTC	2.8%
Coryx	Cough, Cold And Flu	1.4%
Acurate	Pain And Other S2	1.0%
Fexo	Respi OTC	1.2%
Entiro	Gastrointestinal	1.0%

#### Top Rx brands in South Africa private market

These brands account for ~22% of the FY 2022-23 revenue of Rx business unit and have reported a strong primary growth of ~17.2% (in ZAR) in FY 2022-23.

Brand	Therapeutic group	FY 2022-23 YoY growth%
Uromax	Mens Health	6.6%
Serdep	Central Nervous system (Cns)	10.1%
Duolin	Respi Sep*	32.3%
Sereflo	Respi Sep*	10.8%
Budoneb	Respi Sep*	22.9%
Odimune	Infectious Diseases	2.0%
Reydin	Infectious Diseases	69.0%

\*Single exit price

### Cipla Select

Cipla launched Cipla Select to promote products with high potential and low historical growth. Cipla Select continues to focus on the growth of its portfolio with minimal overheads while offering competitive, high-quality products to customers and patients.

### Mirren (Pty) Limited

Acquired in 2018, Mirren continues to be a strategic asset for Cipla as a key driver for its wellness business, while promoting the South African government's policy for local manufacturing in the pharmaceutical industry. Mirren continues to enhance its product manufacturing basket through various technology transfers. Mirren has successfully completed significant productivity improvements and is committed to create improved efficiencies, capacity upgrades and expansions. Mirren portfolio continued to grow steadily at ~10.6% in the MAT March 2023 period.

### BrandMed (Pty) Limited

In 2019, Cipla Medpro South Africa (Pty) Limited acquired a 30% stake in BrandMed, a connected healthcare firm which develops software to seamlessly integrate a combination of connected solutions across the health continuum for patients, healthcare professionals, practices, and institutions, and aims to deliver personalised patient care. The Company's vision is to achieve better patient outcomes for non-communicable diseases (NCDs) through digital monitoring of a patient's healthcare journey. The COVID-19 pandemic has evidenced the importance of digital healthcare solutions, bringing BrandMed solutions into sharp focus. The strategic cross-collaboration between Cipla and BrandMed is focused on optimising BrandMed to drive increased commercial business acumen and accelerate its growth journey.

### Cipla Global Access (CGA)

Since 2001, Cipla's pioneering efforts and long-standing partnerships with

global funding organisation have been at the forefront of expanding access to affordable care for HIV/AIDS patients. TLD (Tenofovir/Lamivudine/Dolutegravir 300/300/50) is the 1<sup>st</sup> line regiment for ARV treatment and has reached patients across the globe through various institutional agencies, with the focus on capacity expansion, efficient operations and addition of new customers.

### Cipla Sub-Saharan Africa (SSA)

Cipla SSA has made significant progress in realising its strategy of capturing a 5% market share across five primary care therapeutic areas in the next five years. According to IQVIA, Cipla delivered market-beating growth in Kenya, with a corporate ranking of 7, demonstrating the soundness of the strategy.

In FY 2022-23, SSA launched three new products, strengthening its position in the acute pain therapeutic area and making a successful entry into the rapidly growing diabetes market with an innovative fixed-dose treatment solution. Additionally, the business launched a single-dose treatment for recurrent urinary track infection (UTI), a significant challenge in Africa.

Cipla SSA obtained regulatory approvals from the Ghana FDA, allowing the business to enter the third-largest SSA market in FY 2023-24.

### International markets

In FY 2022-23, our International markets comprising of Europe and emerging markets delivered revenue of USD 379 million (-2% vs LY in USD terms, +5% in ₹ terms) despite continued VUCA (volatility, uncertainty, complexity and ambiguity) across markets including forex, geopolitical disturbance and localisation. However, our core focus markets continued to show strong growth trajectory. International markets contribute 13% of Cipla's overall revenue. On the profitability front, our margins have significantly improved from last year.

#### Key highlights from our emerging markets:

- ▶ Cipla is the fastest growing pharma Company\* in Sri-Lanka, amongst the Top 10
- ▶ Cipla is also the second-fastest growing company among the top 10 pharmaceutical companies in Nepal. The Company has now been ranked as the fourth-largest Indian pharmaceutical company in Nepal, up from seventh place last year
- ▶ Cipla Maroc SA, Morocco awarded as "Best place to work" in 2023
- ▶ In-roads made in deep markets like Saudi Arabia, Brazil and Mexico

\*Source: IQVIA March 2023

### SAGA outlook FY 2023-24

In FY 2023-24, Cipla South Africa will continue to focus on maintaining strong market position and enhancing our market presence in the private market through organic launches as well as by deepening our footprint through strategic partnerships and collaboration. We will accelerate growth within the OTC segment with a greater focus on wellness products and will continue to be leaders in respiratory by building an innovative portfolio enabled by organic launches and strong partnerships. The significant number of new product launches during FY 2022-23 will be instrumental in the Company's future growth.

Cipla SSA also remains committed to bringing innovative treatment solutions to the patients of SSA while achieving its strategic goals.

Cipla SSA has three first-time launches targeted for FY 2023-24, all in the chronic therapeutic categories of cardiovascular and diabetes. Through digitised innovation in asthma and COPD diagnosis, Cipla SSA is aiming to drive improved access to early diagnosis of respiratory diseases and as a result further solidify our strong market share in the respiratory segment.

### Portfolio update:

Our focus is to build strong future pipeline with niche portfolio offering to drive growth across all market. In FY 2022-23, we continue to file 100+ products across markets, in line with last three years.

### Key launches during FY 2022-23 across international markets

Brand Name	Therapy
FPSM MDI	Respiratory
Sitagliptin Tablet	Diabetology
Hydrocortisone Cream	Dermatology
Abiraterone Tab	Oncology
Bexarotene Caps	Oncology
Imatinib Caps	Oncology
Daptomycin Inj	Anti-infective

### International markets outlook for FY 2023-24

International markets shall continue to focus on deep markets, to drive profitable growth backed by differentiated portfolio, continued launch momentum and continue to partner meaningfully in these markets and to deliver double digit growth.

### Active Pharmaceutical Ingredients (API)

With its 50+ years of experience in manufacturing APIs, Cipla has produced 200+ generics and complex APIs. APIs are supplied to 50+ countries across the globe helping local pharmaceutical companies reach out to their patients. The Company continues to be a preferred partner to many large generic pharmaceutical companies globally due to our focus on niche molecules and quality. A strong dedicated team of over 300+ scientists aid the Company to differentiate itself with the capability to handle a wide range of chemistries and complex molecules.

Cipla covers a wide array of therapies with 1,280 Drug Master Files (DMFs) submissions till date. Within FY 2022-23, Cipla made 88 DMF filings in

various countries. The Company has a robust pipeline of over 90+ APIs across regulated markets in various stages of development.

### API manufacturing capability and 3<sup>rd</sup> party business

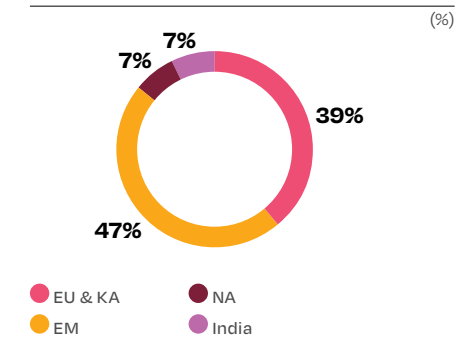
Cipla has four cGMP compliant sites, approved by the major international regulatory agencies including the US FDA, EDQM (Europe), PMDA (Japan) WHO, TGA (Australia), and KFDA (Korea). These sites include dedicated facilities for oncology, hormones, and corticosteroid APIs. Cipla offers a total capacity for API manufacturing of over 1,000 MT and high competency in handling broader range of batch sizes and expertise in micronisation to meet required particle sizes for respiratory markets.

The Company has three API R&D Centres, two pilot plants and two process safety screening labs. All facilities and Cipla's plants have zero liquid discharge wastewater 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.

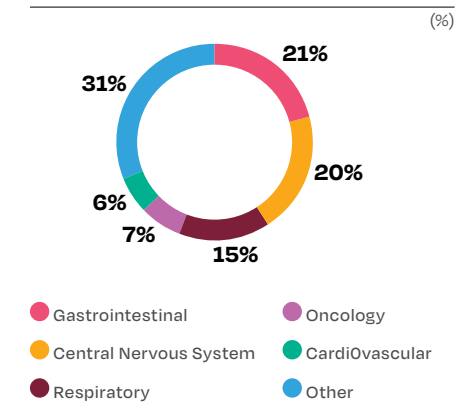
In FY 2022-23, the API business struggled with multiple headwinds like geopolitical issues, global API slowdown owing to stockpiling, high inflation rates in EU and LATAM markets. Geopolitical issues majorly impacted the prices of key starting materials and intermediates thereby increasing the API prices. However, the API Business team was not only agile with regular supplies but also ensured timely supplies to support customers with their critical launches and locked in with multiple customers.

The API Base Business revenue has been steadily growing at a rate of ~ 3% CAGR and FY 2022-23 revenue stood at USD 70.6 million (₹ 578 crores). Successful deliveries of differentiated product mix, improved traction in seeding and lock-ins were the key drivers for API business. The API team in Cipla successfully supplied 110+ distinct molecules to 250+ customers.

### API revenue, by geography



### API revenue by therapy



Cipla is keen to partner with leading generic companies for their new products to further expand in markets such as Japan, Korea and Brazil. Strong relationship with the world's largest generic pharmaceutical companies has helped Cipla to take necessary steps to provide better realisations to its partners. Additionally, it aims to support higher number of seeding and lock-ins for new molecules under development that will help in achieving sustainable growth. Cipla is expanding its customer base across the markets globally. The Company plans to enhance its API R&D and manufacturing capacities. The Company is also focused on productivity and achieved cost optimisation through continuous process/yield improvements.

### Strategic initiatives adopted and implemented in FY 2022-23

Using Theory of Constraints, the business team came up with the forecast-based manufacturing model and shifted from pull strategy to push supply chain strategy. Implemented in Q1 of FY 2022-

23, the made-to-stock model improved customer relations at large and helped reap benefits of ~ USD 11 million (₹ 90 crores). Post COVID-19, the business development team shifted from online meetings to in-person customer visits in Europe, North America, emerging markets and participated in forums like DCAT.

#### API outlook for FY 2023-24

API team stays committed to Cipla's focus on 'Caring for Life' by improving the health conditions of the people over the upcoming years. The API business continues to work with reimagined strategy to focus on its critical and high-demand APIs and to ensure uninterrupted supplies to customers. In FY 2023-24, API business will continue to focus on maintaining a strong market position in top APIs and bringing new business on board with new pipeline molecules. Cipla API expects to grow in FY 2023-24 by enhancing its market presence via organic launches and deepening its footprint by increasing outreach to newer untapped markets.

#### Human Resource Management and industrial relations

For details on Cipla's approach towards Human Resources, refer to Human Capital page no. 64.

#### Adherence to accounting standards

The Company continues to adhere to standard accounting policies under the Indian Accounting Standards (Ind AS), applicable since 1<sup>st</sup> April, 2016. IND AS 116 pertaining to Leases was the sole addition under Section 133 of the Companies Act, 2013. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee.

#### Threats, risks and concerns

The Cipla Enterprise Risk Management (ERM) programme covers its key risks across all its business areas. The Investment and Risk Management Committee of the Board

reviews and discusses the risk updates on a quarterly basis.

During the reporting period, the Company faced heightened risks due to pricing pressures, supply chain disruptions, regulatory audits at our manufacturing sites, increased input costs, forex fluctuations, and geopolitical complexities, which mandated rapid risk responses from business teams. Please refer page no. 46 for risk management framework and key risks including the mitigation measures.

The Company laid down risk response measures to:

- ▶ address business continuity challenges;
- ▶ overcome growth hurdles;
- ▶ tackle geopolitical developments;
- ▶ secure enterprise-wide cybersecurity;
- ▶ adhere with applicable laws and regulations; and
- ▶ further our agenda of achieving excellence in relation to Environment, Sustainability and Governance (ESG) norms.

During the reporting period, the Company worked towards its purpose of Caring for Life by expanding COVID-19 therapy and diagnostics portfolio and striving to maintain seamless supply of critical life-saving medicines. Additionally, the Company continued its efforts to maintain sound financial disciplines through robust working capital management.

#### Internal control and its adequacy

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

- ▶ Timely preparation of reliable financial information;
- ▶ Accuracy and completeness of the accounting records; and
- ▶ Compliance with applicable laws and regulations;

- ▶ Safeguarding of assets from unauthorised use or losses;
- ▶ Prevention and detection of frauds and errors;
- ▶ Effectiveness and efficiency of operations.

The current system of Internal Financial Controls (IFC) is aligned with the requirement of the Companies Act, 2013 and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

The Company has an Internal Audit (IA) function which functionally reports to the Chairperson of the Audit Committee, thereby maintaining its objectivity. The IA function is supported by a dedicated internal audit team and resources from external audit firms.

The annual internal audit plan is carved out from a comprehensively defined audit universe which encompasses all businesses, functions, risks, compliance requirements and controls maturity. The 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.

Additionally, a separate Audit Committee meeting is held with the Internal Auditors and Business Finance representatives. The focus of the discussions is on measures adopted to strengthen controls, build efficiencies, and digitise and automate processes and controls. The Internal Audit function was independently benchmarked with best practices as laid down by the Institute of Internal Auditors (IIA).

The Audit Committee deliberates with the management, considers the systems as laid down and meets the internal auditors and statutory auditors to ascertain their views on the internal control framework. The Company recognises the fact that any internal control framework would have some inherent limitations and hence has inculcated a process of periodic audits and reviews to ensure that such systems and controls are updated at regular intervals.

# Board's Report

Dear Members,

The Board is pleased to submit its report on the performance of the Company along with the audited standalone and consolidated financial statements for the year ended 31<sup>st</sup> March, 2023.

#### Financial Summary and State of Affairs

Year ended 31 <sup>st</sup> March, 2022		Particulars	Year ended 31 <sup>st</sup> March, 2023	
Standalone	Consolidated		Standalone	Consolidated
15,380.82	21,763.34	Gross total revenue	15,790.60	22,753.12
3,804.38	3,675.39	Profit before tax and exceptional item from continuing operations	3,626.44	4,220.77
100.70	-	Profit before tax from discontinuing/restructuring operations	58.73	-
2,882.58	2,516.75	Profit for the year (after tax and attributable to shareholders) from continuing operations	2,469.53	2,801.91
75.35	-	Profit for the year (after tax and attributable to shareholders) from Discontinuing/Restructuring Operations	43.94	-
12.56	111.54	Other Comprehensive Income for the year (not to be reclassified to P&L) from continuing operations	(10.06)	2.64
(7.01)	272.13	Other Comprehensive Income for the year (to be reclassified to P&L) from continuing operations	1.26	134.99
0.55	-	Other comprehensive income for the year (not to be reclassified to P&L) from discontinuing/restructuring operations	(0.17)	-
14,961.71	13,536.98	Surplus brought forward from last balance sheet	17,534.77	15,669.07
17,938.12	16,072.42	Profit available for appropriation	20,037.72	18,460.53
		Appropriations:		
(403.35)	(403.35)	Dividend	(403.50)	(403.50)
17,534.77	15,669.07	Surplus carried forward	19,634.22	18,057.03

The financial results and the results of operations, including major developments and statement of affairs of the Company have been discussed in detail in the Management Discussion and Analysis report.

The above information have been prepared on the basis of the standalone and consolidated financial statements.

#### Share Capital

During the year under review, the Company issued and allotted 3,36,557 equity shares of ₹ 2/- each to its employees under the Employee Stock Option Scheme 2013-A and Cipla Employee Stock Appreciation Rights Scheme 2021. As a result, the issued, subscribed and paid-up share capital of the Company increased from ₹ 1,61,36,28,072 (divided into 80,68,14,036 equity shares of ₹ 2 each) as on 31<sup>st</sup> March, 2022 to ₹ 1,61,43,01,186/- (divided into 80,71,50,593 equity shares of ₹ 2 each) as on 31<sup>st</sup> March, 2023. The equity shares issued under the Employee Stock Option Scheme 2013-A and Cipla Employee Stock Appreciation Rights Scheme 2021 rank pari- passu with the existing equity shares of the Company.

Apart from the above, there were no other changes in the equity share capital during the year.

#### Dividend

The Board recommends a final dividend of ₹ 8.50/- per equity share (425% of face value) for the financial year ended 31<sup>st</sup> March, 2023. The payment of dividend is subject to the approval of members at the ensuing Annual General Meeting and deduction of income tax at source. Upon approval, the dividend will be paid to those members whose names will appear in the Register of Members as on the close of 21<sup>st</sup> July, 2023. The total dividend pay-out will be approximately ₹686.08 crores, resulting in a pay-out of 27.30 % of the Standalone profit after tax of the Company.

During the year, the Dividend Distribution Policy was amended to update it in line with the leading industry practices and to

provide more clarity on the company's dividend philosophy. The changes are summarised below:

- ▶ Incorporated more specific quantitative parameters. As per the amended policy, the Board will endeavour to maintain dividend pay-out of upto 30% of its consolidated Profits After Tax (PAT).
- ▶ Rearranged and reworded some of the qualitative parameters to provide more clarity, and added some factors e.g. capital expenditure and working capital, investment in organic and inorganic growth opportunities, capital markets and buyback of shares etc. to present the correct philosophy.

The Policy is available on the website of the Company at <https://www.cipla.com/sites/default/files/2023-05/Dividend-Distribution-Policy.pdf>.

## Management Discussion and Analysis Report

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Management Discussion and Analysis Report has been presented in a separate Section on page no. 106.

## Corporate Social Responsibility ("CSR")

A detailed report on the Company's CSR initiatives has been provided in the Social Capital section of the Integrated Annual Report on page no. 88. The Annual Report on CSR initiatives including summary of the Impact Assessment Report, committee composition, salient features of the policy including change therein, etc. as required under Section 135 of the Companies Act, 2013 ("Act") is annexed as Annexure I to this report on page no. 128. Details of terms of reference of the Committee and meetings held during the year have been provided in the Report on Corporate Governance on page no. 180.

## Integrated Annual Report

In compliance with SEBI circular dated 6<sup>th</sup> February, 2017, the Company has voluntarily published the Integrated Annual Report, which includes both financial and non-financial information and is based on the International Integrated Reporting Framework. This report covers aspects such as organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capitals viz. financial capital, manufactured capital, intellectual capital, human capital, social capital, relationship capital and natural capital.

The Company has engaged DNV Business Assurance India Private Limited as an independent assurance partner to issue

the assurance report on the non-financial information in the Integrated Annual Report for FY 2022-23.

## Business Responsibility & Sustainability Report

In compliance with Regulation 34(2)(f) of the Listing Regulations read with SEBI circular dated 10<sup>th</sup> May, 2021. The Company has presented the Business Responsibility & Sustainability Report ("BRSR"), for FY 2022-23 under a separate section on page no. 144.

## Corporate Governance

In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review, has been presented in a separate section on page no. 165.

A certificate from M/s. BNP & Associates, Company Secretaries, confirming compliance with corporate governance requirements under the Listing Regulations, is annexed as Annexure II to this report.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, it is confirmed that the Directors have:

- i. in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2023, followed the applicable accounting standards and there are no material departures from the same;
- ii. selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2023 and of the profit of the Company for the year ended on that date;
- iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. prepared the annual accounts on a going concern basis;
- v. laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Details of Energy Conservation Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure III to this report.

## Share-Based Incentive Schemes

The Company has the following share-based incentive schemes in force:

- ▶ Employee Stock Option Scheme 2013-A ("ESOS 2013 - A")
- ▶ Cipla Employee Stock Appreciation Rights Scheme 2021 ("ESAR Scheme 2021")

The Nomination and Remuneration Committee ("NRC") administers the ESOS 2013 - A and the ESAR Scheme 2021 (collectively referred to as "Schemes"). The Schemes are compliant with the Section 62 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"). Details of the Schemes have been provided in note no. 41 of the standalone financial statements. The disclosure containing details of options granted, number of shares allotted upon exercise of options, etc. as required under the SEBI SBEB Regulations is available on the Company's website at <https://www.cipla.com/investors/annual-reports>.

In compliance with the requirements of the SEBI SBEB Regulations, a certificate from the secretarial auditor, confirming that the Schemes were implemented in accordance with the SEBI SBEB Regulations and as per the shareholder's resolution, is uploaded on the website of the Company at <https://www.cipla.com/investors/annual-reports>. The certificate will also be available for electronic inspection by the members during the Annual General Meeting ("AGM") of the Company.

## Human Resources

Information required under Section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as in Annexure IV to this report.

Information required under Section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate exhibit forming part of this report and is available on the website of the Company at <https://www.cipla.com/investors/annualreports>.

## Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments under Section 186 of the Act have been provided in note no. 43 to the standalone financial statements.

## Annual Return

In compliance with the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the Annual return of the Company i.e. E-form MGT-7 for FY 2022-23 has been uploaded on the website of the Company at <https://www.cipla.com/investors/annual-reports>.

## Vigil Mechanism

The Company has a Whistle Blower Policy, which lays down the process to convey genuine concerns and seek resolution towards the same without fear of retaliation. A detailed update on the functioning of the Whistle Blower Policy including amendments made to the policy during the year, status of complaints and weblink of the Policy has been provided in the Report on Corporate Governance, on page no. 182.

## Prevention of Sexual Harassment of Women at Workplace

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has a policy on Prevention of Sexual Harassment at Workplace, which is available on the website at [https://www.cipla.com/sites/default/files/1558508425\\_POSH-%20Cipla.pdf](https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf).

All employees, consultants, trainees, volunteers, third parties and/ or visitors at all business units or functions of the Company, its subsidiaries and/or its affiliated or group companies are covered by the said policy. Across the organisation, adequate workshops and awareness programmers against sexual harassment are conducted.

In compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company had constituted an Internal Complaints Committee and was fully compliant of the Committee composition requirements. The complaints pertaining to sexual harassment were periodically reviewed by the Audit Committee.

Details of complaints received/disposed during FY 2022-23 have been provided in the Report on Corporate Governance on page no. 187.

## Related Party Transactions

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties has been provided in the Report on Corporate Governance on page no. 183.

During the year, the consumer business undertaking of the Company was transferred to Cipla Health Limited ("CHL"), wholly owned subsidiary, on a slump sale basis through a Business Transfer Agreement. Since the transaction was between the holding company and its wholly owned subsidiary, and the entire economic value of the wholly owned subsidiary following the transfer of the undertaking continued to remain with the holding company, the arm's length principle was not relevant.

Except the above referred transaction as further detailed in Form AOC-2 annexed as Annexure V, all other contracts, arrangements and transactions entered by the Company with its related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company did not enter any transaction, contract or arrangement with related parties, that could be considered material in accordance with the Listing Regulations and the Company's Policy on Related Party Transactions ("RPT Policy"). Details of the related party transactions as per IND AS-24 have been provided under note no. 40 of the standalone financial statements on page no. 260 and under note no. 48 of the consolidated financial statements on page no. 362

During the year, the Company amended its RPT Policy to align with the provisions of the amended Listing Regulations. The RPT policy is available on the Company's website at [https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction\\_Revised-%20Final.pdf](https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf).

### Internal Financial Controls and Their Adequacy

Cipla has laid down an adequate system of internal controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The current system of internal financial controls is aligned with the statutory requirements and is in line with the globally accepted risk-based framework issued by the Committee of Sponsoring Organisations ("COSO") of the Treadway Commission. The internal financial controls with respect to the financial statements are adequate and operating effectively.

Effectiveness of internal financial controls is ensured through management reviews, controlled self-assessment and independent testing by the Internal Audit Team.

The Statutory and Internal auditors have confirmed that there were no internal control weakness during FY 2022-23.

### Risk Management

The Investment and Risk Management Committee ("IRMC") of the Board oversees the Enterprise Risk Management ("ERM") process. An update on ERM activities is presented and deliberated upon in the IRMC meetings on a quarterly basis and periodically at the Board level at least once a year. The Audit

Committee has an additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on an ongoing basis. In terms of the provisions of Section 134 of the Act, a detailed note on Risk Management has been provided on page no. 46.

### Board Evaluation

A detailed disclosure on the performance evaluation criteria and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance on page no. 169.

### Subsidiaries, Associates and Joint Ventures

The Company had 45 subsidiaries and 8 associates as on 31<sup>st</sup> March, 2023. Changes during the year were as follows:

- ▶ Acquisition of 21.05% stake in Achira Labs Private Limited on 17<sup>th</sup> August, 2022, to enter into the business domain of designing, developing and manufacturing microfluidics-based PoC immunoassay and molecular assay technologies.
- ▶ Incorporation of Aspergen Inc., USA as a 60:40 joint venture between Cipla (EU) Limited and Kemwell Biopharma UK Limited on 30<sup>th</sup> August, 2022, for undertaking the business of developing, applying for and obtaining licenses for and manufacturing, commercialising, importing and exporting biological products.
- ▶ Divestment of entire stake held in Avenue Therapeutics Inc., an associate company, focused on development and commercialisation of intravenous (IV) Tramadol, on account of non-completion of second stage closing conditions as per the agreed timelines, with effect from 11<sup>th</sup> October, 2022.
- ▶ Cipla Medpro Holdings (Pty) Limited, wholly owned step-down subsidiary in South Africa being a dormant entity was dissolved with effect from 25<sup>th</sup> August, 2022.
- ▶ Cipla (EU) Limited, wholly owned subsidiary and Meditab Holdings Limited, wholly owned subsidiary entered a into Share Purchase Agreement ("SPA") With Africa Capital works SSA 3 on 14<sup>th</sup> March, 2023 for sale of entire 51.18% stake held in Cipla Quality Chemical Industries Limited ("CQCIL"), Uganda. Upon execution of the transaction, the CQCIL will cease to be the subsidiary of Cipla Limited.

Details of these subsidiaries and associates are set out on page no. 287. Pursuant to Section 129(3) of the Act read with

Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiary and associate companies in Form AOC-1 has been presented on page no. 369. The statement also provides details of the performance and the financial position of each of the subsidiaries and associates. The consolidated financial statements presented in this annual report include financial results of the subsidiary and associate companies.

Copies of the financial statements of the subsidiary companies will be available on the Company's website [www.cipla.com](http://www.cipla.com).

### Nomination, Remuneration and Board Diversity Policy and it's Salient Features

The Company has in place a Nomination and Remuneration and Board Diversity ("NRC Policy") which provides for process w.r.t. selection, appointment and remuneration of directors, key managerial personnel and senior management employees including other matters as provided under Section 178(3) of the Act.

#### Following are the salient features of the NRC Policy:

- ▶ to provide criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including independent directors), key managerial personnel and persons who may be appointed in senior management positions.
- ▶ to recommend the remuneration of the directors, key managerial personnel and senior management personnel in alignment with the Company's business strategies, values, key priorities and goals.
- ▶ to provide rewards linked directly to the effort, performance, dedication and achievement of the Company's targets by the employees.
- ▶ to monitor and periodically review and recommend improvement in board diversity aspects and measure progress accordingly.
- ▶ undertake any other matters as the Board may decide from time to time.

The Policy is available on the website of the Company at <https://www.cipla.com/sites/default/files/2021-06/NominationRemuneration-and-Board-Diversity-Policy.pdf>.

### Directors and Key Managerial Personnel and Board Meetings

At the 86<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> August, 2022 the shareholders approved (i) the reappointment of Ms Samina Hamied as a Director liable to retire by rotation; (ii) the appointment of Dr Mandar Vaidya as an Independent Director for a period of five years with effect from 29<sup>th</sup> July, 2022.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr Umang Vohra, is liable to retire by rotation at the ensuing 87<sup>th</sup> Annual General Meeting and being eligible, has offered himself for re-appointment. On the recommendation of the NRC, the Board of Directors recommends his re-appointment as Director, liable to retire by rotation. The said re-appointment is subject to the approval of members at the ensuing AGM.

In the opinion of the Board, all directors including the directors appointed / re-appointed during the year possess requisite qualifications, experience and expertise and hold high standards of integrity. Except Dr Mandar Vaidya, all Independent Directors have passed or are exempted from passing the proficiency test. Dr Mandar Vaidya is required to pass the proficiency test within the permissible time limit. The list of key skills, expertise and core competencies of the Board is provided in the Report on Corporate Governance on page no. 167.

Criteria for determining qualification, positive attributes and independence of a director is given in the NRC Policy.

Mr Kedar Upadhye, resigned from the position of Global Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. close of business hours of 3<sup>rd</sup> May, 2022. The Board placed on record its sincere appreciation for the contribution made by him over the years.

In order to fill in the interim vacancy, Mr Dinesh Jain, Senior Vice President – Head Corporate Finance was appointed as the interim Chief Financial Officer and Key Managerial Personnel, with effect from 10<sup>th</sup> May, 2022.

Mr Ashish Adukia was appointed as the Global Chief Financial Officer and Key Managerial Personnel with effect from 16<sup>th</sup> August, 2022. Upon appointment of Mr Ashish Adukia, Mr Dinesh Jain was relieved from the additional responsibility and continued with his existing responsibility as Head of Corporate Finance. The Board expressed its gratitude towards his valuable contribution as the Interim Chief Financial Officer.

Dr Peter Mugenyi, resigned from the position of Independent Director w.e.f. 13<sup>th</sup> May, 2023. The Board placed on record its sincere appreciation for the contribution made by him over the years.



As on the date of this report, the Company has the following Key Managerial Persons as per Section 2(51) and 203 of the Act:

Name of the KMP	Designation
Ms Samina Hamied	Executive Vice-Chairperson
Mr Umang Vohra	Managing Director and Global Chief Executive Officer
Mr Ashish Adukia	Global Chief Financial Officer
Mr Rajendra Chopra	Company Secretary and Compliance officer

Except Ms Samina Hamied, Mr Umang Vohra, Dr Peter Mugenyi, Mr Ashok Sinha and Mr Robert Stewart no other directors received any remuneration or sitting fees from any subsidiary of the Company during FY 2022-23.

### Declaration by Independent Directors

All Independent Directors have submitted requisite declarations confirming that they (i) continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent; and (ii) continue to comply with the Code of Conduct laid down under Schedule IV of the Act. Details on the same have also been provided in the Report on Corporate Governance on page no. 171.

The Directors have further confirmed that they are not debarred from holding the office of director under any SEBI order or under the order of any such authority.

### Board Committees and Number of Meetings of the Board and Board Committees

As on the date of this report the Board has the following committees:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Corporate Social Responsibility Committee
- iv) Stakeholders Relationship Committee
- v) Investment and Risk Management Committee
- vi) Operations and Administrative Committee

All the recommendations made by the Board committees, including the Audit Committee, were accepted by the Board.

The Board met eight times during the year under review. Details of the meetings of the Board and the Board Committees are provided in the Report on Corporate Governance on page no. 193.

### Statutory Auditor and Their Reports

M/s Walker Chandiook & Co LLP, Chartered Accountants, (Firm Registration No 001076N/ N500013) were re-appointed as the Statutory Auditors of the Company at the 85<sup>th</sup> AGM held on 25<sup>th</sup> August, 2021, to hold the office till the conclusion of the 90<sup>th</sup> AGM to be held in the year 2026.

The Statutory Auditors' Report for the standalone and consolidated financial statements does not contain any qualification, reservation, adverse remarks or observation and has been presented separately on page no. 197 and 280 respectively.

### Secretarial Auditor and their Reports

M/s BNP & Associates, Company Secretaries, were appointed as the Secretarial Auditors for the financial year ended 31<sup>st</sup> March, 2023. The Secretarial Audit Report is annexed as Annexure VI to this report.

In compliance with Regulation 24A of the Listing Regulations, the Annual Secretarial Compliance Report issued by the Secretarial Auditor was submitted to the stock exchanges within the statutory timelines.

The Secretarial Audit Report and the Annual Secretarial Compliance Report did not contain any qualification, reservation, adverse remarks or observation.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s BNP & Associates, Company Secretaries, who have confirmed their eligibility for the said re-appointment, to conduct the secretarial audit of the Company for FY 2023-24.

### Cost Auditor and Cost Audit Report

Mr D H Zaveri, practising Cost Accountant (Fellow Membership No. 8971), was appointed as the Cost Auditor to conduct the audit of the Company's cost records for the financial year ended 31<sup>st</sup> March, 2023. Mr Zaveri has confirmed his eligibility for the said appointment. The Cost Auditor will submit his report for FY 2022-23 by the due date.

The Cost Audit Report, for FY 2021-22, was filed with the Central Government within the statutory timelines. The Company maintains the cost records as per the provisions of Section 148(1) of the Act.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration to be paid to the Cost Auditor for FY 2023-24 is required to be ratified by the members, the Board of Directors recommends the same for ratification at the ensuing AGM. The proposal forms a part of the notice of the AGM.

During the year under review, the Statutory, Secretarial and Cost Auditors did not report any instance of fraud committed in the Company by its officers or employees under Section 143(12) of the Act, the details of which need to be mentioned in the Board's report.

### Other Disclosures

During the financial year under review:

- ▶ There was no amount proposed to be transferred to the Reserves;

- ▶ There were no changes made in the nature of business of the Company;
- ▶ The Company has complied with the applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively;
- ▶ The Company issued and allotted equity shares as per its ESOS 2013-A Scheme and the ESAR Scheme 2021 and there was no instance wherein the Company failed to implement any corporate action within the statutory time limit;
- ▶ The Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31<sup>st</sup> March, 2023;
- ▶ The Company has not issued shares with differential voting rights and sweat equity shares during the year under review;
- ▶ There were no significant or material orders passed by the regulators or courts or tribunals which could impact the going concern status of the Company and its future operations;
- ▶ There were no material changes and commitments which occurred after the close of the year till the date of this report, which may affect the financial position of the Company.

- ▶ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as on 31<sup>st</sup> March, 2023.

### Acknowledgements

We wish to place on record our appreciation to the Government of various countries where the Company has its operations. We thank the Ministry of Chemicals and Fertilisers, India; Central Government; State Government and other regulatory bodies / authorities; banks; business partners; shareholders; medical practitioners and other stakeholders for the assistance, cooperation and encouragement extended to the Company. We would also like to place on record our deep sense of appreciation to the employees for their contribution and services.

On behalf of the Board of Directors

Date: 12<sup>th</sup> May, 2023  
Place: London

**Y. K. Hamied**  
Chairman

## Annexure -I

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

#### 1. Brief outline on CSR Policy of the Company

'Caring for Life' has been at the forefront of Cipla's business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into Cipla's people, products and processes and is the foundation and underlying objective of the Corporate Social Responsibility Policy ("CSR Policy") of Cipla Limited ("the Company"). The Company strives to create a healthier world and enrich the lives of all our stakeholders and community at large through our CSR initiatives. Some of these initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation, the principal implementation agency and their implementing partners. Our initiatives are compliant of CSR requirements under the Section 135 of the Act.

During the year, the CSR Policy was amended to align the limits for administrative overheads and expenses incurred for carrying out impact assessment as per the statutory limits prescribed under the applicable laws and inter alia covers the following:

- ▶ Guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan
- ▶ Mode of implementation of CSR activities of the Company, stating Cipla Foundation to be the principal implementation agency
- ▶ Key focus areas for CSR activities include:
  - i. Health
  - ii. Education
  - iii. Skilling
  - iv. Environmental sustainability
  - v. Contribution to government funds for socioeconomic development
  - vi. Research and development
  - vii. Rural development projects
  - viii. Disaster management
  - ix. Any other activity under Schedule VII of the Act
- ▶ Process for approval of CSR activities
- ▶ Monitoring mechanism
- ▶ Responsibilities of the implementation agencies

#### 2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	M K Hamied	Non-Executive Vice- Chairman	4	4
ii.	Adil Zainulbhai	Independent Director	4	4
iii.	Punita Lal	Independent Director	4	3
iv.	S Radhakrishnan	Non-Executive / Non- Independent Director	4	4
v.	Umang Vohra	Managing Director and Chief Executive Officer	4	4

#### 3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company

- ▶ CSR Committee composition: <https://www.cipla.com/about-us/board-directors/committees-board>
- ▶ CSR Policy: <https://www.cipla.com/sites/default/files/2023-05/Corporate-Social-Responsibility-Policy.pdf>

#### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

With a prime purpose of 'Caring for Life', Cipla Limited through its's philanthropy arm, i.e., Cipla Foundation

(Foundation) continues its passionate journey of social change with the power of collaborations with various implementation agencies. All CSR Activities of Cipla Limited are undertaken by the Company either directly or through Foundation. The Foundation collaborates with various credible institutions, NGOs, government agencies and domain experts to enhance the outreach of its CSR initiatives. HelpAge India, Council of Scientific and Industrial Research - Indian Institute of Chemical Technology (CSIR - IICT), Ambuja Cement Foundation, Sankalp, Institute of Liver and Biliary Sciences (ILBS) are a few implementation partners with whom Cipla Foundation has collaborated across various geographies covering, Maharashtra, Baddi, New Delhi, Bangalore, to name a few.

As mandated by the CSR Rules, Cipla Foundation is obligated to assess the impact of its CSR projects that were completed over a year ago. For the purpose of the impact study, OECD DAC Evaluation Criteria was used for assessing the impact. The framework has defined six (6) evaluation criteria, i.e., Relevance, Coherence, Effectiveness, Efficiency, Impact, and Sustainability.

These projects are aligned with the UN SDG goals as below:



The major projects considered for the study are highlighted below :

CSR Initiative	Key Impact	CSR Initiative	Key Impact
<b>Palliation Projects</b>	<ul style="list-style-type: none"> <li>▶ 15,000+ beneficiaries availing institutional care</li> <li>▶ More than 15,000 calls received on Saath-Saath helpline</li> <li>▶ 1,600+ healthcare professionals were trained across 15 hospitals and medical colleges</li> <li>▶ Collaborations with 28 partners in 21 cities across India</li> </ul>	<b>Community health/ Doorstep health</b>	<ul style="list-style-type: none"> <li>▶ 1,516 healthcare professional trained on management of viral hepatitis</li> </ul>
<b>Respiratory Care Support Programme</b>	<ul style="list-style-type: none"> <li>▶ 500 days of hospitalisation was avoided due to PRC</li> <li>▶ 335 post-COVID patients enrolled in PRC programme</li> </ul>	<b>COVID-19 response</b>	<ul style="list-style-type: none"> <li>▶ More than 1,15,000 free-of-cost RT-PCR COVID-19 tests were supported for patients with financial difficulties across Maharashtra</li> <li>▶ 50,000+ Rapid Antigen Kits were provided</li> <li>▶ 11,000+ facemasks/PPE kits/ disposal gowns and gloves were provided</li> </ul>
<b>Patient support/ medical assistance</b>	<ul style="list-style-type: none"> <li>▶ 312 children were supported for thalassemia management and chemotherapy support</li> </ul>	<b>Promoting Quality Education</b>	<ul style="list-style-type: none"> <li>▶ 2,500+ students benefitted from school infrastructure</li> </ul>

CSR Initiative	Key Impact	CSR Initiative	Key Impact
<b>Strengthening health systems</b>	▶ More than 7,000 beneficiaries were benefitted	<b>E-learning</b>	▶ 5,573 tablets were distributed with pre-loaded content
<b>Vocational training</b>	▶ 100+ Self-Help Group beneficiaries were trained online for Project 'SAANS'	<b>Scholarship</b>	▶ 282 students were awarded merit awards
<b>Research</b>	▶ 1,050 beneficiaries/individuals, contributing to nearly 480 person hours via outreach webinars and lectures	<b>Others - Disaster Relief</b>	▶ Nearly 795 people from 167 families came regularly to the community kitchen for meals for a period of one month

Detailed impact assessment reports can be accessed at: <https://www.cipla.com/investors/annual-reports>

**5. (a) Average net profit of the company as per sub-section (5) of Section 135**

₹ 3,084.16 crores

**(b) Two percent of average net profit of the company as per sub-section (5) of Section 135**

₹ 61.68 crores

**(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years**

₹ 0.16 crores

**(d) Amount required to be set-off for the financial year, if any**

₹ 0.33 crores

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)]**

₹ 61.51 crores

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)**

₹ 62.03 crores

**(b) Amount spent in Administrative Overheads**

Nil

**(c) Amount spent on Impact Assessment, if applicable**

₹ 0.27 crores

**(d) Total amount spent for the Financial Year [(a)+(b)+(c)]**

₹ 62.30 crores

**(e) CSR amount spent or unspent for the Financial Year**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)			
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135.	
	Amount.	Date of transfer.	Name of the Fund	Amount. Date of transfer.
₹ 62.30 crores	Not Applicable			

**(f) Excess amount for set-off, if any**

Sl. No.	Particular	Amount (in ₹ crores)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	61.68
(ii)	Total CSR obligation for the financial year (Refer Note 1)	61.51
(iii)	Total amount spent for the financial year (Refer Note 2)	62.30
(iv)	Excess amount spent for the Financial Year [(ii)-(i)]	0.79
(v)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	Refer Note 2
(vi)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.79

**Note 1:** The total CSR obligation for the company is ₹ 61.51 crores, as mentioned in point 5(e). This point is not part of the statutory format and has been voluntarily added to reflect the correct calculation on excess amount available for set-off. The excess amount for set-off should be calculated by subtracting the total amount spent on CSR projects from the total CSR obligation.

**Note 2:** The total amount spent for the financial year in point 6(f)(ii) includes a surplus amount of ₹ 0.16 crores arising out of the CSR Projects of the previous financial year. Therefore, this amount has not been separately presented under point 6(f)(v).

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years**

Nil

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year**

Yes  No

If Yes, enter the number of Capital assets created/ acquired: 169

The details of capital assets is provided in a separate exhibit forming part of this report and is available on the website of the Company at <https://www.cipla.com/investors/annual-reports>.

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of Section 135**

Not Applicable

**M. K. Hamied**

Chairman  
CSR Committee

**Umang Vohra**

Managing Director &  
Global Chief Executive Officer

Place: Mumbai

Date: 12<sup>th</sup> May, 2023

## Annexure II

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

To,  
The Members of  
**Cipla Limited**

We have examined all relevant records of **Cipla Limited** (hereinafter referred to as "the Company") for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the listed companies under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31<sup>st</sup> March, 2023. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

We state that the compliance of conditions of corporate governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as specified for a listed company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
PR No. 637/2019

**Avinash Bagul**  
Partner  
FCS No. 5578  
CP No. 19862  
UDIN: F005578E000280523

Place: Mumbai  
Date: 12<sup>th</sup> May, 2023

## Annexure III

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, for the year ended 31<sup>st</sup> March, 2023 is given below and forms part of the Board's Report.

#### A. Conservation of Energy

##### The steps taken or impacted on conservation of energy

At Cipla, we are committed to making continuous efforts in conserving energy in line with our sustainability strategy. To achieve this, we continue to undertake energy conservation initiatives within our operations, as well as utilise alternate sources of energy that are kinder to the planet. Our most significant initiatives during FY 2022-23 are listed below.

##### i. Steps taken by the company for utilising alternate sources of energy:

- ▶ As of 31<sup>st</sup> March, 2023, we have a total operational capacity of 55 MWp of captive solar power open access, 2.7 MVA of captive wind power open access and 8.1 MWp of solar rooftop installations across various sites in India.
- ▶ Our 46 MWp captive solar plant at Tuljapur, Maharashtra (30 MWp commissioned in December 2020 and 16 MWp Commissioned in March 2022) has contributed significantly towards the increase in the share of renewable energy. During the year, we have sourced 56,433 MWh of electricity via captive open access route. The plant helped meet 66% of the electricity requirements of our manufacturing units at Kurkumbh, Patalganga and our R&D center at Vikhroli, Mumbai.
- ▶ During the year, we added a captive open access project in Karnataka, consisting of 9 MWp of Solar power and 2.7 MVA of wind power. Additionally, we sourced solar and wind power through third-party open access supplies for our Bangalore units in Virgonagar and Bommasandra. Through these projects, we were able to achieve 93.4% of power consumption from Renewable sources of energy.
- ▶ We installed an additional 3.125 MWp of rooftop solar panels at our manufacturing units in Indore, taking its total solar roof capacity to 8.1 MWp.

##### ii. Steps taken on conservation of energy (based on plant-wise location):

###### Kurkumbh

- ▶ Automatic Tube Cleaning for Chillers resulted in energy savings of approximately 118 MWh.
- ▶ Optimizing the blow off valve opening in the Centrifugal air compressor resulted in significant power optimisation and subsequent energy savings of approximately 164 MWh.
- ▶ Decluttering of ventilation units resulted in energy savings of approximately 189 MWh.
- ▶ Steam condensate recovery resulted in energy saving of approximately 34 MWh.
- ▶ Compressed air power saver device with Demand Side Management Solution resulted in energy savings of approximately 31 MWh.
- ▶ FRP cooling tower energy efficient fan resulted in energy savings of approximately 20 MWh.
- ▶ Replacement of 2 x 36 W CFL fitting with 40 W LED in QC building resulted in energy savings of approximately 20 MWh.

###### Patalganga

- ▶ Installation of E glass Epoxy FRP fan along with energy efficient direct driven motor in cooling tower resulted in energy savings of approximately 17 MWh.
- ▶ We replaced cooling tower motor with a low rating motor suitable for operational requirement at Patalganga, resulting in energy savings of approximately 173 MWh.

###### Bommasandra

- ▶ Installation of Energy Efficient In-line vertical pumps resulted in energy savings of approximately 13 MWh.

- ▶ Boiler Auto Blow down with respect to conductivity resulted in energy savings of approximately 20 MWh.

#### Virgonagar

- ▶ Methylene Glycol (MEG) to Methanol conversion in the Brine Chiller resulted in energy savings of approximately 90 MWh.

#### Goa

- ▶ Optimisation of the Condenser water pumps resulted in energy savings of approximately 129 MWh.
- ▶ Replacement of all 36-watt light bulbs with 20-watt LED lights at the service floor, resulting in energy savings of approximately 38 MWh.
- ▶ Improved chiller performance at Goa-I by optimising condenser and evaporator water flow, which reduced power consumption from 0.72 kW/TR to 0.61 kW/TR, resulting in energy savings of approximately 648 MWh.
- ▶ Installed Magnetic bearing chiller at Goa-I, resulting in energy savings of approximately 109 MWh.
- ▶ VFD for Ventilation units at unit 7 & 8 resulted in energy savings of approximately 212 MWh.
- ▶ Optimisation of the chiller operation resulted in energy savings of approximately 36 MWh.
- ▶ Cleaning of chiller condenser resulted in energy savings of approximately 22 MWh.

#### Indore

- ▶ Replaced 5 low energy efficient pumps with high energy efficient pumps, resulting in energy savings of approximately 228 MWh.
- ▶ Shifted from UMS (Utility Monitoring System) to UAS (Utility Automation System) for Chillers & auxiliary equipment. This was achieved by installing advanced field instruments and using advanced data analytics. It significantly improved the overall system performance at Indore, resulting in energy savings of approximately 192 MWh.
- ▶ Installed a BacComber system (Ultra Low frequency treatment) in place of the Nalco system for Chemical dosing in our cooling tower, resulting in energy savings of approximately 112 MWh.
- ▶ Replaced existing air drain valve with a zero-air loss valve in the air receiver, resulting in energy savings of approximately 44 MWh.

- ▶ Installed an energy efficient FRP light weight cooling tower fan, resulting in energy savings of approximately 33 MWh.

- ▶ Installed an energy efficient compressor, resulting in energy savings of approximately 111 MWh.

#### Baddi

- ▶ By modifying the CHW and WW lines to increase pump NPSH (Net Positive Suction Head), we were able to reduce the utility pumping load, resulting in energy saving of approximately 35 MWh.

- ▶ By modifying the cooling water headers for chillers, we were able to utilise the cooling water pump for warm water circulation instead of dedicated warm water pumps, resulting in energy savings of approximately 96 MWh.

#### Sikkim

- ▶ Replaced conventional induction motor blowers with energy efficient EC (electronically commutated) Blowers in AHUs in Sikkim-1, resulting in energy savings of approximately 1029 MWh.

- iii. **During the year, Cipla has made a capital investment of ₹ 2.2 crores towards energy conservation equipment.**

## B. Technology Absorption

In the pursuit of innovation and sustainability, we focus on initiatives to drive process developments and efficiency. Through robust management practices, we ensure the optimisation of resources, reduction of costs and adherence to environmentally conscious methodologies.

### I. The efforts made towards technology absorption and the benefits derived thereon are as follows:

#### 1. API

- a) **Impurity Synthesis:** The Company has well-equipped in-house laboratory with experts for synthesizing peptide related impurities such as degradation impurities, drug-drug interaction impurities and isomers etc. We have successfully synthesized many complex peptide impurities to avoid high cost contribution. These impurities are crucial for ANDA filings and approvals.

- b) **Peptide Development and Characterisation:** Leveraging our in-house peptide synthesis capability, we have developed a five

membered complex amino acid peptide molecule and subsequently filed a DMF. Along with Peptide API development, several complex peptide impurities were prepared to support ANDA filing activity which resulted in monetary savings of ~1.2 crores. We have also strengthened our peptide characterisation techniques such as circular dichroism, fluorescence spectroscopy, amino acid analyser etc.

- c) **Solvent reduction:** We targeted solvent reduction for five high volume API molecules during FY 2022-23 and on an average 30-40% solvent usage has been reduced in the manufacturing process, thereby reducing cost and environment pollution.

### 2. Formulation

By analysing the supply chain from raw material evaluation to product disposal, we identify areas where we can make more sustainable choices. A few such efforts are listed below:

#### Green Initiatives:

- a) Through efforts in developing an alternative coating material, we were able to eliminate Class 2 organic solvents from the product coating process for one of our products and replace it with aqueous coatings. This breakthrough helped in preventing the use of hazardous solvents in our finished products manufacturing. This will result in a reduction of 10 metric ton of Iso-Propyl alcohol (IPA) and 10 metric ton of Class 2 organic solvents annually.
- b) We developed a process that replaced the existing two stage - seal coating and film coating, with a single stage coating for one of our products, thus saving significant time and cost. This resulted in a reduction of 94.6 metric ton IPA annually, and a total material cost reduction of ₹ 1.75 crores annually. We also attained a 40% reduction in process time amounting to 13,380 hours.

#### Analytical Initiatives:

- a) Efforts have been taken to reduce the sample size considerably in tests such as residual solvents to reduce chemical waste post analysis. Eg: sample size from 0.5 gm/1gm to 0.2 gm.

- b) Initiatives have been taken to consider replacement of normal phased chiral methods with reverse phased chromatography to replace solvents like Toluene and Dichloromethane.

- c) Thermo Vanquish Duo technology with dual channels which uses a second pump to improve quantification capabilities compared to a single-channel instrument are utilised to unlock substantial productivity gains thus saving time and resources without compromising analytical performance.

### 3. Process Developments

- a) **Optimisations:** In FY 2022-23, we carried out process optimisation for two inhaler products that resulted in the complete removal of the 'ball milling process'. As a result of this optimisation, we have saved 12 manufacturing hours per batch of product produced. Additionally, we optimised the lyophilisation cycle for injectable formulation, which helped in undertaking trouble-free execution of various products.

- b) **Process Analytical Technology (PAT):** The implementation of PAT has allowed us to conduct Blend Uniformity (BU) testing in real-time during the blending process. This means, we no longer need to perform the BU test offline at the end of the process. By using inline BU PAT, we can reduce analytical costs, waiting time, and improve the robustness of our products through real-time monitoring. PAT was successfully implemented at our Indore plant for two commercial oral solid dosage products.

- c) **Automated Thin Layer Chromatography (TLC) Plate Reader:** TLC is a technique used to separate and analyse mixtures of chemicals. With this device, scientists can obtain mass spectra directly from the TLC plates, allowing them to identify the substances in a very short time. It is connected to our high-performance liquid chromatography and ADVION mass analyser, enabling real-time identification of closing eluting impurities. This reduces dependency on liquid chromatography mass spectrometry and helps elute targeted impurities in desired concentrations.

- d) **Drug device development:** During the year, we developed additional capability on an existing complex and high value blister filling machine for dry powder inhalation by modifying its filling head, which resulted in significant time saving and cost saving by eliminating the need to invest in a new technology.

**II) The details of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

No expenditure has been incurred on the import of new technology during the FY 2020-21, 2021-22 and 2022-23.

**III) The expenditure incurred on research and development (standalone)**

(₹ in crores)	
Opex	1,095.09
Depreciation	51.28
<b>Total</b>	<b>1,146.37</b>

The total R&D expenditure as a percentage of total revenue is around 7.18%.

**C. Foreign Exchange earnings and outgo**

Exports Sales were ₹ 5,151.60 crores for FY 2022-23. The Company earned ₹ 917.86 crores towards royalty, technical knowhow and licensing fees, and ₹ 18.38 crores for other services. During the year, the foreign exchange outgo was ₹ 2,020.18 crores and earnings in foreign exchange were ₹ 6,428.17 crores on an actual basis.

On behalf of the Board of Directors

**Y K Hamied**  
Chairman

Place: London  
Date: 12<sup>th</sup> May, 2023

**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**

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022-23 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2022-23.

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2022-23
Dr Y K Hamied	Non-Executive Chairman	44:1	1.46%
Mr M K Hamied	Non-Executive Vice-Chairman	45:1	0.48%
Ms Samina Hamied	Executive Vice-Chairperson	172:1	-1.25%
Mr Umang Vohra	Managing Director and Global Chief Executive Officer	244:1	-33.87%
Mr S Radhakrishnan	Non-Executive – Non-Independent Director	47:1	0.91%
Mr Ashok Sinha	Independent Director	16:1	0.68%
Dr Peter Mugenyi <sup>(i)</sup>	Independent Director	15:1	-0.50%
Mr Adil Zainulbhai	Independent Director	14:1	-4.14%
Ms Punita Lal	Independent Director	14:1	-1.52%
Mr P R Ramesh	Independent Director	15:1	NA
Mr Robert Stewart	Independent Director	15:1	NA
Dr Mandar Vaidya	Independent Director	9:1	NA
Mr Ashish Adukia <sup>(ii)</sup>	Global Chief Financial Officer	119:1	NA
Mr Dinesh Jain <sup>(iii&amp;iii)</sup>	Interim Chief Financial Officer	26:1	NA
Mr Kedar Upadhye <sup>(iv)</sup>	Global Chief Financial Officer	31:1	NA
Mr Rajendra Chopra	Company Secretary	55:1	31.74%

- i. Dr Peter Mugenyi resigned as an Independent Director of the Company w.e.f. 13<sup>th</sup> May, 2023.  
 ii. Mr Ashish Adukia was appointed as the Global Chief Financial Officer and Key Managerial Personnel of the Company while relieving Mr Dinesh Jain from the additional responsibility of the interim Chief Financial Officer and KMP w.e.f. 16<sup>th</sup> August, 2022.  
 iii. Mr Dinesh Jain was appointed as Interim Chief Financial Officer from 10<sup>th</sup> May, 2022.  
 iv. Mr Kedar Upadhye resigned as Global Chief Financial Officer w.e.f. close of business hours on 3<sup>rd</sup> May, 2022.

2. The percentage increase in the median remuneration of employees in the financial year: 3.52%
3. Number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2023: 22,597
4. i. The average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 6.64%
- ii. The average annual decrease in the remuneration of managerial personnel was 23.42%. The decrease in remuneration of managerial personnel over the last year was on account of lower variable pay/ commission and perquisite value of stock options exercised by MD&GCEO.
5. It is affirmed that the remuneration is as per the Nomination, Remuneration, and Board Diversity Policy of the Company.

- Notes:**
1. There was no change in the criteria for payment of remuneration to non-executive / independent directors. The variation reflected in column “% increase in remuneration in FY 2022-23” is due to payment of sitting fees for attending the meetings.
2. In addition, Ms Samina Hamied, Mr Umang Vohra, Dr Peter Mugenyi, Mr Ashok Sinha and Mr Robert Stewart received director’s remuneration/ sitting fees from the subsidiaries during the FY 2022-23 and the details has been provided in the Corporate Governance Report.
3. The percentage increase in remuneration is provided only for those directors and KMPs who have drawn remuneration from the Company for the full FY 2022-23 and full FY 2021-22.
- Mr Ashish Adukia, Mr Dinesh Jain and Mr Kedar Upadhye served as KMP of the Company for part of the financial year and their “ratio to median remuneration” and “% increase in remuneration in FY 2022-23” is not comparable to others.

## Annexure V

### Form AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

#### 1. Details of contracts or arrangements or transactions not at arms length basis

Sl. No.	Name of the related party and Nature of relationship	Nature of transaction	Duration of transactions	Transaction value (₹ in crores)	Salient terms of the transaction	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the resolution was passed in general meeting as required under first proviso to Section 188.
1	Cipla Health Limited (CHL), Wholly owned subsidiary	Transfer of consumer business undertaking as a going concern on a slump sale basis.	One time	114.89	Transfer of Consumer business undertaking of Cipla Limited to CHL. The total consideration after working capital adjustment was recorded as loan in the books of accounts as per the agreed terms. The salient terms of the loan are detailed in Note 1.	Refer Note 2	25 <sup>th</sup> January, 2022; 29 <sup>th</sup> July 2022; and 4 <sup>th</sup> November 2022	No advance payment has been made	Since the transaction is between a holding and wholly owned subsidiary company, approval of the shareholder is not applicable.

#### Note 1:

##### Salient terms of the Loan to CHL

- Period - Ten years with moratorium for initial two years;
- ▶ Security - Nil;
- ▶ Rate of Interest - 7.5% (Prevailing yield of ten-year Government Security)
- ▶ Out of the total loan, CHL repaid ₹ 52 crores and the net outstanding amount as on 31<sup>st</sup> March, 2023, was ₹ 62.89 crores.

#### Note 2:

##### Rationale for transfer of Consumer business undertaking to CHL:

In order to consolidate its consumer business as a part of the One India strategy, the Company has transferred its consumer business undertaking which has high consumerisation potential, to its consumer healthcare subsidiary i.e., CHL to drive substantial portfolio expansion

and build a large consumer business. The consumer business undertaking among other components includes consumer products portfolio which have been built over the years in a meticulous manner and have wide distribution reach throughout India. This transfer will enable CHL to boost its portfolio breadth, build stronger consumer pull and facilitate sharp & focused investments through the capabilities built by CHL.

#### 2. Details of material contracts or arrangement or transactions at arms length basis

There were no material contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2023, which were at arms length basis.

On behalf of the Board of Directors

Place: London  
Date: 12<sup>th</sup> May, 2023

**Y.K. Hamied**  
Chairman

## Annexure VI

### Secretarial Audit Report

**For the financial year ended 31<sup>st</sup> March, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Cipla Limited**  
Cipla House Peninsula Business Park,  
Ganpatrao Kadam Marg Lower Parel,  
Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to the good corporate practices by **Cipla Limited having CIN L24239MH1935PLC002380** (hereinafter called "the Company") for the financial year ended on **31<sup>st</sup> March, 2023** (the "Audit period"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- Our verification of the books, papers, minute books, forms and returns filed, and other records maintained by the Company;
- The certificates confirming compliances of all applicable laws as submitted to the Board of Directors on a quarterly basis by the management.
- Representations made and information provided by the Company, its officers, agents, and authorised representatives during our conduct of the secretarial audit.
- Compliance related action taken by the Company after 31<sup>st</sup> March, 2023 but before the issuance of draft report to the Company for placement of the same at its Board Meeting.

We hereby report that, in our opinion, during the Audit period covering the financial year ended on 31<sup>st</sup> March, 2023, the Company has complied with the statutory provisions listed herein below. The Company has adequate board processes and compliance mechanisms and our views are limited to the reporting made hereinafter:

#### 1. Compliance with specific statutory provisions

##### We further report that:

- 1.1 We have examined the books, papers, minute books, forms and returns filed and other records maintained by the

Company for the audit period according to the applicable provisions/clauses of:

- The Companies Act, 2013 ("the Act") and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- The Depositories Act, 1996 and the regulations and byelaws framed thereunder;
- Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to extent of Foreign Direct Investment and Overseas Direct Investment;
- The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulation");
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulation");
  - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

\* The Company has also maintained a Structured Digital Database ("SDD") pursuant to the requirements of regulation 3 (5) and 3 (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(vi) The Secretarial Standards 1 & 2 ("Standards") issued by the Institute of Company Secretaries of India and notified by the Central Government under Section 118 (10) of the Act.

(vii) The following specific acts, laws, rules, and regulations applicable to the Company, based on the nature of its business activities:

- a) The Drugs and Cosmetics Act, 1940;
- b) The Narcotic Drugs and Psychotropic Substances Act, 1985;
- c) The Drugs (Prices Control) Order, 2013

1.2 We report that during the Audit period, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

1.3 We are informed that, during the Audit period, there was no transaction undertaken by the Company which required compliance of the following Acts, Rules and Regulations:

- (i) The Foreign Exchange Management Act, 1999 to the extent of the rules and regulations made for External Commercial Borrowings;
- (ii) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
- (v) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

## 2. Board processes:

### We further report that:

2.1 The Board of Directors ("Board") of the Company as on 31<sup>st</sup> March, 2023 is duly constituted with the proper balance of executive directors, non-executive directors, and independent directors, as stated below:

- (i) Two executive directors –
  - ▶ Ms Samina Hamied (DIN: 00027923)
  - ▶ Mr Umang Vohra (DIN: 02296740)

(ii) Three non-executive non-independent directors –

- ▶ Dr Y K Hamied (DIN: 00029049),
- ▶ Mr M K Hamied (DIN: 00029084),
- ▶ Mr S Radhakrishnan (DIN: 02313000)

(iii) Seven independent directors including one women independent director –

- ▶ Mr Adil Zainulbhai (DIN: 06646490)
- ▶ Mr Ashok Sinha (DIN: 00070477)
- ▶ Dr Mandar Vaidya (DIN: 09690327)
- ▶ Mr P R Ramesh (DIN: 01915274)
- ▶ Dr Peter Mugenyi (DIN: 06799942)
- ▶ Ms Punita Lal (DIN: 03412604)
- ▶ Mr Robert Stewart (DIN: 03515778)

2.2 The processes relating to the following changes in the composition of the Board and the Key Managerial Personnel ("KMP"), during the Audit period, were carried out in compliance with the provisions of the Act and the Listing Regulations:

- (a) At the 86<sup>th</sup> Annual General Meeting dated 26<sup>th</sup> August, 2022:
  - ▶ Ms Samina Hamied (DIN: 00027923) was re-appointed as a director liable to retire by rotation.
  - ▶ Dr Mandar Vaidya was appointed as Independent Director for consecutive terms of five years effective from 29<sup>th</sup> July, 2022 till 28<sup>th</sup> July, 2027.
- (b) Mr Kedar Upadhye resigned from position of Global Chief Financial Officer ("GCFO") and KMP of the Company w.e.f. close of business hours on 3<sup>rd</sup> May, 2022.
- (c) Mr Dinesh Jain was appointed as Interim CFO and KMP from 10<sup>th</sup> May, 2022 till 16<sup>th</sup> August, 2022.
- (d) Mr Ashish Adukia appointed as GCFO & KMP of the Company w.e.f. 16<sup>th</sup> August, 2022.

2.3 The Board committees reviewed compliance status of its charter and confirmed it to be compliant.

2.4 Adequate notices for the meetings of the Board and board committees constituted by the Board were given to all the directors and members of the Committee. The agenda and detailed notes on agenda were sent at least seven days in advance. In case of circulation of agenda or detailed notes on agenda at shorter notice, due consent of the Board/ Committee was taken. The Company has a system in place where the directors can seek further information and

clarifications on the agenda items before the meeting to ensure their meaningful participation at the meetings.

2.5 All the decisions at Board and Board Committee meetings were approved unanimously. All the recommendations made by the Board committees, including the Audit Committee, were accepted by the Board.

There was no instance of any dissent raised by any member in any of the business matters approved at such meetings.

## 3. Management responsibility

3.1 Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit of these records.

3.2 We have followed the audit practices and the processes as are considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification has been done on a test basis to ensure that correct facts are reflected in the secretarial records and compliance procedures.

3.3 We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

3.4 We have obtained the representations from the management on the compliance of laws, rules, regulations, and happening of certain specific events, wherever required.

3.5 This report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

## 4. Compliance mechanism

4.1 We further report that the internal compliance mechanism and processes in the Company are adequate and commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

4.2 We further report that, during the Audit period:

- (i) All the business activities undertaken by the Company were authorised under Clause III (i.e. Objects Clause) of the Memorandum of Association of the Company;
- (ii) The Company had filed all applicable forms, returns, disclosures etc. pursuant to the provision of the applicable laws;
- (iii) All statutory registers and records as required to be maintained under the applicable laws were duly maintained and found to be in order;

(iv) All meetings of shareholders, Board of Directors, and committees of the Company have been duly and validly conducted, and the minutes and necessary records have been properly maintained;

(v) The remuneration paid to the managerial personnel was within the limits as approved by the shareholders and well within the permissible limits under the Act;

(vi) The Company had not accepted any public deposits under the Act;

(vii) The Company had not advanced any loans and/or given any security or guarantee to any Director(s) of the Company or any other person in whom any of the Directors were interested;

(viii) The Company did not avail any secured loan and did not create any charge on the asset(s) of the Company;

(ix) All the investments made by the Company within or outside India were in compliance with the Act, the Listing Regulations and the Foreign Exchange Management Act, 1999 and the other applicable rules and regulations;

(x) The Company had not entered into any material transaction with any related party that required approval of the shareholders under the provisions of the Act or the Listing Regulations. All transactions with related parties were approved by the Audit Committee and by the Independent Directors who are members of the Audit Committee and were compliant with the provisions of the Act and the Listing Regulation;

(xi) The Company had spent its statutory obligation of 2% of its average net profits for the last three financial years on the Corporate Social Responsibility ("CSR") initiatives and was accordingly compliant with the provisions of Section 135 of the Act and the relevant Rules thereunder;

(xii) The Nomination and Remuneration Committee ("NRC") had engaged an independent external agency that had carried out an annual evaluation of the performance of the Board committees as well as the performance of each individual director. The Chairman, the Executive Vice-Chairperson and the Managing Director were also evaluated on certain additional parameters. The outcome of performance evaluation was discussed at the respective Board/ Committee meetings and by the independent directors in their meeting.

(xiii) The Company had transferred all unpaid/unclaimed dividends for the financial year 31<sup>st</sup> March, 2015, which remained unclaimed/unpaid for seven (7) years, to the Investors Education and Protection Fund ("IEPF"), in compliance with the provisions of Section 125 of the Act;



(xiv) The Company had implemented the Employee Stock Option Scheme 2013-A ("ESOS 2013-A Scheme") and the Cipla Employee Stock Appreciation Rights Scheme, 2021 ("Cipla ESAR Scheme 2021") for grant of share-based benefits to its employees and the employees of its subsidiary companies. During the year, the Company had granted 1,51,560 stock options and 3,57,208 ESAR's under the schemes. Accordingly, during the audit period, upon exercise the Company allotted 3,28,232 and 8,325 equity shares to the eligible employees under the ESOS 2013-A scheme and Cipla ESAR Scheme 2021 respectively.

All grants, vestings, and exercises as well as the disclosures and statutory filings with the Central Depository Services (India) Limited and the National Securities Depository Limited ("Depositories") and the BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") were in compliance of the applicable laws.

All the shares allotted were duly listed on the Stock Exchanges, where the shares of the Company had been listed within the prescribed timeline. The ESOS 2013-A Scheme and the Cipla ESAR Scheme 2021 of the Company were compliant of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

(xv) We have, neither identified nor have we reported on any fraud committed under the provisions of Act or applicable laws.

4.3 We further report that during the Audit period there was no such event occurred which had any major bearing on the Company's Affairs and All the Material Information was intimated to the Stock Exchanges from time to time by the Company

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
PR No. 637/2019

**Avinash Bagul**  
Partner

Date: 12<sup>th</sup> May, 2023  
Place: Mumbai

FCS: 5578/ CP No. 19862  
UDIN: F005578E000280468

\*The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.

## Annexure A to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2023

To,  
The Members,  
**Cipla Limited**  
Cipla House Peninsula Business Park,  
Ganpatrao Kadam Marg Lower Parel,  
Mumbai – 400013

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's Management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of significant events, wherever required.
7. Our 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  
PR No. 637/2019  
UDIN: F005578E000280468

Date: 12<sup>th</sup> May, 2023  
Place: Mumbai

# Business Responsibility & Sustainability Report

## SECTION A:

### GENERAL DISCLOSURES

#### I. Details of the listed entity<sup>1</sup>

1. **Corporate Identity Number (CIN) of the Listed Entity -** L24239MH1935PLC002380
2. **Name of the listed entity -** Cipla Limited
3. **Year of incorporation -** 1935
4. **Registered office address -** Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
5. **Corporate address -** Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
6. **E-mail -** [cosecretary@cipla.com](mailto:cosecretary@cipla.com)
7. **Telephone -** +91 22 2482 6000
8. **Website -** [www.cipla.com](http://www.cipla.com)
9. **Financial year for which reporting is being done -** 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023

#### 10. Name of the Stock Exchange(s) where shares are listed -

- a) National Stock Exchange of India Limited
- b) BSE Limited
- c) Societe De La Bourse De Luxembourg (Luxembourg Stock Exchange) for GDRs

#### 11. Paid-up capital - ₹ 1,61,43,01,186

#### 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report-

- a. Name - Mr Rajendra Chopra
- b. Designation - Company Secretary
- c. Telephone Number - +91 22 2482 6000
- d. E-mail ID - [cosecretary@cipla.com](mailto:cosecretary@cipla.com)

#### 13. Reporting boundary - Refer page no. 02 of About this Report

#### II. Products/services<sup>2</sup>

##### 14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Trade	Wholesale trading	19.98
2	Manufacturing	Chemical and chemical products, pharmaceuticals, medicinal chemical and botanical products	72.05

##### 15. Products/Services sold by the entity (accounting for 90% of the entity's turnover)

S. No.	Product/Service	NIC Code 2004	% of total turnover contributed
1	Manufacture of chemical substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins; opium derivatives; sulpha drugs; serums and plasmas; salicylic acid, its salts and esters; glycosides and vegetable alkaloids; chemically pure sugar etc.	24231	2.29
2	Wholesale of pharmaceutical and medical goods	51397	31.30
3	Manufacture of allopathic pharmaceutical preparations	24232	66.41

<sup>1</sup> GRI 2-1

<sup>2</sup> GRI 2-6

#### III. Operations<sup>3</sup>

##### 16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	38	55	93
International	9	33	42

##### 17. Markets served by the entity

###### a. Number of locations

Locations	Number
National (no. of states)	28 states and 8 Union territories
International (no. of countries)	84 <sup>4</sup>

###### b. What is the contribution of exports as a percentage of the total turnover of the entity?

36.67% (standalone)

###### c. A brief on types of customers

Refer page no. 84 of Relationship Capital

#### IV. Employees

##### 18. Details as at the end of Financial Year

###### a) Employees and workers (including differently abled):

Refer page no. 66 of Human Capital

###### b) Differently abled employees and workers:

Refer page no. 66 of Human Capital

##### 19. Participation/Inclusion/Representation of women

	Total(A)	No. and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	12 <sup>5</sup>	2	16.67
Key Management Personnel	4	1	25.00

##### 20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Refer page no. 75 of Human Capital

#### V. Holding, Subsidiary and Associate Companies (including joint ventures)

##### 21. (a) Names of holding / subsidiary / associate companies / joint ventures

The details of holding / subsidiary / associate / joint venture companies are given in Form AOC-1, on page no. 369 of this report.

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

<sup>4</sup> Represents countries/ markets where sales are more than USD 0.5 million

<sup>5</sup> Dr Peter Mugenyi, resigned from the position of Independent Director of the Company with effect from 13<sup>th</sup> May, 2023

**(b) Does the entity indicated in above form, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)**

Yes, all the entities, wherever applicable, participate in the relevant Business Responsibility initiatives of the Company, except associate companies and joint venture companies.

**VI. CSR Details**

- 22. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes
- (ii) Turnover – ₹ 15,961.95 crores
- (iii) Net worth – ₹ 24,632.45 crores

**VII. Transparency and Disclosures Compliances**

**23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct<sup>6</sup>**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	Policy coverage	FY 2022-23			FY 2021-22		
			No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year <sup>7</sup>	Remarks
Communities	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	-	-	-	-	-	-
Investors (other than shareholders)	Not applicable							
Shareholders	<a href="https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf">https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf</a>	Investor Servicing and Grievance Redressal Policy	38	2	-	23	-	-
	Available on the intranet	Employee Grievance Policy	-	-	-	-	-	-
Employees and workers	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	53	4	-	99	7	-
	<a href="https://www.cipla.com/sites/default/files/2023-07-Human-Rights-Policy.pdf">https://www.cipla.com/sites/default/files/2023-07-Human-Rights-Policy.pdf</a>	Human Rights Policy	-	-	-	1	-	-
	<a href="https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf">https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf</a>	Policy on Prevention of Sexual Harassment at the workplace	7	-	-	9	1	-
Customers	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	4,691	992	-	3,415	45	-
	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	-	-	-	2	-	-

<sup>6</sup> GRI 2-24, GRI 2-25

<sup>7</sup> Code of conduct complaints pending as on 9<sup>th</sup> May, 2022

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	Policy coverage	FY 2022-23			FY 2021-22		
			No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year <sup>7</sup>	Remarks
Value Chain Partners	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	3	-	-	2	-	-
	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	351	63	-	354	2	-
HCPs	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	1	-	-	-	-	-
	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	284	47	-	100	4	-
Government and Regulators	<a href="https://www.cipla.com/contact-us">https://www.cipla.com/contact-us</a>	Reporting on adverse / technical events	58	18	-	48	2	-
	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	-	-	-	-	-	-
Others	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC-PDF.pdf</a>	Code of Conduct	22	6	-	22	2	-

**24. Overview of the entity's material responsible business conduct issues**

Please indicate the material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Refer page no. 44 of Materiality Assessment

<sup>7</sup> Code of conduct complaints pending as on 9<sup>th</sup> May, 2022

**SECTION B:**  
**MANAGEMENT AND PROCESS DISCLOSURES**

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management process<sup>a</sup></b>										
1	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs: b. Has the policy been approved by the Board?	Yes								
	c. Web Link of the Policies, if available Whether the entity has translated the policy into procedures. (Yes / No)	Yes <sup>b</sup>								
2	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
3	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	GRI Standards 2021, OECD Principles of Corporate Governance	cGMP standards, GRI Standards 2021	Occupational Health and Safety management system (ISO 45001:2018) at all manufacturing sites in India	GRI Standards 2021	Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, GRI Standards 2021	All our manufacturing sites across India are certified for the Environment Management System ISO 14001:2015, Pledged support to 'Terra Carta', GRI Standards 2021, India Business & Biodiversity Initiative (IBBI)	NA	CSR rules prescribed by the Companies Act, 2013	We follow National Institute of Standards and Technology, International Organisation for Standardisation (ISO 270001), Indian MDR 2017 and ISO 13485:2016 standards (medical devices manufacturing units)
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The specific commitments, goals and targets are provided in the respective Annual Report, wherever applicable								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The performance against specific commitments, goals and targets are provided in the respective Annual Report, wherever applicable								

<sup>a</sup> GRI 2-24

<sup>b</sup> Policies are approved by the Board, respective board committees, respective department heads, wherever applicable

Sr. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9												
<b>Governance, leadership and oversight</b>																						
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) for implementation and oversight of the Business Responsibility policy (ies).	Refer to MD & GCEO's Message on page no.10																				
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr Umang Vohra, Managing Director & Global Chief Executive Officer (DIN: 02296740)																				
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. <sup>30</sup>	<p>The Stakeholders Relationship Committee<sup>31</sup> is responsible to periodically review environmental, social and governance (ESG)/sustainability matters pertaining to the Company, including initiatives and reporting:</p> <table border="1"> <thead> <tr> <th>DIN</th> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>02313000</td> <td>Mr S Radhakrishnan</td> <td>Chairperson</td> </tr> <tr> <td>06646490</td> <td>Mr Adli Zainulbhai</td> <td>Member</td> </tr> <tr> <td>06799942</td> <td>Dr Peter Mogyenyi</td> <td>Member</td> </tr> </tbody> </table> <p><sup>30</sup>W.e.f. 12<sup>th</sup> May, 2023, Investment and Risk Management Committee (IRMC) is responsible to periodically review ESG / sustainability matters pertaining to the Company. The composition of IRMC is provided under Report on Corporate Governance.</p>									DIN	Name	Designation	02313000	Mr S Radhakrishnan	Chairperson	06646490	Mr Adli Zainulbhai	Member	06799942	Dr Peter Mogyenyi	Member
DIN	Name	Designation																				
02313000	Mr S Radhakrishnan	Chairperson																				
06646490	Mr Adli Zainulbhai	Member																				
06799942	Dr Peter Mogyenyi	Member																				

10 Details of Review of NGRBCs by the Company:

Sr. No	Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
		Frequency								
P1	P2	P3	P4	P5	P6	P7	P8	P9		
	Performance against above policies and follow up action	The policies of the Company are reviewed periodically / on a need basis by department heads / directors / board committees, wherever applicable								
	Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by the Board on a quarterly basis								
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated

Not applicable

<sup>30</sup> GRI 2-12

SECTION C:

Principle-Wise Performance Disclosure

Principle 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year<sup>11</sup>

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors <sup>12</sup>	9	The Company conducts familiarisation programmes for its Board of Directors at regular intervals which covers topics such as ESG parameters and targets, corporate governance practices, various other industry, business and regulatory updates	93.43
Key Managerial Personnel		100	
Employees other than BoD and KMPs	3,040	The employees / workers undergo various trainings / awareness sessions such as induction training at the time of joining and leadership, policy, technical and compliance training during the course of employment	91.01
Workers	663		17.66

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year<sup>13</sup>

Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed

Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy<sup>14</sup>

Yes, the Company has an anti-corruption and anti-bribery policy, which is applicable to all associates and business

partners (as defined in the policy) of Cipla Limited and all its subsidiaries across the globe. The policy emphasises our zero-tolerance approach towards corruption and bribery and includes the following aspects:

- Responsibilities of Cipla associates and business partners
- Guidance on interaction with government officials
- Do's & Don'ts with regard to gifts, hospitality and entertainment

The Policy also guides associates & business partners on mechanism to raise complaints on bribery/ corruption in line with the our Whistle-blower Policy. As part of Enterprise Risk Management (ERM) activities, risk assessments with regard to compliance with anti-corruption and anti-bribery laws are carried out as and when required and necessary mitigation measures are taken accordingly. As a part of our training on the Code of Conduct, training is also imparted to

<sup>11</sup> GRI 2-17, GRI 2-24

<sup>12</sup>It includes programmes which are offered to all the board members of Cipla Limited. For further details, please refer Familiarisation programme for Independent Directors in the 'Report on Corporate Governance'

<sup>13</sup> GRI 2-27

<sup>14</sup> GRI 205-1, GRI 205-2

employees on Anti-corruption and Anti-bribery topics. The policy is available via the following weblink: [https://www.cipla.com/sites/default/files/2019-06/1553587868\\_Anti-Bribery-and-Anti-Corruption-Policy.pdf](https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption<sup>15</sup>

Nil

6. Details of complaints with regard to conflict of interest

Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest<sup>15</sup>

Not applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year<sup>16</sup>

Refer page no. 87 of Relationship Capital

Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively

Refer page no. 54 of Manufactured Capital and page no. 59 of Intellectual Capital

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

<sup>15</sup> GRI 205-3

<sup>16</sup> GRI 2-24, GRI 2-25

<sup>17</sup> GRI 2-15

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same<sup>17</sup>

Yes, the Company has in place a 'Conflict of Interest Policy' and a 'Policy on Related Party Transactions', which are applicable to our board members. Transactions with the board members or any entity in which such board members are concerned or interested are required to be approved by the Audit Committee and the Board of Directors. In such cases, the interested directors abstain themselves from the discussions at the meeting. The weblink of the above mentioned policies are as below:

Conflict of Interest Policy - [https://www.cipla.com/sites/default/files/2019-06/1554391523\\_1530187477\\_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf](https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf)

Policy on Related Party Transactions - [https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction\\_Revised-%20Final.pdf](https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf)

b. If yes, what percentage of inputs was sourced sustainably?

The Company has requisite procedures in place for sustainable sourcing. Sustainability parameters are integrated into our overall supply chain having a Sustainable Supply Chain Policy and Supplier Code of Conduct. The Company also carries out assessment of suppliers based on ESG parameters and organises capacity building workshops for critical suppliers, who are selected based on value, volume and dependency. Please refer page no. 87 of Relationship Capital for details of assessments completed during the year for determining the products that are sourced in a sustainable manner.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

As a pharmaceutical company, we do not reclaim or recycle products at the end of their life. However, we have waste management systems in place at all of our manufacturing facilities and warehouses.

Products sold in the market and reaching to end of life unused, because of any reason, are taken back by our warehouses for safe disposal through incineration route.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Boards? If not, provide steps taken to address the same.**

Yes, refer page no. 105 of Natural Capital

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?**

Cipla is deeply committed to sustainability and minimizing its impact on the environment. In FY 2022-23, we initiated Life Cycle Assessments of four of our products, the results of which will be shared in the next Annual Report.

By analysing the supply chain from raw material evaluation to product disposal, Cipla identifies areas where it can make more sustainable choices.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life cycle perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

Not applicable as LCA is in process.

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)**

Since we are in the pharmaceutical business, we do not recycle or reuse input material.

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed**

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life. We do use recycled tertiary packaging material sourced from our suppliers. We also collect and channelise quantity of different types of plastics such as Rigid, Flexible and Multi-layered which is equivalent to that used in packing own products.

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Since the Company is engaged in pharmaceutical sector, we do not reclaim products for reusing, recycling and disposing them at the end of their life. However, 100% equivalent amount of pre and post consumer plastic waste is collected through waste management agency and co-processed, recycled and/or converted to energy.

**Principle 3**

Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

- 1. a. Details of measures for the well-being of employees
- b. Details of measures for the well-being of workers

Refer page no. 74 of Human Capital

**2. Details of retirement benefits, for Current FY and Previous Financial Year**

Refer page no. 74 of Human Capital

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

Refer page no. 75 of Human Capital

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy**

Refer page no. 75 of Human Capital

**5. Return to work and Retention rates of permanent employees and workers that took parental leave**

Refer page no. 73 of Human Capital

**6. Is there a mechanism available to receive and redress grievances for the employees and worker? If yes, give details of the mechanism in brief**

Yes, refer page no. 76 of Human Capital

**7. Membership of employees and worker in association(s) or unions recognised by the listed entity**

Refer page no. 77 of Human Capital

**8. Details of training given to employees and workers**

Refer page no. 70, 79 of Human Capital

**9. Details of performance and career development reviews of employees and worker**

Refer page no. 71 of Human Capital

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, refer page no. 78 of Human Capital

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Refer page no. 78 of Human Capital

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks? (Yes/No)**

Yes, refer page no. 78, 79 of Human capital

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, refer page no. 78 of Human Capital

**11. Details of safety related incidents, in the following format**

Refer page no. 79 of Human Capital

**12. Describe the measures taken by the entity to ensure a safe and healthy work place**

Refer page no. 77 of Human Capital

**13. Number of complaints made by employees and workers**

Refer page no. 78 of Human Capital

**14. Assessments for the year on health and safety practices and working conditions**

Refer page no. 79 of Human Capital

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions**

Refer page no. 79 of Human Capital

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners**

The Company has adequate mechanisms to ensure that requisite statutory dues, as applicable to the transactions of the Company with its value chain partners, are deducted and deposited in accordance to applicable regulations and reviewed as per regular audit processes. The Company also collects necessary certificates and proofs from its contractors with respect to payment of statutory dues like PF, ESIC, etc. relating to contractual employees and workers.

The Company expects its value chain partners to behave ethically and with integrity in all its business transactions and uphold standards of fair business practices.

**3. Provide the number of employees / workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11**

**of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**

Nil; there were no incidents of fatality or high consequence work related injuries in the reporting year.

**4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

**5. Details on assessment of value chain partners**

Refer page no. 87 of Relationship Capital

**6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

There were no significant risks / concerns arising from the assessments of health and safety practices and working conditions of value chain partners.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity<sup>19</sup>**

Yes, our material issues are identified based on our engagement with our stakeholders. For further details refer page no. 44 of Materiality Assessment.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups**

We engage with various stakeholders who may be classified as vulnerable/marginalised stakeholder groups. Please refer to page no. 40 of the Stakeholder Engagement.

There are no reportable concerns of vulnerable / marginalised groups. However, the Company undertakes various CSR activities in local areas that serve the concerns of the vulnerable / marginalised stakeholder groups. For more information, refer page no. 94 of Social Capital.

**Principle 4**

Businesses should respect the interests of and be responsive to all its stakeholders

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity**

Refer page no. 40 of Stakeholder Engagement

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Refer page no. 40 of Stakeholder Engagement

**Leadership Indicators**

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board<sup>18</sup>**

Respective business / functional heads engage with the stakeholders on various ESG topics and the relevant feedback from such consultation is provided to the Board, wherever applicable. For further details, refer page no. 44 of Materiality Assessment.

**Principle 5**

Businesses should respect and promote human rights

**Essential Indicators**

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format<sup>20</sup>**

Refer page no. 77 of Human Capital

**2. Details of minimum wages paid to employees and workers, in the following format**

Refer page no. 76 of Human Capital

**3. Details of remuneration/salary/wages, in the following format**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Figures in ₹)	Number	Median remuneration/ salary/ wages of respective category (Figures in ₹)
Board of Directors (BoD)	10	73,50,000	2	4,35,32,230
Key Managerial Personnel	2	4,07,94,342	-	-
Employees other than BoD and KMP	22,577	6,12,721	3,728	7,40,763
Workers	226	6,41,424	80	6,44,795

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)<sup>20</sup>**

Yes, refer page no. 76 of Human Capital

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues**

Refer page no. 76 of Human Capital

**6. Number of Complaints on the following made by employees and workers**

Refer page no. 76 of Human Capital

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases<sup>21</sup>**

Refer page no. 76 of Human Capital

<sup>18</sup> GRI 2-12, GRI 2-25

<sup>19</sup> GRI 2-12

<sup>20</sup> GRI 2-24

<sup>21</sup> GRI 2-25

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)<sup>22</sup>**

Refer page no. 76 of Human Capital

**9. Assessments for the year for Child / Forced / Involuntary labour, Sexual harassment, Discrimination at workplace, Wages**

Refer page no. 76 of Human Capital

**10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 9 above**

There were no significant risks / concerns arising from the assessments at question 9 above.

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints**

Not applicable

**Principle 6**  
Businesses should respect and make efforts to protect and restore the environment

**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format**

Parameter	FY 2022-23 (in GJ)	FY 2021-22 (in GJ) <sup>23</sup>
Total electricity consumption (A)	11,87,195	11,91,676
Total fuel consumption (B)	6,93,703	7,13,153
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	18,80,898	19,04,829
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) GJ*100000/₹	0.83	0.88
Energy intensity (optional)–the relevant metric may be selected by the entity	-	-
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/No) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any**

Since the Company is engaged in pharmaceutical sector, it is not identified as DC under the PAT scheme.

<sup>22</sup>GRI 2-23

<sup>23</sup>GRI 2-4 Regular review of the data is carried out to ensure accuracy and consistency. This has led to changes in the data for FY 2021-22 energy and scope 2 emissions for Cipla Medpro Manufacturing (Pty) Ltd

**2. Details of the scope and coverage of any Human Rights due-diligence conducted**

Refer page no. 76 of Human Capital

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

**4. Details on assessment of value chain partners on sexual harassment, discrimination at work place, child / forced / involuntary labour and wages.**

Refer page no. 87 of Relationship Capital

**5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 4 above**

There were no significant risks / concerns arising from the above said assessments mentioned in Question 4.

**3. Provide details of the following disclosures related to water, in the following format**

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water (including rainwater)	52,000	75,265
(ii) Groundwater	2,51,173	4,59,438
(iii) Third party water	12,63,636	11,11,648
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	15,66,809	16,46,351
<b>Total volume of water consumption (in kilolitre)</b>		
Water intensity per rupee of turnover (Water consumed / turnover) kl x 10 <sup>6</sup> / ₹	6.53	7.14
Water intensity (optional)–the relevant metric may be selected by the entity (water withdrawn/turnover) kl x 10 <sup>6</sup> /₹	6.88	7.56
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation**

We have implemented zero liquid discharge (ZLD) mechanism at our Sikkim, Kurkumbh, Virgonagar, Indore and Bommasandra manufacturing facilities. We have also initiated ZLD project at our Goa formulation unit in FY 2022-23.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format<sup>24</sup>**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
i. NOx	mg/Nm3	49.09	36.63
ii. SOx	mg/Nm3	48.14	56.55
iii. Particulate matter (PM)	mg/Nm3	29.60	30.74
iv. Persistent organic pollutants (POP)	NA	NA	NA
v. Volatile organic compounds (VOC)	NA	NA	NA
vi. Hazardous air pollutants (HAP)	NA	NA	NA
vii. Others–please specify	NA	NA	NA
Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	The monitoring has been carried out by laboratory approved by National Accreditation Board for Testing and Calibration Laboratories / Ministry of Environment, Forest and Climate Change		

**6. Provide details of Greenhouse Gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format**

Parameter	Unit	FY 2022-23	FY 2021-22 <sup>25</sup>
<b>Total Global Scope 1 emissions</b>			
	Metric tonnes of CO <sub>2</sub> equivalent	Fuels based: 35,831 Refrigerant emissions: 3,04,961	Fuels based: 38,355
Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available- Data includes CO <sub>2</sub> , N <sub>2</sub> O and CH <sub>4</sub> components			
<b>Total Global Scope 2 emissions</b>			
	Metric tonnes of CO <sub>2</sub> equivalent	1,89,900	2,01,676
Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available			
<b>Total Global Scope 1 (fuel based) and Scope 2 emissions per rupee of turnover (tCO<sub>2</sub>e*100000/₹)</b>	(tCO <sub>2</sub> e*100000/₹)	0.10	0.11
<b>Total Scope 1 (fuel based) and Scope 2 emission intensity (optional)–the relevant metric may be selected by the entity</b>	tCO <sub>2</sub> e/GJ	0.12	0.13
Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited		

<sup>24</sup>GRI 305-7

<sup>25</sup>GRI 2-4 Regular review of the data is carried out to ensure accuracy and consistency. This has led to changes in the data for FY 21-22 energy and scope 2 emissions for Cipla Medpro Manufacturing (Pty) Ltd



**7. Does the entity have any project related to reducing Greenhouse Gas emission? If Yes, then provide details**

Refer page no. 99 of Natural Capital

**8. Provide details related to waste management by the entity, in the following format**

Parameter	FY 2022-23 <sup>26</sup>	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	3,057	2,613
E-waste (B)	30	20
Bio-medical waste (C)	64	40
Construction and demolition waste (D)	103	-
Battery waste (E)	45	45
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any (G)	14,834	14,003
Other Non-hazardous waste generated. Please specify, if any (H) (Break-up by composition i.e. by materials relevant to the sector)	8,945	11,030
<b>Total (A+B+ C + D + E + F + G + H)</b>	<b>27,078</b>	<b>27,751</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled / Re-used	19,626	24,150
(ii) Other recovery operations	5,042	672
<b>Total</b>	<b>24,668</b>	<b>24,822</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	1,342	1,682
(ii) Landfilling	1,012	1,246
(iii) Other disposal operations	-	-
<b>Total</b>	<b>2,354</b>	<b>2,928</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes**

Refer page no. 104 and 105 on Natural Capital

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format<sup>27</sup>**

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no the reasons thereof and corrective action taken, if any.
1	Cipla Limited Bommasandra-Jigani Link Road, Industrial Area, Plot No. 285, KIADB Bangalore, Krishnapuram, Jigani, Karnataka 560105, India.	API manufacturing	Yes

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year**

During the year, the Company was not required to undertake any Environment Impact Assessment under applicable regulations.

<sup>26</sup>Data for waste management excludes information from depots

<sup>27</sup>GRI 304-1

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder? (Yes/No) If not, provide details of all such non-compliances, in the following format<sup>28</sup>**

Yes

**Leadership Indicators**

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format**

Parameter	FY 2022-23	FY 2021-22 <sup>29</sup>
<b>From renewable sources (GJ)</b>		
Total electricity consumption (A)	3,15,294	2,45,667
Total fuel consumption (B)	1,97,324	2,02,543
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources(A+B+C)</b>	<b>5,12,618</b>	<b>4,48,210</b>
<b>From non-renewable sources (GJ)</b>		
Total electricity consumption (D)	8,71,901	9,46,009
Total fuel consumption (E)	4,96,379	5,10,610
Energy consumption through other sources (F)	-	-
<b>Total energy consumed from non-renewable sources(D+E+F)</b>	<b>13,68,280</b>	<b>14,56,619</b>
Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

**2. Provide the following details related to water discharged**

Parameter	FY 2022-23 <sup>30</sup>	FY 2021-22
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
(iv) Sent to third-parties	81,978	91,932
- No treatment	44,328	51,273
- With treatment –please specify level of treatment		
Primary treatment	6,861	6,108
Secondary treatment		
Tertiary treatment	30,789	34,551

<sup>28</sup>GRI 2-27

<sup>29</sup>GRI 2-4 Regular review of the data is carried out to ensure accuracy and consistency. This has led to changes in the data for FY 21-22 energy and scope 2 emissions for Cipla Medpro Manufacturing (Pty) Ltd

<sup>30</sup>Data for water discharge excludes information from Cipla Quality Chemical Industries Limited and Mirren (Pty) Ltd

Parameter	FY 2022-23 <sup>31</sup>	FY 2021-22
(v) Others	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>Total water discharged (in kilolitres)</b>	<b>81,978</b>	<b>91,932</b>
<b>Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.</b>	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)

For each facility / plant located in areas of water stress, provide the following information:

<b>(i) Name of the area</b>	Baddi, Bommasandra, Virgonagar, Indore, Satara Note: As per WRI Aqueduct tool (Beta Version 3.0). Sites with water stress >80% are considered
<b>(ii) Nature of operations</b>	API- Bommasandra, Virgonagar Formulations- Baddi, Indore, Satara

#### (iii) Water withdrawal, consumption and discharge in the following format

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	58,970	1,42,607
(iii) Third party water	3,68,126	2,45,521
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	<b>4,27,096</b>	<b>3,88,128</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>4,20,235</b>	<b>3,82,020</b>
Water intensity per rupee of turnover (Water consumed / turnover kl x 10 <sup>6</sup> /₹)	1.85	1.76
<b>Water intensity (optional)–the relevant metric may be selected by the entity</b>	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
<b>(i) Into Surface water</b>		
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(ii) Into Groundwater</b>	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>(iii) Into Seawater</b>	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		

<sup>31</sup>Data for water discharge excludes information from Cipla Quality Chemical Industries Limited and Mirren (Pty) Ltd

Parameter	FY 2022-23	FY 2021-22
<b>(iv) Sent to third-parties</b>	<b>6,861</b>	<b>5,889</b>
- No treatment	-	-
- With treatment –please specify level of treatment		
Primary treatment	6,861	5,889
Secondary treatment		
Tertiary treatment		
(v) Others	-	-
- No treatment	-	-
- With treatment –please specify level of treatment	-	-
Primary treatment		
Secondary treatment		
Tertiary treatment		
<b>Total water discharged (in kilolitres)</b>	<b>6,861</b>	<b>5,889</b>
<b>Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.</b>	Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited	

### 4. Please provide details of total Scope 3 emissions & its intensity, in the following format

The Company has initiated processes for tracking Scope 3 emissions.

### 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities

Bommasandra site is under notified Industrial Area, located within 10 km of the Bannerghatta National Park. We have conducted Environmental Impact Assessment studies and no significant impact of the organisation on Biodiversity has been observed.

### 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format

Refer page no. 54 of Manufactured Capital

### 7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link<sup>32</sup>

Yes, Cipla's Business Continuity Plan Guidelines document provides a framework and guidance to support Cipla's business units and functions to respond, restore and continue their critical business processes in the event of a disruption to normal operations. This document includes an

<sup>32</sup>GRI 3-3

overview of continuity operations, outlines the approach for supporting critical business functions, and defines the roles and responsibilities of staff. It also outlines the notification procedures and communication methods, plan activation and deactivation protocols, provisions for alternate work/ manufacturing/ product development locations, and the plan for maintaining and restoring access to vital records. This document lays down BCP guidelines for responding to disruptions caused by natural, technological, and man-made incidents, as well as incidents that result in loss of access to parts of or an entire facility or loss of service due to equipment or systems failure. The impact of the above disruptive incidents could result in materialisation of risks in two main risk categories viz. Environment, Health & Safety (EHS) Risks and Business/ Financial Risks. The BCP guidelines lays down a framework for addressing these EHS and Business/ Financial Risks. The BCP guidelines are applicable to Cipla, its subsidiaries and affiliates. Further, every site of Cipla has an onsite emergency plan.

### 8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

No significant adverse impact has been observed from the value chain, pertaining to environment. As an adaptation measure, we assess the critical vendors based on ESG parameters and have implemented vendor engagement programs to improve their capabilities, wherever required.

### 9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts

Refer page no. 86, 87 of Relationship Capital

Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers / associations

Refer page no. 81 of Relationship Capital

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to

Refer page no. 81 of Relationship Capital

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Not applicable

Leadership Indicators

1. Details of public policy positions advocated by the entity

Refer page no. 81 of Relationship Capital

Principle 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year<sup>33</sup>

During the year, the Company was not required undertaken any SIA under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format

Not applicable

3. Describe the mechanisms to receive and redress grievances of the community<sup>34</sup>

The communities can raise their grievances as per the mechanism provided in our Code of Conduct available on our website of the Company. For further details refer our response to Question no. 23 of Section A on page no. 146.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers<sup>33</sup>

Refer page no. 86 of Relationship Capital

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)

Not applicable

2. Provide information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies

None of our CSR projects falls under the designated aspirational districts. However, we continue to work in the erstwhile aspirational district (Visakhapatnam).

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

- (b) From which marginalised/vulnerable groups do you procure?
- (c) What percentage of total procurement (by value) does it constitute?

The Company is impartial in its selection and procurement processes of its suppliers which is driven by the Company's procurement policy, supplier code of conduct and supply chain sustainability policy. Currently, the Company does not consider the criteria for marginalised / vulnerable group during selection of its suppliers. During the year, the Company sourced 9.3% of the total inputs material from MSME suppliers.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Refer page no. 60 of Intellectual Capital

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Refer page no. 60 of Intellectual Capital

6. Details of beneficiaries of CSR projects

For CSR projects and no. of persons benefited from CSR projects – Refer page no. 88 of Social Capital and page no. 128 of the Annual Report of CSR.

**% of beneficiaries from vulnerable and marginalised group -**  
The primary objective of the CSR projects is to reach out to the most vulnerable and marginalised communities from a weak socio-economic background from the rural as well as urban population.

Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

The Company has adequate mechanism and takes due efforts for addressing and redressal of consumer feedback and complaints. We have a dedicated phone line and mail box through which patients / consumers, healthcare professionals and other stakeholders can approach the Company for reporting adverse events or product related complaints. The consumer complaints received at [drugsafety@cipla.com](mailto:drugsafety@cipla.com) are managed in accordance with the standard operating procedure (SOP). Based on its nature, the complaint is forwarded to the respective department for their further actions, if any, including adequate response to the said complaints. The consumers can also raise their complaints / feedback as per the mechanism provided in our Code of Conduct available on our website of the Company. The Company also takes appropriate actions for addressing any consumer complaints lodged with the consumer forums as per the applicable laws and regulations.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	100%
Recycling and/or safe disposal	-

**Note:** The Company does not maintain/record data pertaining to the percentage of turnover of products of the Company that carry information regarding environmental / social parameters relevant to the product and recycling and/or safe disposal of the products. The Company is in compliance of applicable laws and regulations w.r.t. product labelling and information.

<sup>33</sup>GRI 413-12

<sup>34</sup>GRI 2-25

**3. Number of consumer complaints in respect of the following**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data Privacy	-	-	NA	-	-	NA
Advertising	-	-	NA	-	-	NA
Cyber-security	-	-	NA	-	-	NA
Delivery of Essential Services	-	-	NA	-	-	NA
Restrictive Trade Practices	-	-	NA	-	-	NA
Unfair Trade Practices	-	-	NA	1	1	Sub Judice
Other	1	1	Sub Judice	1	1	Sub Judice

**4. Details of instances of product recalls on account of safety issues**

Refer page no. 56 of Manufactured Capital

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy**

Refer page no. 57 of Manufactured Capital

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not applicable

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

Refer page no. 84 of Relationship Capital

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services**

Not applicable

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Refer page no. 84 of Relationship Capital

**5. Provide the following information relating to data breaches -**

- a. Number of instances of data breaches along with impact
- b. Percentage of data breaches involving personally identifiable information of customers

Refer page no. 57 of Manufactured Capital

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

Please refer to the following weblink: <https://www.cipla.com/our-offerings>

# Report on Corporate Governance<sup>1</sup>

**Cipla's Philosophy on Corporate Governance**

The corporate governance philosophy at Cipla stems from the set of principles and framework embedded in its values. Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality, life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, 'Caring for Life'. This purpose ultimately guides our organisational decisions and anchors our every action.

**Creating Value**

At Cipla, we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision-making. Cipla's corporate governance framework is founded on the following pillars:

**Transparency**

For us, transparency is key to healthy, self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

**Fairness**

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

**Accountability**

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of end-to-end ownership throughout the organisation. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our patients, employees, shareholders, vendors, government agencies, society, medical community, customers and business partners and supply chain participants.

**Competent leadership and management**

We believe that a dynamic, diverse and experienced Board with a focus on excellence plays a pivotal role in Cipla's corporate governance aspirations. In view of this, we endeavour to maintain a Board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

**Empowerment**

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capabilities within the Company. Our leadership essentials focus

on people, performance and health, are strongly embedded in our First Principles. They define a common vocabulary and approach for building leadership within the Company.

**Sustainability**

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

**Compliance and risk management**

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks, which can potentially impact our current and future earnings. The risk management function targets to maintain a live register of important risks along with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

**Governance structure<sup>2</sup>**

Cipla's robust governance philosophy is executed through a multi-tiered governance structure with clearly defined roles and responsibilities for every constituent of the governance system.

**Board of Directors:** The Board of Directors ("Board") is responsible for the strategic supervision and overseeing the Management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgment and plays a vital role in monitoring the Company's affairs. The Board also ensures the Company's adherence to the standards of corporate governance and transparency.

**Board Committees:** To effectively discharge the obligations and to comply with the statutory requirements, the Board has constituted six Board committees. The committees deal with specific areas that are assigned to them for either final decision-making or giving appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter.

**Chairman:** The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders, while ensuring that the Company's strategies are based on our underlying principle of 'Caring for Life' and reflect our core values. The Chairman is supported by the Executive Vice-Chairperson, who takes a lead role in managing Board meetings and interactions, determining the Board's composition and facilitating effective communication among the directors.

**Executive Vice-Chairperson:** The Executive Vice-Chairperson engages with the Management to drive and monitor key initiatives that are in line with Cipla's approved corporate strategy

<sup>1</sup>GRI 3-3

<sup>2</sup>GRI 2-9

and business objectives, to ensure long-term value creation. The Executive Vice-Chairperson drives board engagements by setting the agenda, facilitating critical discussions and the cadence for board meetings, and is also responsible for promoting the depth of board conversations while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all the stakeholders. The Executive Vice-Chairperson supports the Chairman on matters pertaining to governance, including the board's composition, board meetings and board effectiveness, and acts as the bridge between the Management, the Promoters and the Board.

**Managing Director and Global Chief Executive Officer ("MD & GCEO"):** The MD & GCEO is responsible for business performance, driving growth and implementation of the strategic decisions aligned to the vision and purpose-driven mission of Cipla. The MD & GCEO's priorities include designing and executing Cipla's long-term strategy based on organic and inorganic initiatives, defining the innovation and business reimagining agenda for the Company, to ensure growth with sustainability by leveraging digitisation and automation initiatives, and to create a world-class future-ready global organisation with a vibrant and enabling culture where talent thrives and grows.

**Management Council:** The Management Council serves as the apex leadership team, to set and deliver the strategic long-term growth agenda for Cipla, by creating and delivering best in class practices, processes and products. The Management Council drives the growth ambition and sustainability initiatives across the organisation. The Management Council includes the following members:

MD & GCEO (Chair), Global Chief Financial Officer, Global Chief People Officer, Global Chief Technology Officer, Global Head of Quality, Medical Affairs and Pharmacovigilance, CEO-One India, CEO-Cipla South Africa and Regional Head Africa and Access, CEO-North America, Global Chief Scientific Officer, CEO-Emerging Markets and Europe and Global Head Supply Chain.

**Business Council:** A Business Council comprising select business and functional heads was formed during FY 2019-20 to support the Management Council and participate in strategic discussions and share perspectives on key strategic matters.

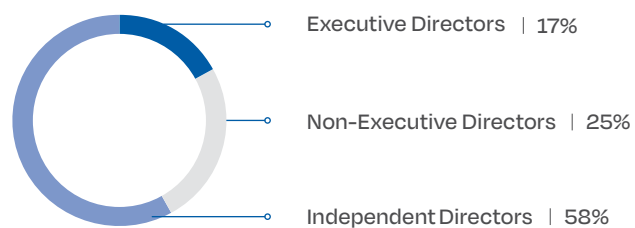
**Operating Committees:** The Company has various cross-functional committees that ensure robust delivery of business objectives and operationalisation of strategic plans. The committees also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles.

## Board of Directors

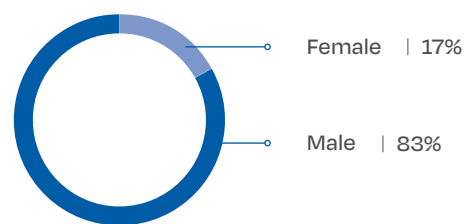
### Composition of the Board<sup>3</sup>

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is compliant with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and is also in line with the best practices of corporate governance.

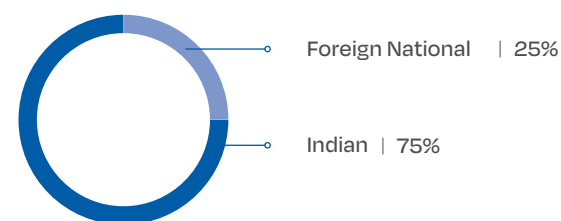
### Category wise - Percentage of total number of Directors



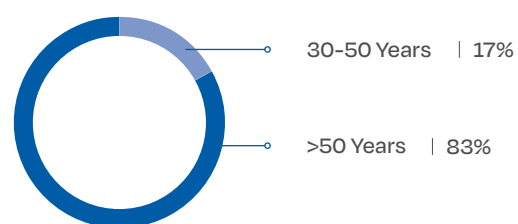
### Board Diversity



### Nationality of Directors



### Age group of Directors



Note - There are no directors below the age of 30 years

### Details of directors

Detailed profile of the directors is available on the Company's website at <https://www.cipla.com/about-us/board-directors>

The statutory details of the directors, including the directorships held by them in other listed companies and their committee memberships/chairpersonships in other public companies as on 31<sup>st</sup> March, 2023, are listed in Annexure B.

## Board skill matrix

The Board of the Company comprises of qualified directors who possess relevant skills, expertise and competence to ensure effective functioning of the Company.

Board Skills	Board skill distribution
<b>Corporate Governance</b> Protection of stakeholders' interest, observing best governance practices, commitment to the highest standards of compliance, corporate ethics and values and identifying key governance risks.	100%
<b>Global Economics and Business</b> Understanding of diverse business environments, regulatory framework and global economy, political conditions & cultures.	100%
<b>General Management and Leadership</b> General know-how of business management, talent management and development, succession planning, workplace health & safety.	100%
<b>Operations</b> Operational expertise and technical know-how in the areas of manufacturing, quality and supply chain.	83.33%
<b>M&amp;A</b> Experience in evaluating M&A deals for inorganic growth and ability to align it with the Company's growth strategy and future business opportunities.	83.33%
<b>Risk Management</b> Ability to identify and evaluate the significant risk affecting the business operations of the Company and to monitor the effectiveness of risk management framework and practices.	83.33%
<b>Sales, Marketing and Commercial</b> Experience in strategising market share growth, building brand awareness, enhancing enterprise reputation	67.67%
<b>Sustainability and ESG</b> Understanding of diverse and global sustainability and ESG practices and the ability to align them with the Company's growth strategy.	66.67%
<b>Financial Expertise</b> Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit and capital allocation.	66.67%
<b>Tech and Digital</b> Experience in the field of technology and digitalisation, envisage new technological business trends and experience in creating new business models.	58.33%
<b>Pharmaceuticals, Science and Technology</b> Significant background and experience in pharmaceuticals sector, science and technology domain.	58.33%

<sup>3</sup>GRI 2-9, GRI 405-1

Name of Director	Special Skills
<b>Dr Y K Hamied</b>	Corporate Governance; Global Economics and Business; General management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Pharmaceutical, Science and Technology.
<b>Mr M K Hamied</b>	Corporate Governance; Global Economics and Business; General management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Pharmaceutical, Science and Technology.
<b>Ms Samina Hamied</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
<b>Mr Umang Vohra</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital; Pharmaceutical, Science and Technology.
<b>Mr S Radhakrishnan</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sustainability and ESG; Financial Expertise; Tech and Digital.
<b>Mr Ashok Sinha</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
<b>Dr Peter Mugenyi*</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; Risk Management; Sustainability and ESG; Pharmaceutical, Science and Technology.
<b>Mr Adil Zainulbhai</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Financial Expertise; Pharmaceutical, Science and Technology.
<b>Ms Punita Lal</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
<b>Mr Robert Stewart</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Pharmaceutical, Science and Technology.
<b>Mr P R Ramesh</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; M&A; Risk Management; Sustainability and ESG; Financial Expertise; Tech and Digital.
<b>Dr Mandar Vaidya</b>	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Sales, Marketing and Commercial; Tech and Digital; Pharmaceutical, Science and Technology.

\*Resigned from the position of Independent Director w.e.f. 13<sup>th</sup> May, 2023

### Board membership criteria and selection process<sup>4</sup>

The Nomination and Remuneration Committee (“NRC”) is responsible for identifying and evaluating a suitable candidate for the Board, based on the criteria laid down in the Nomination, Remuneration and Board Diversity Policy, available on the website of the Company at <https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf>

While selecting a candidate, the NRC evaluates the balance of skills, knowledge and experience of the Board, and based on such evaluation approves a description of the role and responsibilities required for the new independent director to be inducted.

On identifying a suitable candidate, the NRC recommends his/her appointment to the Board for approval. Based on the

recommendation of the NRC, the Board considers and appoints such person as an additional director and recommends the appointment to the shareholders for their approval.

### Role of the Board

The Board is the apex body whose constitution is approved by the shareholders and is responsible for strategic supervision and overseeing the Management performance and governance of the Company on behalf of the stakeholders. In order to take an informed decision, the Board has access to all relevant information and are free to approach the employees of the Company and the subsidiaries. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in the best interests of the Company and the stakeholders.

### The matters placed before the Board, inter-alia, include:

Strategic matters
i. Reviewing and guiding the corporate strategy;
ii. Corporate re-structuring activities including merger/ demerger;
iii. Details of any acquisition, joint venture or collaboration agreement including proposals for investment, divestment, and brand/ intellectual property acquisition;
iv. Sale of investment, subsidiaries or assets which are material in nature;
v. Financial assistance to subsidiary companies.
Operational matters
i. Annual operating plans and capital budgets;
ii. Regular business/function updates;
iii. Significant labour problems and their proposed solutions;
iv. Any significant development on the human resources/ industrial relations front;
v. Details on regulatory inspection.
Finance matters
i. Quarterly/Annual consolidated and standalone results and financial statements of the Company;
ii. Any material default in financial obligations to or by the Company or substantial non-payment for goods sold by the Company;
iii. Quarterly details of foreign exchange exposures and hedging.

Governance matters
i. Noting materially important show cause, demand, prosecution notices and penalty notices, if any;
ii. Noting fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;
iii. Noting of statutory disclosures received from the directors;
iv. Noting minutes of meetings of the Board, board committees, and unlisted subsidiary and resolutions passed by circulation;
v. Review the performance of the Organisation and the MD & GCEO;
vi. Reviewing quarterly compliance certificate;
vii. Reviewing risk management framework of the Company;
viii. Reviewing significant transactions or arrangements by subsidiary companies;
ix. Reviewing subsidiaries’ operations;
x. Approval on Corporate Social Responsibility related matters;
xi. Approval of related party transactions where directors/ KMP/ SMPs are interested;
xii. Approval for appointment and remuneration to Directors, KMP and SMP including grant of share-based incentives to KMP and SMP;
xiii. Appointment of auditors and fixation of remuneration;
xiv. Performance evaluation of the Board, board committees and directors;
xv. Any issue which involves possible public or product liability claims of substantial nature.

### Board evaluation<sup>5</sup>

In accordance with the provisions of the Act and the Listing Regulations, the Board had carried out an annual evaluation of its own performance, performance of the Board Committees as well as the individual directors.

### Board evaluation criteria and process

In compliance with the statutory requirement the performance evaluation is undertaken every year. As a process, the Company engages an independent external agency once every four years to conduct a detailed performance evaluation exercise. The last such exercise was undertaken in FY 2020-21.

The performance evaluation for FY 2022-23 was undertaken internally. In order to ensure confidentiality an independent agency was appointed to conduct the evaluation through an online tool. The NRC approved the evaluation criteria in the form of a questionnaire. The Board, board committees, and individual directors were evaluated based on the approved criteria. The Chairman, the Executive Vice-Chairperson, and the Managing Director were evaluated on additional criteria. The key performance evaluation criteria were as follows:

**Board** – Structure, composition and quality, board meetings schedule, agenda and collateral, board meeting practices, overall board effectiveness

**Board Committees** - Composition and diversity, leadership of the Chair, meetings frequency and duration, clear delegation of responsibilities and decisions, contribution to the Board, annual assessment of committees performance etc.

**Individual directors** – Time devotion, participation and contribution, attendance, engagement with fellow board members, KMPs and senior management, etc

**Independent directors** – Independence from the Company, independent decision-making, contributing strongly and objectively to the Board deliberations based on their external expertise, etc.

<sup>4</sup>GRI 2-10

<sup>5</sup>GRI 2-18

**Chairman** – Effective leadership, moderatorship and conduct of impartial discussions, seeking participation from board members and promoting a positive image of the Company.

**Executive Vice-Chairperson** – Effective management and communication with the shareholders, Board, management, employees and other external stakeholders; effectiveness in leading the Board in developing and delivering the Company's strategy and business plans; Ease of raising issues by the Board members by promoting constructive debate and effective decision making at the board meetings.

**MD & GCEO** – MD & GCEO was additionally evaluated against the Key Performance Indicators approved at the beginning of the financial year, which, inter alia, included annual, long-term, short-term, as well as financial and non-financial parameters.

The financial parameters included targets on revenue, EBITDA, ROCE, COPE target, etc. while the non-financial parameters covered innovation and new business building, new market development and future growth engines, organisation and leadership development, compliance and ESG, etc.

The Board and the NRC periodically reviewed the performance of the MD & GCEO against the approved scorecard.

### Board evaluation action plan

All the directors participated in the evaluation process. The responses received from the Board members were compiled by an independent agency and a consolidated report was submitted by the agency to the Chairperson of the NRC through the Company Secretary. The evaluation report was also discussed at the meeting of the Board of Directors, board committees and the Independent Directors. The Board deliberated over the suggestions and inputs to augment its own effectiveness and optimise the individual strengths of the directors.

The key outcomes of the evaluation process is as follows:

The directors were satisfied with the Board's overall composition, quality of meetings, board effectiveness, experience, diversity and expertise, etc. The Board committees were also found to be effective in terms of its composition, functioning and contribution.

The Board and board committees acknowledged to have spent sufficient time on (i) operational matters including review of business and functional updates (ii) future strategies and short term and long-term growth plans and (iii) organisation culture, leadership succession planning, governance and compliance matters and internal controls.

The Board suggested to schedule special discussions on matters relating to pharmaceutical industry, innovation, digital and market intelligence.

The Board reiterated the need for board succession in view of the retirement of majority of the independent directors in 2024. The Board also suggested sharing select reports on the pharmaceutical industry, in addition, to analyst reports, and

advised creating an online archive of such reports. Other general suggestions were noted for action.

### Succession planning for the Board and action taken on previous year's board evaluation

The Executive Vice-Chairperson in consultation with the NRC chairperson has been continuously working on the succession planning of the independent directors due for retirement in 2024. As a step towards that, considering the balance of skills, knowledge and experience on the Board, Mr P R Ramesh and Mr Robert Stewart were appointed as independent directors during FY 2021-22 and Dr Mandar Vaidya was appointed as an independent director, during FY 2022-23.

### Succession planning for the Senior Management

The NRC reviews and oversees succession planning of Management Council and select senior management positions. The NRC was satisfied with the progress and Company's preparedness. Succession planning of the top leadership positions has been covered in detail in Human Capital section on page no. 64 and also referred in the NRC chair report .

### Board Committees Performance Evaluation

The Board Committees reviewed their respective performance evaluation reports and were generally satisfied with its performance.

### Board meetings and procedure

The Board and the Board committee meetings are pre-scheduled. An annual calendar of the meetings is circulated to the directors well in advance to ensure their availability and meaningful participation in the Board and board committees' meetings. The Board, Audit Committee and Nomination and Remuneration Committee are guided by the annual agenda plan, which helps the Board and the respective committees to ensure that they are able to discharge their roles and responsibilities effectively and take up important issues systematically over a period of time. The annual agenda plan is finalised with inputs from the Management and is approved by the Board. In case of urgent matters, approvals are sought by way of circular resolution.

The Management team is invited to provide update on key areas such as business performance, functional outcomes and performance of subsidiaries. The Chairman/Chairperson of respective board committees brief the Board Members on key matters discussed at the committee meetings. The Global Chief Financial Officer is a permanent invitee at all the Board and committees meetings except the Nomination and Remuneration Committee meetings.

The Company Secretary finalises the agenda for the Board meetings in consultation with the Chairman, the Executive Vice-Chairperson, the Lead Independent Director and the MD & GCEO, and the same is circulated to the board/committee members in advance. The agenda for the committee meetings is finalised by the Company

Secretary in consultation with the chairperson of the respective committee. Additional items are taken up with the permission of the respective chairperson and consent of majority of the board/ respective committee members present at the meeting.

The agenda of the Board and board committee meetings are circulated electronically through a secured IT platform. The Board members have unrestricted access to all Company-related information. At Board meetings, management representatives who can provide additional insights into the items being discussed / put forth for approval, are invited for presenting the relevant items. Matters in the nature of unpublished price sensitive information are circulated to the Board and committee members, at a shorter notice, as per the general consent taken from the Board / Committee, from time to time.

### Post-meeting follow-up system

The important decisions taken at the Board and Board committee meetings are tracked till their closure and an 'action taken report' is placed before each Board and Board Committee meetings for their noting. Immediately upon conclusion of the Board meeting, the key takeaways in terms of action points for the management and key decisions taken at the meeting are circulated to the Board members.

### Number of board meetings held

During the year, the Board met eight times i.e., on 5<sup>th</sup> April, 2022, 10<sup>th</sup> May, 2022, 29<sup>th</sup> July, 2022, 16<sup>th</sup> August, 2022, 4<sup>th</sup> November, 2022, 25<sup>th</sup> January, 2023, 13<sup>th</sup> March, 2023 and 29<sup>th</sup> March, 2023.

### Attendance of the directors

Information about the attendance of directors at the Board Meeting and board committee meetings during the year and at the last Annual General Meeting ("AGM") is given in Annexure A.

### Independent directors

Each independent director, at the time of appointment, and thereafter at the beginning of each financial year, submits a declaration confirming their independence under Section 149(6) of the Act read with the rules made thereunder and Schedule IV and Regulation 16(1)(b) of the Listing Regulations. The declarations of independence received from the independent directors are noted and taken on record by the Board.

In the opinion of the Board, the independent directors fulfil the criteria of independence as stated under Section 149(6) of the Act and the rules made thereunder and Regulation 16(1)(b) of the Listing Regulations and are independent of the management. Each of the independent directors have registered their names on the online databank maintained by the Indian Institute of Corporate Affairs.

During the year, the following changes took place on the Board:

- i. Dr Mandar Vaidya was appointed as an Independent Director on the Board with effect from 29<sup>th</sup> July, 2022.

- ii. Dr Peter Mugenyi, vide letter dated 12<sup>th</sup> May, 2023 resigned from the position of Independent Director of the Company with effect from 13<sup>th</sup> May, 2023 considering his current age was nearing 75 and also his second term as an Independent Director was nearing. He confirmed in his resignation letter that apart from these there were no other material reasons for his resignation before the expiry of his current tenure. The Board has placed on record its sincere appreciation for Dr Peter Mugenyi towards his valuable contribution as a Board Member.

Except Dr Mandar Vaidya, all Independent Directors have passed or are exempted from passing the proficiency test. Dr Mandar Vaidya is required to pass the proficiency test within the permissible time limit.

None of the independent directors of the Company serves as an independent director in more than seven listed companies or as a whole-time director in any listed company.

At the time of appointment or re-appointment, each independent director was issued a formal letter of appointment containing the terms and conditions of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading, etc. The draft letter of appointment is uploaded on the Company's website at <https://www.cipla.com/sites/default/files/202009/Terms%20and%20Conditions%20of%20appointment%20of%20independent%20directors.pdf>.

### Lead Independent Director

Mr Adil Zainulbhai is the Lead Independent Director. The roles and responsibilities of Lead Independent Director are as follows:

- i. Preside over all meetings of independent directors
- ii. Provide objective feedback of the independent directors as a group to the Board on various matters
- iii. Liaise between the Promoters, Chairman/Vice-Chairman, CEO and independent directors on contentious matters for consensus building
- iv. Preside over meetings of the Board and shareholders when the Chairman and Vice-Chairman are not present, or where they are an interested party
- v. Help the Board and the NRC in identifying suitable candidates for the position of director and board succession planning,
- vi. Advocacy with key external stakeholders
- vii. 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
- viii. Is a permanent invitee in all board/committee meetings
- ix. Perform such other duties as may be delegated by the Board from time to time

## Meeting of the independent directors

During the year, the independent directors met 4 times without the presence of the Management and non-executive directors. Information about the attendance of directors at these meetings and at the last AGM is given in Annexure A.

The independent directors inter alia discussed matters arising out of the agenda of the Board and Board committees, Company's performance, operations and other critical matters while identifying areas where they needed clarity or information from the Management. During the year, the independent directors also met the Statutory Auditors and Secretarial Auditors.

As part of the Committee briefing at the Board meetings, the Lead ID confirmed that the auditors were satisfied with the audit process, access to the management records and engagement with the management.

The independent directors reviewed performance of the Board as a whole as well as that of non-independent directors and the Chairman after taking into consideration, the views of executive and non-executive directors. They also assessed the quality, quantity, effectiveness and promptness of the flow of information between the Company's Management and the Board.

The Lead Independent Director briefed the Board on the proceedings of the independent directors' meeting and the matters requiring attention at the Board or Management level.

## Familiarisation programme for Independent Directors

### Induction

Cipla has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, Management, operations and pharmaceutical industry. All the directors are made aware of their roles and duties at the time of their appointment/re-appointment through a formal letter of appointment which also stipulates other terms and conditions of their appointment.

The Company has an orientation process which includes one-on-one interactive sessions with the Management Council members. The directors are apprised about the pharmaceutical industry, business model, group structure, Cipla's Code of Conduct and Cipla's Code of Conduct for Prevention of Insider Trading. They are also provided a copy of the Company's Memorandum and Articles of Association, previous financial results, annual reports, committee charters, Corporate Governance policies such as whistle blower policy, CSR policy, policy on dealing with related-party transactions, etc. The Company also arranges factory visits for the directors to gain a better understanding of Cipla's business.

During the year, Dr Mandar Vaidya was appointed as an Independent Director on the Board and underwent the induction programme.

## Regular familiarisation

As part of the ongoing familiarisation, business/functional heads make regular presentations on business units/subsidiary companies, business performance, operations, finance, risk management framework, etc. to the Board. The Board members are regularly updated regarding key developments and on any important regulatory amendments applicable to the Company. The directors are provided regular updates on press releases, analyst reports, key achievements and material information on subsidiary companies.

The Company also convene strategy board meeting on an annual basis for a detailed deliberation on the Company's strategies.

During the year, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives. Details of the familiarisation programme for the independent directors is uploaded on the Company's website at <https://www.cipla.com/sites/default/files/Details-of-Familiarisation-programme-imparted-to-Independent-Director-FY-2022-23.pdf>

## Remuneration to directors<sup>6</sup>

### I Remuneration to Non-executive directors

i. The non-executive directors are entitled to receive the sitting fees of ₹ 1,00,000 per meeting for attending the board meetings and ₹ 50,000 per meeting for attending the board committee meetings (except the Operations and Administrative Committee) pursuant to the provisions of Section 197 of the Act, the shareholders' approval and the Board's approval. The sitting fee is paid immediately after the respective board and board committee meeting to those directors who have attended the meetings.

ii. The Company has a Policy on payment of Commission to Independent Directors which provides for payment of commission to the independent directors in the following manner:

- Annual Fixed Commission of ₹ 50 lacs
- Additional compensation of ₹ 10 lacs for foreign directors
- Additional ₹ 10 lacs to the Chairman of the Audit Committee\*
- Additional ₹ 5 lacs to the members of the Audit Committee
- Additional ₹ 5 lacs to the Chairman of NRC\*
- Additional ₹ 1 lac to the members of NRC

\*Committee Chairman would not be entitled for additional commission as member of such committee and vice versa.

iii. The commission payable to other non-executive directors is approved by the Board of directors for a specified period.

iv. The commission is payable at the end of the financial year, after the annual financial statements are approved by the Board.

v. During the year, the non-executive directors did not have any pecuniary relationship or transactions with the Company, except payment of director's remuneration, reimbursement of expenses and a non-material rental arrangement, as disclosed in note no. 40 of the standalone financial statements.

vi. During the year, none of the independent directors had any pecuniary relationship or transactions with the Company, except payment of directors' remuneration from the Company or its subsidiaries and reimbursement of expense on actuals.

### II Remuneration to Executive directors

The remuneration payable to the executive directors viz. Ms Samina Hamied and Mr Umang Vohra, is reviewed and approved by the Board on an annual basis, based on the recommendation of the Nomination and Remuneration Committee.

The proposals for re-appointment and remuneration of Ms Samina Hamied and Mr Umang Vohra were also affirmed and approved by the shareholders of the Company in 84<sup>th</sup> AGM and 85<sup>th</sup> AGM respectively. The proposals were passed as ordinary resolutions which received 98.77% and 99.79% of votes in favour for Ms Samina Hamied and Mr Umang Vohra respectively.

## Share-based incentive schemes

The Company had implemented the Employee Stock Option Scheme 2013-A ("ESOS 2013-A Scheme") and the Cipla Employee Stock Appreciation Rights Scheme, 2021 ("Cipla ESAR Scheme 2021") for grant of share-based benefits to its employees and the employees of its subsidiary companies.

In FY 2021-22, Mr Umang Vohra, Managing Director & Global Chief Executive Officer ("MD & GCEO") was granted 25,095 stock options at an exercise price of ₹ 2 per option and 90,398 employee stock appreciation rights. Out of which, all the vested stock options were exercised by him during the year.

During the year, Mr Umang Vohra, MD & GCEO was granted :

- (i) 24,031 stock options and 86,277 employee stock appreciation rights from the Company, which have vested in May 2023.
- (ii) 35,181 ESAR's at Fair Market Value from Cipla Health Limited with bullet vesting in March 2026. The vesting is subject to additional condition as set by the NRC.

Dr Y K Hamied, Mr M K Hamied, Ms Samina Hamied and the independent directors are not entitled to benefits under share-based incentive schemes of the Company.

The details of remuneration to directors (on a consolidated basis) during FY 2022-23 are given below:

₹ in crores

Directors	Sitting Fees	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral benefits and others	Total
<b>Executive directors</b>								
Ms Samina Hamied								
▶ Cipla Limited	-	1.88	3.70	0.09	2.12	-	0.25 <sup>(2)</sup>	9.25
▶ Cipla (EU) Limited	-	1.21	-	-	-	-	-	
Mr Umang Vohra								
▶ Cipla Limited	-	1.95	-	2.33 <sup>(3)</sup>	1.65	5.24	0.27 <sup>(2)</sup>	17.49
▶ Cipla USA Inc	-	6.05	-	-	-	-	-	
<b>Non-executive directors</b>								
Dr Y K Hamied	0.08	-	2.00	-	-	-	-	2.08
Mr M K Hamied	0.10	-	2.00	-	-	-	-	2.10
Mr S Radhakrishnan	0.21	-	2.00	-	-	-	-	2.21
<b>Independent directors</b>								
Mr Adil Zainulbhai	0.15	-	0.51	-	-	-	-	0.66
Mr Ashok Sinha								
▶ Cipla Limited	0.14	-	0.60	-	-	-	-	0.94
▶ Cipla (EU) Limited	-	-	0.20 <sup>(3)</sup>	-	-	-	-	
Dr Mandar Vaidya	0.06	-	0.37	-	-	-	-	0.43
Dr Peter Mugenyi								
▶ Cipla Limited	0.09	-	0.60	-	-	-	-	0.98
▶ CQCIL <sup>(6)</sup>	-	-	0.29 <sup>(4)</sup>	-	-	-	-	
Ms Punita Lal	0.10	-	0.55	-	-	-	-	0.65
P R Ramesh	0.13	-	0.55	-	-	-	-	0.68
Robert Stewart								
▶ Cipla Limited	0.11	-	0.61	-	-	-	-	1.05
▶ InvaGen <sup>(7)</sup>	-	-	0.33 <sup>(4)</sup>	-	-	-	-	

### Notes:

<sup>(1)</sup> All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director.

<sup>(2)</sup> Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are determined on an overall basis.

<sup>(3)</sup> Perquisite value of stock options exercised during the year.

<sup>(4)</sup> Commission includes remuneration received from subsidiaries for serving as independent director on respective boards.

<sup>(5)</sup> Remuneration from foreign subsidiaries includes USD equivalent to ₹ paid to the director.

<sup>(6)</sup> Cipla Quality Chemical Industries Limited

<sup>(7)</sup> InvaGen Pharmaceuticals Inc.



## Service contracts, notice period, severance fees

- i. The Board on the recommendation of the NRC, re-appointed Mr Umang Vohra, as 'Managing Director and Global Chief Executive Officer' of the Company at its meeting held on 23<sup>rd</sup> March, 2021, for a further period of five years w.e.f. 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2026. The re-appointment was approved by the shareholders at the 85<sup>th</sup> Annual General Meeting ('AGM') of the Company held on 25<sup>th</sup> August, 2021. The detailed terms of his appointment covering remuneration and details of the stock options and stock appreciation rights as approved by the shareholders forms part of the 85<sup>th</sup> AGM and is available on the website of the Company at <https://www.cipla.com/sites/default/files/Notice-of-AGM.pdf>.

As per the terms of appointment and employment agreement dated 31<sup>st</sup> March, 2021, the arrangement can be terminated by giving - (a) four months' notice if the Board has approved a successor who is ready to assume Mr Umang Vohra's role at the expiry of the said 4 months period; or (b) 6 months' notice where no such successor has been approved by the Board. The Company may relieve Mr Umang Vohra earlier by paying pro-rata annual fixed salary in lieu of the notice period.

In the event of cessation of Employee's employment with the Company within 360 days of the date of announcement of the Change in Control of the Company, then an aggregate amount of the Annual Cap as on the date of termination and the corresponding on-target variable bonus, for a full year from the date of termination shall be payable to the Employee, in accordance with applicable laws.

In case of share-based incentives all the vested incentives as on date of Change in Control shall be exercisable before the last working day with the Company. All the unvested incentives shall vest immediately (subject to lock-in period and in accordance with applicable laws) and shall be exercisable within 90 days of the Change in Control, unless otherwise determined by the NRC whose determination will be final and binding. There is no separate provision for payment of severance fees.

- ii. Pursuant to the shareholders resolution at the AGM held on 27<sup>th</sup> August, 2020, Ms Samina Hamied was re-appointed as the Executive Vice-Chairperson for a further term of five years w.e.f. 10<sup>th</sup> July, 2020. As per the letter of appointment issued to Ms Samina Hamied, the appointment can be terminated by either party by giving three months' notice to the other party or pro-rata fixed salary in lieu of the notice period. There is no separate provision for payment of severance fees.

## Disclosure of relationships between directors inter-se

Except for Dr Y K Hamied and Mr M K Hamied, who are brothers and Ms Samina Hamied, who is daughter of Mr M K Hamied and niece of Dr Y K Hamied, none of the other directors are relatives of any other director.

## Board committees

The Board has six committees such as the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Risk Management Committee, Corporate Social Responsibility Committee, Operations and Administrative Committee.

The Committees operate under the direct supervision of the Board. Generally, the committee meetings are held prior to the board meeting and the chairperson of the respective committee reports to the Board about the deliberations and decisions taken by the committees. On certain matters, the Committees seek indulgence of the Board members and invite them to the Committee meetings.

## Audit Committee Composition

The Audit Committee ("AC") comprises of four non-executive directors, of whom three members including the Chairperson of the Committee are independent directors. The Committee is chaired by Mr Ashok Sinha and has Mr P R Ramesh, Dr Mandar Vaidya and Mr S Radhakrishnan as its members.

During the year, Dr Mandar Vaidya was appointed as a member of the Committee w.e.f. 29<sup>th</sup> July, 2022.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Executive Vice-Chairperson, Managing Director & Global Chief Executive Officer, Global Chief Financial Officer, Chief Internal Auditor, Executive Vice President, Head Corporate Functions, Global General Counsel - Legal and Statutory Auditors are permanent invitees to the meetings.

During the year, the Board amended the charter by extending the scope of the Committee to review the utilisation of the funds raised through preferential issues or qualified institutions placements, this amendment was in line with the statutory amendment to the Listing Regulations.

## Brief description of the terms of reference:

The terms of reference of the Committee, inter alia, includes:

- i. 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;

- ii. Reviewing, with the Management, the quarterly financial results/annual financial statements and auditor's report thereon before submission to the Board for approval;
- iii. Recommendation for appointment, remuneration and terms of appointment of statutory auditors;
- iv. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- v. Reviewing and monitoring the auditor's independence and performance;
- vi. Reviewing, with the Management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;
- vii. 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;
- viii. To recommend to the Board revision in Insider Trading Policy and to supervise implementation of the Insider Trading Code;
- ix. Approval or any subsequent modification of transactions with related parties;
- x. To review and recommend financial or treasury investments (i.e. other than those investments which are required to be specifically handled by Investment and Risk Management Committee) related matters to the Board and to deal with the matters incidental thereto;
- xi. 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 issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter.
- xii. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., of / with the Company and its shareholders.

The detailed terms of reference of the Committee is available on the Company's website in the form of Charter at <https://www.cipla.com/sites/default/files/Charter-Of-The-Audit-Committee.pdf>

As a part of Annual process, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

## Meetings

The Committee met nine times during the year. Information about the attendance of directors at these meetings is given in Annexure A. The Chairman of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

As a practice before the regular quarterly meetings for approval of the results, pre-audit committee meetings are held to discuss the key accounting matters, internal audit reports, update on internal financial controls, material legal matters, Report on Vigil Mechanism, POSH etc. These pre-audit meetings helped the Committee to optimise its time on discuss and review of quarterly financial results at the meeting.

## Audit Committee Report:

### To the members of the Company,

The Audit Committee is pleased to present its report for the year ended 31<sup>st</sup> March, 2023:

### I. Constitution

The Audit Committee (hereinafter referred as "Committee") is a four-member committee, comprising three independent directors, including the Chairman and one non-executive director. During the year the Committee composition got further strengthened with induction of Dr Mandar Vaidya, Independent director as new committee member. All the Committee members have requisite knowledge about core principles of accounting, financial management and internal controls.

The Committee composition is in compliance with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"). The Company Secretary acts as a Secretary to the Committee. The Executive Vice-Chairperson, Managing Director & Global Chief Executive Officer, Global Chief Financial Officer, Chief Internal Auditor, Executive Vice President & Head Corporate Functions, Global General Counsel - Legal and Statutory Auditors are permanent invitees to the meetings. of the Committee. The Statutory Auditors are also invited to attend the meetings on matters relating to financials, accounting, internal audit, internal controls, related party transactions, etc.

### II. Charter

The functions of the Committee are guided by a charter approved by the Board.

The Charter was last amended in January 2023 to align with the statutory requirements. As part of the annual exercise, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered its responsibilities.

The composition details and charter are available on the Company's website under the 'Investors' section.

### III. Meetings

The Committee met 9 times during the FY 2022-23. As a practice, two Committee meetings are held every quarter, one, before approval of the quarterly results, for consideration of matters other than financial results and related matters such as key accounting matters, internal audit reports, update on internal financial controls, material legal matters, report on vigil mechanism, POSH and data integrity etc. In the second meeting of the quarter, the Committee reviews the financial results and related matters, including the statutory auditors report, related party transactions etc.

The Committee's functioning was facilitated with an annual agenda plan, which besides the compliance matters also included a schedule of special matters to be discussed in the Committee meetings during the year. As a process, at every quarterly Board meeting, the Audit Committee Chairman apprised the Board of its key discussions and recommendations. The Board favourably considered all the recommendations of the Committee.

### IV. Roles and responsibilities

- i. The Management is responsible for the preparation of both standalone and consolidated financial statements, financial reporting process and the Company's internal financial controls. The Committee reviewed and recommended to the Board the quarterly and annual financial results/statements prepared in accordance with the Act, the SEBI Listing Regulations, Indian Accounting Standards, and other legal and regulatory requirements. To ensure fairness, accuracy, quality and transparency of the financial statements, the Committee discussed the financial statements with the Statutory Auditor and relied on their report and the financial expertise of the Management, while using its best judgement. The Committee believes that the financial statements provide a true and fair view of the Company's financial position.
- ii. The Statutory Auditors are responsible for independent audit including overall audit strategy and determining length of audit. The Statutory Auditors discussed with the Committee the statutory audit plan, audit findings, financial reporting process, the overall quality of the financial reporting and compliances, and were satisfied with the Company's functioning in this regard. There is no qualification or adverse remark in the Statutory Auditors' Report for FY 2022-23.
- iii) M/s Walker Chandiook & Co. LLP will continue as the Statutory Auditor of the Company till the completion of the 90<sup>th</sup> Annual General Meeting (AGM). The Committee evaluated the auditors' performance, while ensuring

their independence and was generally satisfied with the performance. The Committee also approved the non-audit services availed from the Statutory Auditor and confirmed that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be procured from the Statutory Auditor or were in the best interests of the Company and was permissible under the applicable laws.

- iv. The Committee reviewed the Cost Audit Report, which confirmed maintenance of records for the required products as per the statutory requirements. Mr D H Zaveri was re-appointed as the Cost Auditor of the Company to audit the Company's cost records for FY 2023-24.
- v. The Committee reviewed the Secretarial Audit Report which confirmed that the Company was compliant with the applicable statutory provisions. M/s BNP & Associates, Company Secretaries, Mumbai were re-appointed as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for FY 2023-24.
- vi. The Chief Internal Auditor is responsible for the internal audit and testing of internal controls and procedures. The Chief Internal Auditor conducted internal audits and submitted his report together with management comments on a quarterly basis to the Committee. The Committee discussed the Internal Audit Reports with the Chief Internal Auditor and the management on a quarterly basis. The internal audit was conducted as per the risk-based internal audit plan approved by the Committee. The Committee also reviewed the scope of the internal audit, methodology of the audit and structure of internal audit team, risk grading criteria for internal audit observations and found it to be adequate in terms of the Company's scale of operations.
- vii. The Company has strengthened the framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The Committee discussed status of internal controls with the management and noted the improvement and maturity journey of the controls. The Committee also evaluated with the management, the performance of the Chief Internal Auditor and was satisfied with the performance.
- viii. The Committee reviewed the internal financial controls that ensure that the Company's accounts were properly maintained and that the transactions were recorded in the books of accounts in accordance with the applicable accounting standards, laws and regulations. The Committee affirms that there were no material weakness in the Company's internal financial control system.

- ix. The independent directors met the Cost Auditor, the Statutory Auditor and the Secretarial Auditor without presence of the management and noted that the auditors were satisfied with the audit process, access to the management records and its engagement with the management.
- x. During the year, the Committee reviewed functioning of the whistle blower mechanism and the mechanism for prevention of sexual harassment at the workplace and noted that the complaints received were investigated and appropriate actions were being taken wherever necessary. No person was denied access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised. The Committee also reviewed the system for identification and rectification of data integrity concerns and noted that effective mitigation measures were in place.
- xi. The Committee (i) approved all related party transactions, as per the Company's Policy on Related Party Transactions ("RPT Policy"). Majority of the transactions were between the Company and its subsidiaries/associates and (ii) reviewed the related party transactions entered on a quarterly basis.

The Committee noted that except the sale of consumer business undertaking by the Company to Cipla Health Limited ("CHL"), wholly owned subsidiary, all the transactions with the related parties were (a) in the ordinary course of business (b) executed at arm's length basis and (c) were executed as per the terms approved by the Audit Committee. The related party transactions were approved by only those members of the Committee, who were independent directors.

The consumer business undertaking of the Company was transferred to CHL, on a slump sale basis. Since the transaction was executed between the holding company and its wholly owned subsidiary and the entire economic value of the wholly owned subsidiary following the transfer of the undertaking remained with the holding company, the arm's length principle was not relevant. The detailed terms of the transaction including the transaction value, justification etc. is provided in Form AOC-2.

There was no material related party transaction during the year.

The Committee revised the RPT Policy to align with the statutory requirements.

- xii. To ensure adequate internal controls over utilisation of funds by subsidiaries associates and joint ventures, the Committee reviewed utilisation of capital contributions and loans assistance to subsidiaries, associates and joint venture companies. The Committee ensured that the amount of capital contribution and the loans were used for the purposes for which such capital contribution were made or loans were given. The unutilised amount was kept in the bank account.
- xiii. In compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations"), the Company has in place a Code of Conduct for Prevention of Insider Trading ("Cipla Insider Code") and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code for Fair Disclosure"). The Cipla Insider Code and the Code for Fair Disclosure are available on the Company's website under the 'Investors' section.

A quarterly update on the status of compliance of the Cipla Insider Code was submitted to the chairman of the Committee and presented to the Committee and the Board. During the year, an annual internal audit was conducted to review the process and controls and it was confirmed to the Audit Committee that the internal controls were adequate and operating effectively and that the Company was substantively in compliance with the Cipla PIT code and the SEBI PIT Regulations.

- xiv. Mr Ashish Adukia was appointed as the Global Chief Financial Officer and Key Managerial Personnel with effect from 16<sup>th</sup> August, 2022. Upon appointment of Mr Ashish Adukia, Mr Dinesh Jain, Executive Vice President and Head Corporate Finance was relieved from the additional responsibility of Interim Chief Financial Officer and Key Managerial Person of the Company.

The Committee has been vested with adequate powers to seek support from the resources in the Company. It has access to the relevant information and records as well as the authority to obtain professional advice from external sources, if required.

The Committee reviewed its evaluation report and was satisfied with its performance in the year

**Ashok Sinha**

Date: 12<sup>th</sup> May, 2023

Chairman - Audit Committee

## Nomination and Remuneration Committee<sup>7</sup>

### Composition

The Nomination and Remuneration Committee (“NRC”) comprises of four non-executive directors, of whom three members including the Chairperson of the Committee are independent directors. The Committee is chaired by Ms Punita Lal and has Mr Adil Zainulbhai, Mr Robert Stewart and Mr S Radhakrishnan as its members.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Non-Executive Vice-Chairman, MD & GCEO, Executive Vice-Chairperson and Global Chief People Officer are permanent invitees to the meetings.

### Brief description of the terms of reference:

The terms of reference of the Committee inter-alia includes:

- i. Implementation, administration and superintendence of the ESARs/ESOS (collectively ‘Schemes’) and for formulation of the detailed terms and conditions of the Schemes;
- ii. Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- iii. 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;
- iv. For every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend the person to the Board with such capabilities.
- v. Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees;
- vi. Review key human resource-related matters including organisation structure, talent succession planning for critical roles, employee attrition/retention/development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.
- vii. Review and recommend to the Board the Company’s annual Corporate Governance report.

The terms of reference of the Committee is available on the Company’s website in the form of Charter at <https://www.cipla.com/sites/default/files/2022-01/Charter-Of-The-Nomination-and-Remuneration-Committee.pdf>

As a part of annual process, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

### Meetings

The Committee met six times during the year. Information about the attendance of directors at these meetings in Annexure A. The Chairperson of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

### Nomination and Remuneration Committee Report To the members of the Company

#### I. Constitution

The NRC is a four-member committee, comprising of three independent directors including the Chairperson and one non-executive director.

The NRC composition complies with the requirements of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). The Company Secretary acts as Secretary to the Committee. The Non-Executive Vice-Chairman, the Executive Vice-Chairperson, the MD & GCEO and the Global Chief People Officer are permanent invitees at the meetings of the Committee. In case of any conflict of interest on agendas, the permanent invitees recuse themselves from the discussion.

#### II. Charter

The functions of the NRC are guided by the charter approved by the Board of Directors (“Board”). As part of the annual exercise, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered its responsibilities.

The Committee composition and the charter are available on the website of the Company under the ‘Investors’ section.

#### III. Meetings/Responsibilities

The Committee met six times during FY 2022-23. As a process, at every quarterly Board meeting, the Committee chairperson, apprised the Board of their key discussions and recommendations.

The Committee functioning is facilitated with an annual agenda plan, which besides compliance matters included a schedule of strategy matters to be discussed and reviewed in the meetings during the year. Before formal meetings, the Committee engaged in in-depth informal discussions on key strategic and critical matters in the pre-NRC meetings as needed. On reaching the consensus, approvals were formalized in the NRC meetings.

The Committee inter-alia considered the following key matters upto the date of this report:

- i. The Organisation Scorecard (Key Performance Indicators) for FY 2022-23 of the MD & GCEO was finalised and approved by the Committee and the Board. The MD & GCEO’s performance was evaluated against the approved objectives. The performance of the Senior Management Personnel (“SMP”) and Key Managerial Personnel (“KMP”) was also reviewed by the Committee for the same period. Based on the performance review, the Committee recommended the variable pay and revision to remuneration for the MD&GCEO, SMP and KMP. Similarly, the Committee also recommended commission payment and remuneration revision for the Executive Vice-Chairperson
- ii. The Committee reviewed key HR strategic matters with the Management. The strategic matters included inclusion and diversity, organization culture, attrition patterns, employee holistic well-being, employee value proposition, people cost etc.
- iii. These initiatives played a significant role in shaping Company’s work environment and employee experience. As a result of these concerted efforts, Company achieved the prestigious certification as a ‘Great Place to Work’ for the fifth consecutive year in 2023.
- iv. The leadership of the Company defines Cipla’s ability to stay relevant in changing times, therefore succession planning for the Board, and critical positions were crucial matters discussed at the committee meetings. As an outcome of the committee’s deliberations, Dr Mandar Vaidya was on-boarded as an Independent Director during the year. The process of identifying other new independent directors is still underway.
- v. The Committee worked closely with the Management on the leadership succession plan and prepared contingency plans for succession in case of any exigencies. Currently, the Company has a succession plan in place for its top 30 critical positions including the Management Council members.
- vi. The Committee reviewed and approved a whitepaper on Long Term Incentive Plan (LTI plan) for subsidiary companies at different lifecycle stages.
- vii. During the year, the Company granted 1,51,560 stock options under the Employee Stock Option Scheme 2013-A (Cipla ESOS Scheme 2013-A), and 3,57,208 stock appreciation rights under the Cipla Employee Stock Appreciation Rights Scheme 2021 (Cipla ESAR Scheme 2021) to 84 eligible employees (collectively the schemes are referred as “Schemes”). The Committee also reviewed and noted the quarterly updates on these Schemes. Mr Umang Vohra, MD & GCEO, was also granted 35,181 ESARs at Fair Market Value under the CHL Employee Stock Appreciation

Rights Scheme 2021 and pursuant to the approval of the shareholders of the Company.

viii. As a process the Board committee composition was reviewed and found to be compliant with the statutory requirements. The composition of the Audit Committee, Stakeholders Relationship Committee and Investment and Risk Management Committee was revised to represent the right mix of Board Members based on their expertise and skills.

ix. The performance evaluation for the year 2022-23 was conducted internally with the assistance of an independent agency. The Committee approved the evaluation criteria in the form of a questionnaire. The Board, board committees, and individual directors were evaluated based on the approved criteria.

The Chairperson, the Executive Vice-Chairperson, and the Managing Director were evaluated on additional criteria. The performance evaluation report was discussed in subsequent board and board committee meetings.

The Committee reviewed its evaluation report and was satisfied with its performance in the year.

**Punita Lal**

Chairperson – Nomination and  
Remuneration Committee

Date: 12<sup>th</sup> May, 2023

## Stakeholders Relationship Committee

### Composition

The Stakeholders Relationship Committee (“SRC”) comprises of three non-executive directors, of whom two members are independent directors. During the year, the Committee is chaired by Mr S Radhakrishnan and has Mr Adil Zainulbhai and Dr Mandar Vaidya as its members.

During the year, the Committee was reconstituted, Mr P R Ramesh was appointed as the Chairman and member of the Committee w.e.f. 10<sup>th</sup> May, 2022 and ceased to be a member w.e.f. 29<sup>th</sup> July, 2022. Dr Mandar was appointed as a member w.e.f. 13<sup>th</sup> May, 2023. Dr Peter Mugenyi, consequent to his resignation from the Board vide letter dated 12<sup>th</sup> May, 2023, ceased to be the member of the Committee w.e.f. 13<sup>th</sup> May, 2023.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Board during the year amended the charter by re-mapping the periodic review of ESG and sustainability matters to the Investment and Risk Management Committee.

### Brief description of the terms of reference:

The terms of reference of the Committee inter alia includes:

- i. Resolve the grievances of the security holders;

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- ii. Review adherence to service standards and standard operating procedures adopted by Company relating to the various services rendered by the Registrar and Transfer Agent;
- iii. Review measures taken by Company for effective exercise of voting rights by shareholders;
- iv. Review the engagement with security holders including institutional investors and identify the actionable points for implementation;
- v. Review movement in shareholdings and ownership structure;

The terms of reference of the Committee is available on the Company's website in the form of Charter at <https://www.cipla.com/sites/default/files/Charter-Of-The-Stakeholders-Relationship-Committee.pdf>

As a part of Annual process, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

### Meetings

The Committee met four times during the year. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

### Details of investor complaints / grievances

During the year, the Company received 38 investor complaints. All of them were satisfactorily resolved till date.

The Investors' complaints / grievances pertained to transmission, updating of details and dividend related matters. The Company has also appointed an independent consultant to verify and assist the Company in effectively resolving the investor grievances / complaints. The consultant ensured adherence to various service standards and standard operating procedures of the Company by the Registrar and Transfer Agent and enhanced overall quality of communication between the shareholders and the Company.

Mr Rajendra Chopra, Company Secretary, acts as the Company's Compliance Officer and is responsible for ensuring prompt and effective services to the shareholders and for monitoring the dedicated email address for receiving investor grievances.

## Corporate Social Responsibility Committee

### Composition

The Corporate Social Responsibility ("CSR") Committee comprises of five directors of whom two, including the Chairman are non-executive directors and two are independent directors. The Committee is chaired by Mr M K Hamied and has Mr Adil Zainulbhai, Ms Punita Lal, Mr S Radhakrishnan and Mr Umang Vohra as its members.

The Company Secretary is the secretary of the Committee. The composition of the Committee meets the requirements of Section 135 of the Act.

Ms Rumana Hamied, Managing Trustee – Cipla Foundation and Mr Anurag Mishra, Head – Cipla Foundation and the Chief Financial Officer are permanent invitees at the Committee meetings.

### Brief description of the terms of reference:

The terms of reference of the Committee inter-alia includes:

- i. Recommend the amount of expenditure to be incurred on CSR activities;
- ii. Monitor the Annual Action Plan and progress of the activities undertaken, including utilisation of amounts disbursed, on a periodic basis;
- iii. Review the Impact Assessment reports undertaken through independent agencies and present the same before the Board;
- iv. Review and recommend to the Board the Annual Report on CSR activities which is required to be included in the Boards' Report of the Company.

The terms of reference of the Committee is available on the Company's website in the form of Charter at <https://www.cipla.com/sites/default/files/2022-04/Charter-of-the-corporate-social-responsibility-committee.pdf>

As a part of annual process, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

### Meetings

The Committee met four times during the year. Information about the attendance of directors at these meetings is given in Annexure A. The Chairman of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

## Investment and Risk Management Committee

### Composition

The Investment and Risk Management Committee ("IRMC") comprises of six directors, of whom two are executive directors, three are independent directors and one is a non-executive director. The Committee is chaired by Ms Samina Hamied and has Mr Ashok Sinha, Mr P R Ramesh, Mr Robert Stewart, Mr S Radhakrishnan and Mr Umang Vohra as its members.

During the year, the Committee was reconstituted to include Mr P R Ramesh as a member w.e.f. 29<sup>th</sup> July, 2022.

The Company Secretary is the secretary to the Committee. The composition of the Committee meets the requirements of the Act and the Listing Regulations.

The Chief Internal Auditor and Global Head of Quality are permanent invitees at the Committee meetings.

The Board of Directors during the year amended the SRC charter by re-mapping the periodic review of ESG and sustainability matters to the IRMC committee.

### Brief description of the terms of reference:

The terms of reference of the Committee inter-alia includes:

- i. Review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by the Company in any legal entity to the Board;
- ii. Review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by any of Company's subsidiaries in any legal entity outside Cipla group to the Board of Directors;
- iii. Monitoring short-term and long-term strategic priorities of the Company;
- iv. Formulate a detailed risk management policy which should include a framework for identification of internal and external risks specifically faced by the Company, Measures for risk mitigation and Business continuity plan;
- v. Monitor and oversee implementation of the risk management policy and evaluate the adequacy of risk management systems;
- vi. Review and recommend to the Board annual capital expenditure budget of the Company.
- vii. Periodically review environmental, social and governance (ESG)/ Sustainability matters pertaining to the Company, including initiatives and reporting.
- viii. Review and recommend to the Board the Business Responsibility Report / Business Responsibility and Sustainability Report which is required to be included in the Annual Report of the Company.

The terms of reference of the Committee is available in the form of Charter on the Company's website at <https://www.cipla.com/sites/default/files/2021-07/Charter-Of-The-Investment-RM-Committee.pdf>

As a part of its annual process, the Committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

### Meetings

The Committee met four times during the year. Information about the attendance of directors at these meetings is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

## Operations and Administrative Committee

### Composition

The Operations and Administrative Committee ("OAC") comprises of four directors of whom two are non-executive directors and two are executive directors. The Committee is chaired by Ms Samina Hamied and has Mr M K Hamied, Mr S Radhakrishnan and Mr Umang Vohra as its members.

The Company Secretary is the secretary to the Committee.

### Brief description of the terms of reference:

The terms of reference of the Committee inter alia includes:

- i. To grant loans at a rate of interest not lower than the rate as prescribed under the Act or any other relevant law, and give guarantee or provide security in connection with the loan;
- ii. Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force;
- iii. To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificates of deposit programmes of banks and other instruments/securities/treasury products of banks and financial institutions within the limits approved by the Board, from time to time;
- iv. To purchase, sell, take on lease/license, transfer or otherwise deal with any movable/immovable assets or property for a maximum value of ₹ 50 crores;
- v. To constitute, reconstitute, modify, dissolve any trust or association for Company/business related matters and to appoint, reappoint, remove, replace the trustees or representatives;
- vi. 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.
- vii. To consider any matter which does not require specific approval of the Board.

The terms of reference of the Committee is available on the Company's website at <https://www.cipla.com/sites/default/files/2019-08/Charter-of-the-Operations-and-Administrative-Committee.pdf>

### Meetings

During the year, the Committee approved 29 routine business matters through circular resolutions and had one meeting. Information about the attendance of directors at the meeting is given in Annexure A. The Chairperson of the Committee was present at the last AGM held on 26<sup>th</sup> August, 2022.

## Policies<sup>8</sup>

In accordance with Company's philosophy of adhering to the highest standards of ethical business and corporate governance and to ensure fairness, accountability, responsibility and transparency to all stakeholders, the Company, inter-alia, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link	Name of the Policy	Website Link
Code of Conduct	<a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a>	Whistle Blower Policy	<a href="https://www.cipla.com/sites/default/files/2023-05/Whistle-Blower-Policy.pdf">https://www.cipla.com/sites/default/files/2023-05/Whistle-Blower-Policy.pdf</a>
Code of Conduct for Prevention of Insider Trading	<a href="https://www.cipla.com/sites/default/files/2020-08/Insider%20Trading%20Code.pdf">https://www.cipla.com/sites/default/files/2020-08/Insider%20Trading%20Code.pdf</a>	Anti-Trust and Fair Competition Policy	<a href="https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf">https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf</a>
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	<a href="https://www.cipla.com/sites/default/files/2019-07/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf">https://www.cipla.com/sites/default/files/2019-07/Cipla_Limited_Code_of_Fair_Disclosures_01_04_19.pdf</a>	Anti-Bribery and Anti-Corruption Policy	<a href="https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf">https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf</a>
Corporate Responsibility Policy	<a href="https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf">https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf</a>	Policy for Determination of Materiality of Events or Information	<a href="https://www.cipla.com/sites/default/files/2020-02/Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information%20.pdf">https://www.cipla.com/sites/default/files/2020-02/Policy%20for%20Determination%20of%20Materiality%20of%20Event%20or%20Information%20.pdf</a>
Corporate Social Responsibility Policy	<a href="https://www.cipla.com/sites/default/files/2023-05/Corporate-Social-Responsibility-Policy.pdf">https://www.cipla.com/sites/default/files/2023-05/Corporate-Social-Responsibility-Policy.pdf</a>	Policy for determining Material Subsidiaries	<a href="https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf">https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf</a>
Dividend Distribution Policy	<a href="https://www.cipla.com/sites/default/files/2023-05/Dividend-Distribution-Policy.pdf">https://www.cipla.com/sites/default/files/2023-05/Dividend-Distribution-Policy.pdf</a>	Policy on Related Party Transactions	<a href="https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf">https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf</a>
Investor Servicing and Grievance Redressal Policy	<a href="https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf">https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redressal-Policy.pdf</a>	Archival Policy	<a href="https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf">https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf</a>
Nomination, Remuneration and Board Diversity Policy	<a href="https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf">https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf</a>	Policy for Preservation of Documents	<a href="https://www.cipla.com/sites/default/files/2021-09/Policy-for-Preservation-of-Documents.pdf">https://www.cipla.com/sites/default/files/2021-09/Policy-for-Preservation-of-Documents.pdf</a>
Environment, Health and Safety (EHS) Policy	<a href="https://www.cipla.com/sites/default/files/2023-07/EHS-Policy-2023.pdf">https://www.cipla.com/sites/default/files/2023-07/EHS-Policy-2023.pdf</a>	Cipla UK Tax Strategy 2022	<a href="https://www.cipla.com/sites/default/files/2022-07/UK-Tax-Strategy-2022.pdf">https://www.cipla.com/sites/default/files/2022-07/UK-Tax-Strategy-2022.pdf</a>
Conflict of Interest Policy	<a href="https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf">https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf</a>	Tax Transparency Report for FY 2021-22	<a href="https://www.cipla.com/sites/default/files/Tax-Transparency-Report-FY2021-22.pdf">https://www.cipla.com/sites/default/files/Tax-Transparency-Report-FY2021-22.pdf</a>
Supplier Code of Conduct	<a href="https://www.cipla.com/sites/default/files/SSCM%20Code%20of%20Conduct-Final_1.pdf">https://www.cipla.com/sites/default/files/SSCM%20Code%20of%20Conduct-Final_1.pdf</a>	Risk Management Policy	<a href="https://www.cipla.com/sites/default/files/Risk-Management-Policy.pdf">https://www.cipla.com/sites/default/files/Risk-Management-Policy.pdf</a>
Supply Chain Management Sustainability Policy	<a href="https://www.cipla.com/sites/default/files/SSCM%20Policy-Final_1.pdf">https://www.cipla.com/sites/default/files/SSCM%20Policy-Final_1.pdf</a>	Policy on Prevention of Sexual Harassment at Workplace	<a href="https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf">https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf</a>
		Human Rights Policy	<a href="https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf">https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf</a>
		Equal Opportunity Policy	<a href="https://www.cipla.com/sites/default/files/2023-07/Equal-Opportunity-Policy.pdf">https://www.cipla.com/sites/default/files/2023-07/Equal-Opportunity-Policy.pdf</a>

## Code of Conduct

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2022-23. A declaration to this effect signed by Mr Umang Vohra, MD & GCEO, forms part of the report.

## Whistle Blower Policy/Vigil Mechanism<sup>9</sup>

The Code of Conduct also has a Whistle-Blower Policy that applies to all associates, Board members, contractors, consultants, trainees, service providers of our Company, our subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. It contains a reporting

mechanism, the manner in which all reported concerns are dealt with, confidentiality of the investigations and processes, protection of the whistle-blower against any retaliation, and guidelines for retention of records during the investigation/ reporting of the case.

The Audit Committee oversees the functioning of the vigil mechanism and receives a summary of the whistle-blowing incidents and actions taken by the Ethics Committee on a quarterly basis. The directors, employees and external stakeholders can report their genuine concerns either in writing or by email to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at [ethics@cipla.com](mailto:ethics@cipla.com). The whistle blower can also approach the Chairperson of the Audit Committee at [audit.chairman@cipla.com](mailto:audit.chairman@cipla.com), whenever required.

An Ethics Committee comprising of the Global Chief People Officer as Chairperson, the Global Chief Financial Officer, the Global General Counsel and the Chief Internal Auditor as members, investigate whistle blower complaints. A report on the functioning of the mechanism, including the complaints received and actions taken, is presented to the Audit Committee on a quarterly basis.

As a practise, while the company accepted anonymous whistleblower complaints but there was no explicit mention of the same in the policy. In order to align the Policy with the practice followed, the Policy was amended during the year to incorporate a clause relating to Anonymous Whistleblowing.

During the year, the Company received 79 complaints (excluding 9 complaints which were carried forward from FY 2021-22). Of the total 88 complaints, 80 were resolved and for the balance 8 complaints investigations were underway as on the date of this report. No person has been denied access to the Chairman of the Audit Committee.

## Code on Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"), the Company has formulated the Code of Conduct for Prevention of Insider Trading ("Code") to regulate and monitor trading by Designated Persons ("DPs") and their immediate relatives. The Code, inter alia, lays down the procedures to be followed by DPs while trading/ dealing in Company's shares / derivatives and while sharing Unpublished Price Sensitive Information ("UPSI"). The Code includes the Company's obligation to maintain the digital database, mechanism for prevention of insider trading and handling of UPSI, process to familiarise with the sensitivity of UPSI, transactions which are prohibited and manner in which permitted transactions in the securities of the Company shall be carried out.

The Company periodically circulates informative e-mails on prevention of insider trading, Do's and Dont's, etc. to all the

Designated Persons to familiarise, educate and sensitize them on the provisions of the Code and PIT Regulations. The management also imparted several trainings and workshops with the Designated Persons to create awareness on various aspects of the Code and the PIT Regulations. . Various In-person sessions are organised to seek clarifications on the Code. These activities help the Designated Persons to ensure objective compliances of the Regulations and the Code.

A Monitoring Committee comprising of MD & GCEO, Global Chief People Officer, Global Chief Financial Officer and Compliance Officer has been constituted by the Board to review the list of DPs, trading by DPs, implementation of policies under the PIT Regulations, etc. A report on compliance status of the Code and PIT Regulations, covering trading by DPs and various initiatives/ actions taken by the Company under the PIT Regulations is sent to the Chairman of Audit Committee and also placed before the Audit Committee and Board of Directors on quarterly basis.

During the year an annual internal audit was conducted to review the process and controls and it was confirmed to the Audit Committee that the internal controls were adequate and operating effectively and that the Company was substantively in compliance with the code and the PIT Regulations.

The Company has in place a Consequence Management Guidelines provide for a standardized uniform action in case of non-compliance of the Code and the PIT Regulations by any DPs. Instances of non-compliance are promptly reported to the Stock Exchanges after due investigation and the penalty as levied under the guidelines is directly deposited with the SEBI's Investor Protection and Education Fund.

## Related Party Transactions

The Company has a Policy on related party transactions ("RPT Policy"). The policy was amended during the year to align with the statutory requirements.

As a process, RPTs that are in the ordinary course of business, on arm's length basis and repetitive in nature are approved as part of omnibus approval. This approval also applies to unforeseen transactions, as long as they are in line with the Company's RPT Policy.

In accordance with the Company's Related Party Transactions ("RPT") Policy all RPTs are placed before the Audit Committee for their approval. On a quarterly basis, the RPTs entered into during the previous quarter are reviewed. RPTs in which directors or key managerial personnel are concerned or interested are additionally approved by the Board of Directors.

During the year, the Company did not enter into any material RPT and there was no material significant transaction with any related party that had any potential conflict of interests of the Company at large.

<sup>8</sup>GRI 2-23  
<sup>9</sup>GRI 2-16, GRI 2-26

## Monitoring governance of subsidiary

As on 31<sup>st</sup> March, 2023, the Company had 45 subsidiaries in India and across the globe. Each subsidiary is managed by its respective board of directors or equivalent body. To ensure robust compliances and high standards of governance, irrespective of the statutory requirements, each of the Indian subsidiaries has appointed Key Managerial Personnel.

The Board of Cipla Limited or its duly constituted committees also have oversight of the affairs of the subsidiaries and regularly reviews various information w.r.t to the subsidiary companies, that inter-alia includes:

- i. Review of financial statements;
- ii. Review of material developments, financial and operating performance and strategies;
- iii. Review of significant transactions or arrangements entered into by the unlisted subsidiaries;
- iv. Review of utilisation of funds and details of investment and advances by the subsidiaries;
- v. Review of inter-subsidiary related party transactions
- vi. Prior recommendation on strategic / long-term investments, loans, guarantees, acquisitions or divestment by subsidiaries outside Cipla Group;
- vii. Prior recommendation in case of purchase/sale/disposal of intellectual property rights or other assets and entering into in-licensing deals by subsidiaries/associates/joint ventures above certain threshold;
- viii. Noting of minutes of the board meetings; and
- ix. Noting of key internal audit findings.

As on 31<sup>st</sup> March, 2023, Cipla (EU) Limited, InvaGen Pharmaceuticals Inc. and Cipla USA Inc. continue to qualify as a material subsidiaries of the Company in terms of Regulation 24 of the Listing Regulations and Mr Ashok Sinha, Independent Director of the Company is an independent director on the board of Cipla (EU) Limited.

## Compliance management

The Company has adopted a compliance management tool which provides system-driven alerts to the respective owners for complying with the applicable laws and regulations. An update on the compliance status of all applicable laws and regulations applicable to the Company, in the form of a certificate, is submitted by the Global General Counsel to the Audit Committee and the Board on a quarterly basis.

## Investor Servicing and Grievance Redressal

The Stakeholders Relationship Committee has adopted an Investor Servicing and Grievance Redressal Policy and Investor FAQs Handbook to effectively redress investor grievances

and improve the services provided to investors. The Investor FAQs Handbook serves as ready reference material to shareholders holding/dealing in Cipla shares. It is designed to assist shareholders on matters such as transmission of shares, dematerialisation of shares, dividend, IEPF, etc. The Handbook and Investor Grievance Redressal Policy is uploaded on the Company's website under the Corporate Governance tab of the Investors section at <https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redrressal-Policy.pdf>.

## Web-based facility

Members may utilise the online facility extended by RTA for posting or tracking a query, checking the dividend status, uploading tax exemptions forms, viewing the demat / remat request, downloading the required ISR forms and checking KYC status for Physical Folios, by visiting the Investor Service Center (ISC) webpage at <https://www.cipla.com/investors/corporate-governance>.

## Share transfer system

KFin Technologies Limited (KFin) is the Registrar and Share Transfer Agent of the Company.

The Board has delegated the authority for approving the transmission, transposition, deletion of shares and change of name, etc. to the Company Secretary and Executive Director. A summary of transactions so approved are placed before the SRC on a quarterly basis. The matters relating to issue of duplicate share certificate are approved by the SRC.

The Company has obtained an annual certificate from a Practising Company Secretary as per the requirement of Regulation 40(9) of the Listing Regulations confirming that all certificates have been issued within thirty days of the date of lodgement of renewal and exchange. The certificate has been filed with the stock exchanges and is available on the website of the Company.

In terms of amended Regulation 40 of Listing Regulations, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, effective from 24<sup>th</sup> January, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/transposition of securities. SEBI vide Circular dated 25<sup>th</sup> January, 2022, has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request. The Company and its RTA has implemented this as part of its process.

## Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to the Unpaid Dividend

Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are required to be transferred to IEPF. The Company had transferred unclaimed dividend and shares to IEPF authority within statutory timelines which were due in FY 2021-22.

Unclaimed dividend for the financial year ended 31<sup>st</sup> March, 2016 will become due for transfer to IEPF on 30<sup>th</sup> October, 2023.

Shareholders can check the details of any unclaimed shares and unclaimed dividends on the Company's website, [www.cipla.com](http://www.cipla.com) under Unclaimed Data tab in the Investors section.

## Status of unclaimed dividend and shares which have been transferred to IEPF are given hereunder:

Unclaimed dividend	Status	Whether it can be claimed	Can be claimed from	Actions to be taken
Upto and including the FY 2014-15 and shares transferred to IEPF	Transferred to the IEPF authority	Yes	File online application in e-form IEPF-5 and send this e-form IEPF-5 to the Registered Office of the Company addressed to the Nodal Officer along with complete documents	IEPF Authority to pay the claim amount to the shareholder based on the e-verification report submitted by the Company and the documents submitted by the investor
For the FY 2015-16 to 2021-22	Amount lying in respective Unpaid Dividend Accounts	Yes	Write to RTA (Kfin) from your registered e-mail ID or make a physical application under the registered signature, along with KYC documents.	RTA to verify the application and release the unclaimed dividend.

## Details of date of declaration and due date for transfer to IEPF:

Financial Year	Dividend per share (in ₹)	Date of declaration	Due date for transfer to IEPF
2015-16	2	28 <sup>th</sup> September, 2016	30 <sup>th</sup> October, 2023
2016-17	2	11 <sup>th</sup> August, 2017	12 <sup>th</sup> September, 2024
2017-18	3	30 <sup>th</sup> August, 2018	3 <sup>rd</sup> October, 2025
2018-19	3	16 <sup>th</sup> August, 2019	19 <sup>th</sup> September, 2026
2019-20	4*	12 <sup>th</sup> March, 2020	15 <sup>th</sup> April, 2027
2020-21	5	25 <sup>th</sup> August, 2021	28 <sup>th</sup> September, 2028
2021-22	5	26 <sup>th</sup> August, 2022	27 <sup>th</sup> September, 2029

\*Interim Dividend ₹ 3 and Special dividend ₹ 1

## Shareholder information and communication

### Financial Results

During the year, financial results were published in the following newspapers: Business Standard (All Editions) and Sakaal (Mumbai edition). The annual/half-yearly/quarterly results were sent to the stock exchanges and were also displayed on the Company's website – [www.cipla.com](http://www.cipla.com).

### News and media release

The official news and media releases of key events are disseminated to the Stock Exchanges and displayed on the Company's website.

## Earning conference calls and presentations to Institutional Investors / Analysts

The Company organises earnings conference call with analysts and investors after the announcement of financial results. The transcript and audio recording of the earnings call is uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

Presentations made to institutional investors and financial analysts are filed with the stock exchanges and uploaded on the Company's website.

## Compliance reports, corporate announcements, material information and updates

The Company disseminates the requisite corporate announcements including the Listing Regulation compliances, shareholding pattern, corporate governance report, financial results, material/price sensitive information, etc., electronically through designated electronic portals of the Stock Exchanges.

### Integrated Annual Report

The Integrated Annual Report for FY 2022-23 will be uploaded on the Company's website and will be circulated to the members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges and be available on their websites.

### Website

The Company's website contains a separate section for investors.

The shareholders can access the profiles of Board members, Board committees' composition, Board committee charters, profile of Management Council members, Corporate Governance policies, financial information, Annual Reports, Memorandum and Articles of Association, shareholding information, details of unclaimed dividends and shares transferred / liable to transfer to IEPF, Investor FAQs, etc. on the Company's website.

Other information, such as press releases, stock exchange disclosures and Investor presentations are also regularly updated on the Company's website.

### Chairman's speech

A copy of the speech to be given by the Chairman at the 87<sup>th</sup> AGM will be uploaded on the website of the Company.

### Designated email ID:

We have a designated e-mail ID for investor services: [cosecretary@cipla.com](mailto:cosecretary@cipla.com)

### Other disclosures

- i. 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 authorities.
- ii. The securities of the Company were not suspended from trading at any time during the year.

- iii. The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the risk management framework of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts and/or options to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. Materially, there are no uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31<sup>st</sup> March, 2023 are disclosed in note no. 45 to the standalone financial statements.

- iv. Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the Statutory Auditor and all the entities in the network firm/network entity of which Statutory Auditor has been provided in note no. 40 of the consolidated financial statements.

- v. The cost of raw materials forms a large portion of the Company's operating expenses. The Company is focused on developing processes/programmes which help in cost-effective procurement of raw materials and which reduces the cost of Active Pharmaceutical Ingredients. Additionally, an Alternate Vendor Development Strategy has been implemented to ensure uninterrupted supply of raw materials and rate benefits. The Company endeavours to monitor the prices of key commodities and formulates procurement strategies based on actual price movements and trends as well as the external regulatory environment and has adequate governance structures in place to align and review procurement strategies with external and internal dynamics. Since the Company has not entered into any derivative contract to hedge exposure from the fluctuations in commodity prices, no disclosure is required pursuant to SEBI circular dated 15<sup>th</sup> November, 2018.

- vi. During the year, the Company has not raised funds through preferential allotment or qualified institutional placement.

- vii. The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the Listing Regulations.

- viii. A certificate from M/s BNP & Associates, Practising Company Secretaries, confirming that none of the directors are disqualified or debarred from being appointed or continuing as directors of the Company by the SEBI or the Ministry of Corporate Affairs or any other statutory authority is annexed as Annexure C to this report.

- ix. During the year, the Board of Directors has accepted all the recommendations of the committees of the Board.

- x. Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2022-23

Particulars	Number
Number of complaints at the beginning of financial year	1
Number of complaints filed during the financial year	7
Number of complaints resolved during the financial year	8
Number of complaints pending as on 31 <sup>st</sup> March, 2023	0

- xi. The Company has not provided any loans and advances to any firms/companies in which Directors are interested.
- xii. Details of material subsidiaries of the listed entity:

Name	Date and Place of incorporation	Name of the statutory auditor	Date of appointment / re-appointment of statutory auditor
Cipla USA Inc.	12 <sup>th</sup> September, 2012 Delaware, USA	Walker Chandiook & Co LLP	28 <sup>th</sup> September, 2022
Cipla (EU) Limited	16 <sup>th</sup> August, 2002 England & Wales	KNAV Limited	9 <sup>th</sup> May, 2022
InvaGen Pharmaceuticals Inc.	20 <sup>th</sup> November, 2003 New York, USA	Walker Chandiook & Co LLP	4 <sup>th</sup> October, 2022

**Note:** Auditors are appointed/ re-appointed each year in Foreign Subsidiaries.

### General Meetings

- i. The details of last three annual general meetings are as follows:

Financial Year	Meeting	Date & Time	Venue	Special Resolution passed
2019-20	84 <sup>th</sup> AGM	27 <sup>th</sup> August, 2020 at 3.00 p.m.	Video conferencing /other audio-visual means	i. To re-appoint Ms Naina Lal Kidwai as an independent director of the Company ii. To authorise issuance of equity shares/ other securities convertible into equity shares up to ₹ 3,000 crores
2020-21	85 <sup>th</sup> AGM	25 <sup>th</sup> August, 2021 at 3.00 p.m.		i. To re-appoint Mr M K Hamied as a director liable to retire by rotation
2021-22	86 <sup>th</sup> AGM	26 <sup>th</sup> August, 2022 at 3.00 p.m.		i. To appoint Dr Mandar Purushottam Vaidya as independent director

- ii. During the year, no resolution was passed through Postal Ballot.

- iii. None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

### Compliance of discretionary requirements

The Company has complied with following discretionary requirements under regulation 27(1) of the Listing Regulations:

- i. The auditors have issued an unmodified opinion on the financial statements of the Company;
- ii. The Chairman of the Board is a non-executive director and is not related to the MD & GCEO;
- iii. The Chief Internal Auditor functionally reports directly to the Audit Committee.

### Certification by Managing Director & Global Chief Executive Officer ("MD & GCEO") and Global Chief Financial Officer ("GCFO")

The MD & GCEO and the GCFO have certified to the Board on the financial reporting and internal controls as required under Regulation 17(8), read with Part B of Schedule II of the Listing Regulations. The certification by MD & GCEO and GCFO is annexed as Annexure D to this report.

### Enhanced disclosures

Cipla has always followed the highest standards of Corporate Governance and has benchmarked its governance and disclosure practices against national and international codes, guidelines and principles. Enhancing the standards of disclosures and transparency, we voluntarily adopted the following regulations, guidelines and principles:

- i. Substantially in compliance with the G-20 OECD Principles of Corporate Governance.
- ii. Substantially in compliance with the National Guidelines on responsible business conduct principles issued by the Ministry of Corporate Affairs.
- iii. The Annual Report is made in accordance with the Global Reporting Initiative (GRI) standards.
- iv. For the sixth year in a row, the Annual Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting (<IR>) framework. To improve its credibility the Company has obtained an external assurance on the disclosures made under the Integrated Annual Report from M/s DNV GL Business Assurance India Private Limited.

### General shareholder information

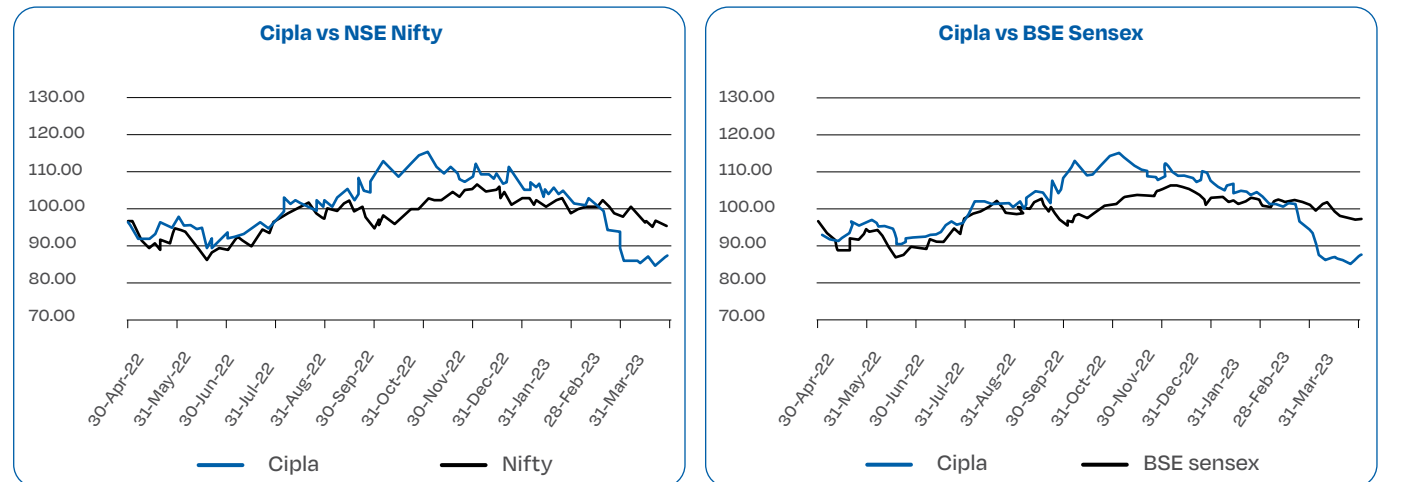
i. Date, Time and Venue of the AGM	Thursday, 10 <sup>th</sup> August, 2023, at 3.00 p.m. through Video Conferencing ("VC")/ Other Audio Visual means ("OAVM")
ii. Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March of the next calendar year
iii. Adoption of Financial Results*	
Q1-FY24: quarter ending 30 <sup>th</sup> June	Wednesday, 26 <sup>th</sup> July, 2023
Q2-FY24: quarter and half year ending 30 <sup>th</sup> September	Friday, 27 <sup>th</sup> October, 2023
Q3-FY24: quarter and nine months ending 31 <sup>st</sup> December	Thursday, 25 <sup>th</sup> January, 2024
Q4-FY24: quarter and financial year ending 31 <sup>st</sup> March	Friday, 10 <sup>th</sup> May, 2024
iv. Trading window closure for financial results	From the 1 <sup>st</sup> day from close of quarter till the completion of 48 hours after the UPSI becomes generally available
v. Record Date	Friday, 21 <sup>st</sup> July, 2023
vi. Dividend and Dividend Payment Date	₹ 8.5/- per equity share for FY 2022-23. The Company will endeavour to pay the dividend within 7 working days from the date of declaration but not later than 30 days from the date of AGM. The payment of dividend will be subject to deduction of tax at source, as applicable, in compliance with the statutory requirements.
vii. Listing on Stock Exchanges	<p><b>Equity Shares:</b></p> <p>i. Name: BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001</p> <p>ii. Name: National Stock Exchange of India Limited Address: Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051</p> <p><b>Global Depository Receipts (GDRs):</b> Name: Societe De La Bourse De Luxembourg, Address: Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg.</p> <p>The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited, BSE Limited and the Luxembourg Stock Exchange.</p>
viii. Stock Code	500087 on BSE Limited CIPLA EQ on National Stock Exchange of India Limited
ix. DR Symbol/CUSIP	CIPLG/172977209
x. ISIN Number for NSDL & CDSL	INE059A01026

\*Tentative Schedule, subject to change

### Market price data for the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023

Month (FY 2022-23)	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	1062.30	946.60	15,21,260	1062.65	946.30	3,69,13,011	13.64	12.34
May	1004.65	890.00	23,30,726	1004.90	904.25	4,56,77,007	12.84	11.84
June	1006.85	901.95	8,81,289	1006.85	902.00	3,36,94,511	12.64	11.55
July	989.00	914.35	13,00,050	989.50	911.20	2,73,63,839	12.24	11.65
August	1053.35	989.50	14,73,794	1053.85	988.30	3,17,63,694	13.14	12.64
September	1128.00	1011.60	15,45,160	1128.00	1012.00	4,06,98,927	13.70	12.70
October	1179.90	1098.75	23,57,385	1180.10	1098.80	2,78,44,744	14.20	13.40
November	1185.20	1079.15	12,96,421	1185.25	1078.50	3,60,89,848	14.20	13.40
December	1147.45	1069.75	10,98,395	1147.35	1070.00	3,08,77,338	13.90	13.00
January	1096.60	1008.00	6,33,777	1096.95	1007.50	2,72,61,977	13.20	12.40
February	1044.00	904.20	8,74,428	1044.60	903.10	3,33,12,821	12.60	11.00
March	913.90	852.00	20,86,669	910.25	852.00	5,74,63,960	11.00	10.40

### Performance of share price of the Company in comparison with the NSE Nifty & BSE Sensex for FY 2022-23



Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

### Address for correspondence

	Contact details	Address
For Corporate Governance, IEPF and other secretarial matters	Mr Rajendra Chopra Company Secretary and Compliance Officer Email: <a href="mailto:cosecretary@cipla.com">cosecretary@cipla.com</a>	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013
Financial Results/ Financial Statements	Mr Naveen Bansal Head Investor Relations Email: <a href="mailto:investor.relations@cipla.com">investor.relations@cipla.com</a>	Mumbai – 400 013
For Corporate Communication related matters	Ms Heena Kanal Senior Vice-President, Corporate Communications Email: <a href="mailto:corpcomm@cipla.com">corpcomm@cipla.com</a>	Tel: +91 22 2482 6000 Fax: +91 22 2482 6120
For shares related matters, dividend, annual report, dematerialisation, KYC updation in case of physical folios etc.	KFin Technologies Limited (Share Transfer Agent) Email: <a href="mailto:inward.ris@kfintech.com">inward.ris@kfintech.com</a>	Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel: +91 40 6716 2222 / 1511

### Share Capital

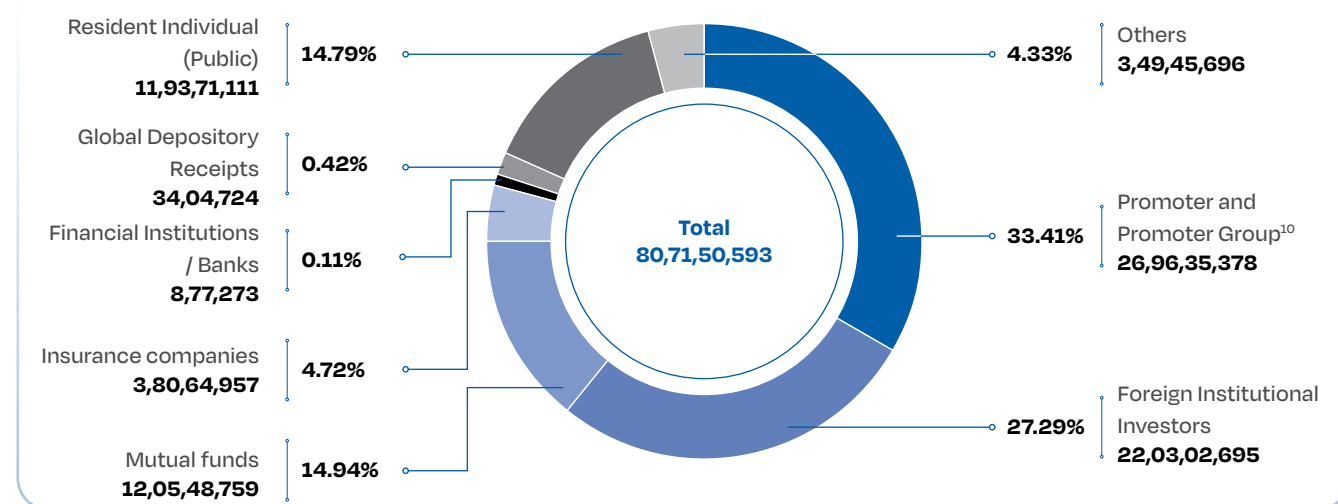
<b>Holding as on 31<sup>st</sup> March, 2022</b> 1,61,36,28,072	<b>Stock Option / ESAR Allotment</b> 6,73,114	<b>Holding as on 31<sup>st</sup> March, 2023</b> 1,61,43,01,186
--	--	--

### Distribution of shareholding as on 31<sup>st</sup> March, 2023

Category	No. of Folios	% of Total	No. of Shares	% of Total
1 - 5000	4,81,058	99.09	2,82,06,413	3.49
5001 - 10000	1,358	0.28	49,13,756	0.61
10001 - 20000	862	0.18	62,98,183	0.78
20001 - 30000	411	0.08	50,76,106	0.63
30001 - 40000	230	0.05	40,53,915	0.50
40001 - 50000	165	0.03	37,21,930	0.46
50001 - 100000	419	0.09	1,52,39,748	1.89
100001 & above	963	0.20	73,96,40,542	91.64
<b>TOTAL</b>	<b>4,85,466</b>	<b>100.00</b>	<b>80,71,50,593</b>	<b>100</b>



### Category-wise shareholding as on 31<sup>st</sup> March, 2023



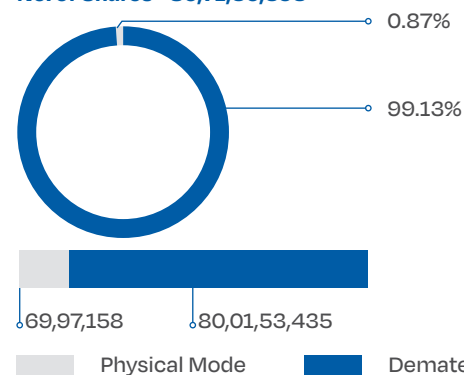
### Shareholders holding more than 1% of the shares as on 31<sup>st</sup> March, 2023

The details of shareholders (non-promoters and non-GDR holders) holding more than 1% (PAN-based) of the equity as on 31<sup>st</sup> March, 2023 are as follows:

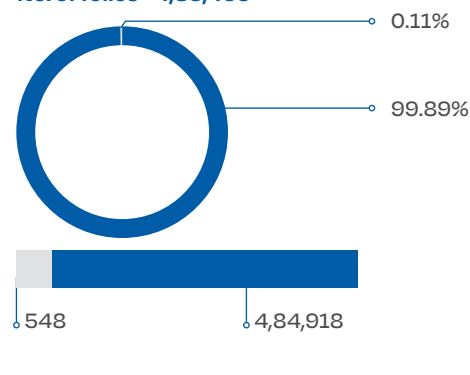
Shareholder Name	No. of Folios	% of Total	No. of Shares
SBI Mutual Fund	4.49%	3,62,61,783	
Government Pension Fund Global	2.89%	2,33,56,146	
HDFC Mutual Fund	2.64%	2,13,38,979	
LIC	2.14%	1,73,13,231	
NPS Trust	1.79%	1,44,85,701	
GQG Partners Emerging Markets Equity Fund	1.19%	96,42,335	
Government of Singapore	1.12%	90,01,445	
UTI	1.09%	87,78,365	
ICICI Prudential Fund	1.07%	86,35,552	

### Dematerialisation of shares and liquidity

No. of Shares - 80,71,50,593



No. of folios - 4,85,466



The equity shares of the Company are liquid and traded in dematerialised form on BSE Limited and National Stock Exchange of India Limited.

<sup>10</sup>GRI 2-15

### Outstanding GDRs and Share Based Incentives Scheme

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. As on 31<sup>st</sup> March, 2023 3,404,724 GDRs were outstanding. The Company has not issued any American Depository Receipts (ADRs)/Warrants/convertible instruments.

During the year, the Company has granted 1,51,560 stock options and 3,57,208 Employee Stock Appreciation Rights ("SARs") to the employees of the Company under Cipla Limited Employee Stock Option Scheme 2013-A ("ESOS 2013-A") and Cipla Employee Stock Appreciation Rights Scheme 2021 ("ESAR 2021") respectively. The Company allots equity shares from time to time on exercise of stock options and SARs by the employees, pursuant to the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the terms and conditions of ESOS 2013-A and ESAR 2021. As on 31<sup>st</sup> March, 2023, 4,24,447 stock options and 7,00,755 ESARs were outstanding under ESOS 2013-A and ESAR 2021 respectively.

### List of credit ratings obtained/revised

During the year, credit rating of the following instruments was done by India Ratings & Research Private Limited:

Instrument Type	Instrument Rating / Issuer Rating / Outlook	Rating Action	Credit rating agency
Commercial paper*	IND A1+ / IND AAA; Stable	Affirmed	India Ratings and Research Private Limited
Long-term/short-term bank facilities	CARE A1+ / CARE AAA; Stable	Reaffirmed	Care Rating Limited

\*No commercial papers have been issued by the Company during the year.

### Plant locations of Cipla Limited as on 31<sup>st</sup> March, 2023:

Plant Type	Plant Address
Active Pharmaceutical Ingredients Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru – 560 049, Karnataka, India Bommasandra-Jigani Link Road, Industrial Area, KIADB 4 Phase, Bengaluru – 560 099, Karnataka, India
Active Pharmaceutical Ingredients and Formulations Manufacturing Facility	MIDC, Patalganga-410220, District - Raigad, Maharashtra, India MIDC Industrial Area, Kurkumbh-413802, Daund, District - Pune, Maharashtra, India Verna Industrial Estate, Verna-403722, Salcette, Goa, India Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi-173 205, District - Solan, Himachal Pradesh, India
Formulations Manufacturing Facility	Village Kumrek, Rangpo-737132, District - East Sikkim, Sikkim, India Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur – 454 774, District - Dhar, Madhya Pradesh, India Taza Block, Amba Tareything Illaka, Rorathang- 737 133, District - East Sikkim, Sikkim, India

### Plant locations of subsidiary companies of Cipla Limited as on 31<sup>st</sup> March, 2023:

Plant Type	Plant Address
Formulations Manufacturing Facility	Plot Number 344-345, Kundaim Industrial Estate, Kundaim, Goa – 403115, India Plot No. 352, Kundaim Industrial Estate, Kundaim, Goa – 403115, India L-1/1, L-1/2/2 & L-2, Additional MIDC, Satara 415004, India Tarpin Block, Rorathang, East District, Sikkim – 737133, India Plot 1-7, 1 Ring Road, Luzira Industrial Park, Kampala - Uganda 7 Oser Avenue, Hauppauge, NY, USA, ZIP – 11788 600 Old Willets, Path Hauppauge, NY, USA, ZIP – 11788 550 South Research Place, Central Islip, NY, USA, ZIP – 11722 927 Curren Road, Fall River, MA, USA, ZIP - 02720 18 Golden Drive Morehill Benoni, South Africa 1501 1474 South Coast Road, Mobeni, Durban, South Africa 4052 Oum Azza – BP 4492 – 11850 Ain El Aouda – Rabat, Morocco Life and health industrial park, No.1 Jianghai Road, Beixin Town, Qidong City, Jiangsu Province, China – 226200

Plant Type	Plant Address
Contract Research and Contract Manufacturing	L-147/B, Verna Industrial Area, Verna, Goa - 403722, India
Manufacturing of Medical Devices	Plot No. 38 &39, Opp. Sagar Petrol Pump, Western Express Highway, Sativali, Tal. Vasai (E), Dist. Thane, Maharashtra- 401208, India
Analytical Research & Bioequivalence Division	Plot GEN 40, TTC MIDC, Behind Millennium Business Park, Near Nelco Bus stop, Mahape, Navi Mumbai, Maharashtra - 400710, India
Pathology Lab & Screening Area	1 Floor, Jayshree Plaza, L.B.S. Marg, Bhandup West, Near Dreams Mall, Mumbai, Maharashtra - 400078, India
Analytical Research Division (Stability Samples Storage)	EL-87, Electronic Zone, MIDC Industrial Area, Mahape, Navi Mumbai, Maharashtra - 400710, India
Clinical Research Department	Plot No. PAP-A-417, TTC, MIDC, Behind Millennium Business Park, Near Nelco Bus Stop, Mahape, Navi Mumbai, Maharashtra - 400710, India
Testing Laboratory (Testing of pharmaceutical product)	Building A8, Antonie Van Leeuwenhoeklaan 9, 3721 MA, Bilthoven, The Netherlands

### Declaration of compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31<sup>st</sup> March, 2023.

For Cipla Limited

Date: 12<sup>th</sup> May, 2023  
Place: Mumbai

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

## Annexure A

### Attendance of Directors

Board Members	Board Meeting	ACM	NRC	SRC	CSR	IRMC	OAC	Independent Director Meeting	Present at the last AGM
	05-Apr-22, 10-May-22, 29-Jul-22, 16-Aug-22, 04-Nov-22, 25-Jan-23, 13-Mar-23, 29-Mar-23	06-May-22, 09-May-22, 25-Jul-22, 28-Jul-22, 16-Aug-22, 21-Oct-22, 03-Nov-22, 20-Jan-23, 24-Jan-23	06-Apr-22, 02-May-22, 28-Jul-22, 16-Aug-22, 03-Nov-22, 24-Jan-23	02-May-22, 19-Jul-22, 02-Nov-22, 23-Jan-23	02-May-22, 20-Jul-22, 02-Nov-22, 23-Jan-23	09-May-22, 28-Jul-22, 03-Nov-22, 24-Jan-23	02-Aug-22	10-May-22, 29-Jul-22, 03-Nov-22, 24-Jan-23	26-Aug-22
<b>Average attendance (in %)</b>	<b>94.70</b>	<b>94.44</b>	<b>91.67</b>	<b>100</b>	<b>95</b>	<b>95.83</b>	<b>100</b>	<b>84.52</b>	<b>100</b>
Dr Y K Hamied	8(8)	-	-	-	-	-	-	-	Yes
Mr Adil Zainulbhai	8(8)	-	6(6)	4(4)	4(4)	-	-	2(4)	Yes
Mr Ashok Sinha	8(8)	9(9)	-	-	-	4(4)	-	4(4)	Yes
Mr MK Hamied	8(8)	-	-	-	4(4)	-	1(1)	-	Yes
Dr Peter Mlugwenyi <sup>(1)</sup>	7(8)	-	-	4(4)	-	-	-	3(4)	Yes
Ms Punita Lal	6(8)	-	5(6)	-	3(4)	-	-	4(4)	Yes
Mr Robert Stewart	7(8)	-	5(6)	-	-	4(4)	-	4(4)	Yes
Ms Samina Hamied	8(8)	-	-	-	-	4(4)	-	-	Yes
Mr S Radhakrishnan	8(8)	9(9)	6(6)	4(4)	4(4)	4(4)	1(1)	-	Yes
Mr Umang Vohra	8(8)	-	-	-	4(4)	4(4)	1(1)	-	Yes
Mr P R Ramesh <sup>(2)&amp;(3)</sup>	8(8)	9(9)	-	-	4(4)	4(4)	1(1)	-	Yes
Dr Mandar Vaidya <sup>(4)</sup>	5(6)	3(5)	-	1(1)	-	1(2)	-	4(4)	Yes

**Note:**

- <sup>(1)</sup> Resigned as an Independent Director vide letter dated 12<sup>th</sup> May, 2023, effective from 13<sup>th</sup> May, 2023.
- <sup>(2)</sup> Appointed as a member of the Investment and Risk Management Committee w.e.f. 29<sup>th</sup> July, 2022.
- <sup>(3)</sup> Appointed as Chairman and member of SRC w.e.f. 10<sup>th</sup> May, 2022 and subsequently taken an exit from SRC w.e.f. 29<sup>th</sup> July, 2022.
- <sup>(4)</sup> Appointed as an Independent Director and member of the Audit Committee w.e.f. 29<sup>th</sup> July, 2022.

# Annexure B

## Statutory details of Board of Directors<sup>11</sup>

Name	Category	Original Date of Appointment	No. of shares held in the Company	No. of directorships held in other Indian companies as on 31 <sup>st</sup> March, 2023	Name of other listed companies where he/she is a Director as on 31 <sup>st</sup> March, 2023 <sup>(1)</sup>	No. of Committee membership/ Chairpersonship held in other Indian public companies as on 31 <sup>st</sup> March, 2023 <sup>(2)</sup>	
						Membership	Chairpersonship
Dr Y K Hamied (DIN: 00029049)	Non-Executive / Non-Independent Directors	21 <sup>st</sup> July, 1972	15,05,21,183	1	--	NII	NII
Mr M K Hamied (DIN: 00029084)		16 <sup>th</sup> August, 1977	2,78,44,320	NII	--	NII	NII
Mr S Radhakrishnan (DIN: 02313000)	Executive Directors	12 <sup>th</sup> November, 2010	1,82,321 <sup>(4)</sup>	NII	--	NII	NII
Ms Samina Hamied (DIN: 00027923)		10 <sup>th</sup> July, 2015	1,79,99,500 <sup>(5)</sup>	1	--	NII	NII
Mr Umang Vohra (DIN: 02296740)	Independent Directors	1 <sup>st</sup> September, 2016	3,43,268	2	--	NII	NII
Mr Adil Zainulbhai (DIN: 06646490)		23 <sup>rd</sup> July, 2014	NII	11	<ul style="list-style-type: none"> <li>Reliance Industries Limited</li> <li>Network18 Media &amp; Investments Limited</li> <li>TV18 Broadcast Limited</li> <li>Larsen &amp; Toubro Limited</li> <li>J.K. Cement Limited</li> </ul>	7	5
Mr Ashok Sinha (DIN: 00070477)	Independent Directors	16 <sup>th</sup> July, 2013	NII	5	<ul style="list-style-type: none"> <li>The Tata Power Company Limited</li> <li>Tata Communication Limited</li> <li>Navin Fluorine International Limited</li> </ul>	5	3
Dr Mandar Vaidya <sup>(3)</sup> (DIN: 09690327)		29 <sup>th</sup> July, 2022	NII	NII	NII	NII	NII
Dr Peter Mugyenyi <sup>(6)</sup> (DIN: 06799942)	Independent Directors	12 <sup>th</sup> February, 2014	NII	NII	--	NII	NII
Ms Punita Lal (DIN: 03412604)		13 <sup>th</sup> November, 2014	NII	1	<ul style="list-style-type: none"> <li>Nestle Limited</li> <li>Crompton Greaves Consumer Electricals Limited</li> <li>Housing Development Finance Corporation Limited</li> <li>Tejas Networks Limited</li> </ul>	7	3
Mr P R Ramesh (DIN: 01915274)	Independent Directors	1 <sup>st</sup> July, 2021	NII	10	--	NII	NII
Mr Robert Stewart (DIN: 03515778)		14 <sup>th</sup> May, 2021	NII	NII	NII	NII	NII

<sup>(1)</sup> All the directorships held by the directors in other listed companies are in the capacity of independent directors<sup>(2)</sup>.

<sup>(2)</sup> Committees considered for the purpose are those prescribed under the Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of listed and unlisted Indian public companies including Cipla Limited.

<sup>(3)</sup> Appointed as an Independent Director and member of the Audit Committee w.e.f. 29<sup>th</sup> July, 2022.

<sup>(4)</sup> includes 38,125 shares which are held jointly with his wife

<sup>(5)</sup> includes 4,378,500 shares which are held jointly with her mother Shirin Hamied and 90,000 shares jointly held with her brother Kamil Hamied & sister Rumana Hamied.

<sup>(6)</sup> Resigned as an Independent Director vide letter dated 12<sup>th</sup> May, 2023, effective from 13<sup>th</sup> May, 2023.

<sup>11</sup>GRI 2 - 9

<sup>12</sup>GRI 2 - 15

# Annexure C

## Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Cipla Limited**  
Cipla House, Peninsula Business Park,  
Ganpatrao Kadam Marg, Lower Parel,  
Mumbai-400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Cipla Limited having **CIN L24239MH1935PLC002380** and having its registered office at **Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013** (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number ("DIN") status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the financial year ending on 31<sup>st</sup> March, 2023 have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or by any other statutory regulatory authority.

Sr. No.	Name of the Directors	DIN	Date of Appointment <sup>1</sup>
1	Dr Y K Hamied	00029049	21 <sup>st</sup> July, 1972
2	Mr M K Hamied	00029084	16 <sup>th</sup> August, 1977
3	Ms Samina Hamied	00027923	10 <sup>th</sup> July, 2015
4	Mr Umang Vohra	02296740	1 <sup>st</sup> September, 2016
5	Mr S Radhakrishnan	02313000	12 <sup>th</sup> November, 2010
7	Mr Ashok Sinha	00070477	16 <sup>th</sup> July, 2013
6	Mr Adil Zainulbhai	06646490	23 <sup>rd</sup> July, 2014
8	Dr Peter Mugyenyi <sup>2</sup>	06799942	12 <sup>th</sup> February, 2014
9	Ms Punita Lal	03412604	13 <sup>th</sup> November, 2014
10	Mr Robert Stewart	03515778	14 <sup>th</sup> May, 2021
11	Mr P R Ramesh	01915274	1 <sup>st</sup> July, 2021
12	Dr Mandar Vaidya <sup>3</sup>	09690327	29 <sup>th</sup> July, 2022

<sup>1</sup>Date of appointment of all the Directors are original date of appointment as per MCA Records.

<sup>2</sup>Dr Peter Mugyenyi, Non-Executive Independent Director has resigned vide letter dated 12<sup>th</sup> May, 2023, effective from 13<sup>th</sup> May, 2023.

<sup>3</sup>Dr Mandar Vaidya was appointed as Non-Executive Independent Director w.e.f. 29<sup>th</sup> July, 2022.

Ensuring the eligibility of every director for appointment / continuity on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management of the Company has conducted the affairs of the Company.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]  
PR No.: 637/2019

**Avinash Bagul**  
Partner

FCS No.: 5578

COP No.: 19862

UDIN: F005578E000280512

Date: 12<sup>th</sup> May, 2023

Place: Mumbai

# Annexure D

## Certificate by CEO/CFO to the Board of Directors

We, Mr Umang Vohra, Managing Director and Global Chief Executive Officer and Mr Ashish Adukia, Global Chief Financial Officer hereby certify that:

- A. We have reviewed financial statements and the cash flow statements (standalone and consolidated) for the year ended 31<sup>st</sup> March, 2023 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify such deficiencies.
- D. We have further indicated to the auditors and the Audit Committee:
  - (1) there has not been significant changes in internal control over financial reporting, during the year under reference;
  - (2) there has been no significant changes in the accounting policies requiring disclosures except as mandated by the Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, and
  - (3) there have not been, during the year any instances of significant fraud of which we had become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

### For Cipla Limited

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

Date: 12<sup>th</sup> May, 2023

Place: Mumbai

### For Cipla Limited

**Ashish Adukia**  
Global Chief Financial Officer

# Independent Auditor's Report

## To the Members of Cipla Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Cipla Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS')

specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><b>DPCO matters:</b></p> <p>The Company is regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant Drugs (Prices Control) Orders (DPCO) as disclosed in Note 38B (ii) to the standalone financial statements, relating to overcharging of certain drugs under DPCO.</p> <p>According to NPPA's public disclosure, the total demand against the Company aggregates to ₹ 3,703.40 crores as at 31<sup>st</sup> March, 2023, of which:</p> <ol style="list-style-type: none"> <li>a) ₹ 3,456.39 crores relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crores being 50% of the total demand of ₹ 350.15 crores as at 1<sup>st</sup> August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and</li> <li>b) ₹ 247.01 crores relates to other matters, wherein based on facts and legal advice, the Company has recorded a charge of ₹ 6.89 crores (including interest) during the year ended 31<sup>st</sup> March, 2023 and carries a total provision of ₹ 125.38 crores (including interest) as at 31<sup>st</sup> March, 2023.</li> </ol> <p>The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability or not, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management.</p>	<p>Our audit of DPCO matters included, but was not limited to, the following procedures:</p> <ol style="list-style-type: none"> <li>a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved;</li> <li>b) Evaluated the design and tested the operating effectiveness of key controls around above process;</li> <li>c) Inspected correspondence with the Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;</li> <li>d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale;</li> <li>e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and</li> </ol>

# Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matters
<p>Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.</p>	<p>f) Evaluated the Company's disclosures for adequate disclosure regarding the significant litigations of the Company.</p> <p>Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the standalone financial statements taken as a whole.</p>
<p><b>Recoverability of investments in subsidiaries:</b></p> <p>The Company has investments of ₹ 9,029.34 crores in subsidiaries being carried at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amounts of each investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of that investment as on the reporting date.</p> <p>The Company has recorded an impairment loss on investment in SABA Investment Limited of ₹ 185.90 crores during the year ended 31<sup>st</sup> March, 2023. Refer note 5 to the standalone financial statements.</p> <p>Management's assessment of whether there are impairment indications and estimate of the recoverable amounts of the identified investments determined through discounted cash flow valuation method requires significant judgment in carrying out the impairment assessment. The key assumptions used in management's assessment of the recoverable amounts include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years.</p> <p>Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting future cash flow projections, recoverability of investments in subsidiaries has been considered to be a key audit matter for the current period audit.</p>	<p>Our audit included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of the management's process for identification of impairment indicators and tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified investments;</p> <p>b) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management;</p> <p>c) Reconciled the cash flows to the business plans approved by the respective Board of Directors of the identified investee companies;</p> <p>d) Evaluated and challenged management's assumptions such as implied growth rates during explicit period, terminal growth rate, targeting savings and discount rate for their appropriateness based on our understanding of the business of the respective investee companies, past results and external factors such as industry trends and forecasts, including the possible impact of COVID -19 pandemic on such assumptions;</p> <p>e) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rates and discount rates;</p> <p>f) Tested the mathematical accuracy of the management computations with regard to cash flows and sensitivity analysis;</p> <p>g) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for each of the identified investments to evaluate sufficiency of headroom between recoverable value and carrying amount; and</p> <p>h) Evaluated the adequacy of disclosures given in the standalone financial statements, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards.</p> <p>Based on the audit procedures performed, we determined that the management's assertion on the recoverability of investments in subsidiaries is appropriate in the context of the standalone financial statements taken as a whole.</p>
<p><b>Revenue from operations: (refer note 1.13 and 26 to the Standalone financial statements)</b></p> <p>The Company recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery</p>	<p>Our audit included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, rebates and regulatory compliance requirements;</p>

# Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matters
<p>to a customer. The Company records product sales net of estimated incentives/discounts, returns, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers.</p> <p>Further, the Company has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue.</p> <p>The Company also has development and commercialisation arrangements relating to research and development of new products. This includes in-licensing and out-licensing arrangements and other types of complex agreements. We identified recognition of revenue from operations as a key audit matter because:</p> <p>a) Accrual towards rebates, discounts, returns and allowances is complex and requires significant judgments and estimates in relation to contractual agreements/ commercial terms across various geographies. Any change in these estimates can have a significant financial impact.</p> <p>b) The nature of development and commercialisation arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition.</p> <p>c) The Company considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period.</p>	<p>b) Evaluated the design and tested the operating effectiveness of the Company's internal controls, including general IT controls, key IT application controls exercised by the management, over recognition of revenue and measurement of various discount schemes, returns and rebates;</p> <p>c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations;</p> <p>d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents;</p> <p>e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/ understatement of revenue recorded for the year;</p> <p>f) Obtained management workings for amounts recognised towards discount schemes, returns and rebates during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations, as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;</p> <p>g) Evaluated historical accuracy of the Company's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias;</p> <p>h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and</p> <p>i) Evaluated the adequacy of disclosures in the standalone financial statements.</p> <p>Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the standalone financial statements taken as a whole.</p>

## Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent Auditor's Report

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

14. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
15. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
16. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of section 164(2) of the Act;

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31<sup>st</sup> March, 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31<sup>st</sup> March, 2023;
  - ii. As detailed in note 52, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2023;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2023;
  - iv. a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 44 (j) and note 44 (k) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 44 (f) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified

# Independent Auditor's Report

in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. a. The final dividend paid by the Company during the year ended 31<sup>st</sup> March, 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 47 (B) (b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31<sup>st</sup> March, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1<sup>st</sup> April, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
**UDIN: 23504662BGWGDY8126**  
Place: New Delhi  
Date: 12<sup>th</sup> May, 2023

# Annexure I referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 2.1 are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.
  - (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) a) The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships

(LLPs) or any other parties during the year. The Company has made provided loans to Subsidiaries during the year as per details given below:

Particulars	Loans
Aggregate amount provided/granted during the year:	958.49
Balance outstanding as at balance sheet date in respect of above cases:	903.49

Further, the Company has made investment in 6 entities amounting to ₹ 388.67 crores (year-end balance 9,137.91 crores).

- b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans are, prima facie, not prejudicial to the interest of the Company.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- d) There is no overdue amount in respect of loans granted to such companies.
- e) The Company has not granted any loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans that existed as at the beginning of the year.
- f) The Company has not granted any loan, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the

# Annexure I

referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount paid under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	280.54	185.64	AY 2009-10, AY 2013-14, AY 2015-16 and AY 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	33.19	33.04	2014-15	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	55.68	2.98	1992-93 to 2000-01 and 2004-05 to 2016-17	CESTAT (West Zonal Bench)
Central Excise Act, 1944	Excise Duty	12.68	-	1999-00 to 2004-05	Commissioner of Excise, Pune, Raigad, Goa, Mumbai
Central Excise Act, 1944	Excise Duty	0.02	0.01	2001-02 to 2006-07	Honourable High Court, Mumbai
Central Excise Act, 1944	Excise Duty	5.53	1.33	2008-09 to 2017-18	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	74.04	3.85	2008-09 to 2017-18	CESTAT (South Zonal Bench)
Central Excise Act, 1944	Excise Duty	17.30	1.95	2011-12 to 2013-14 and 2016-17	CESTAT (East Zonal Bench)
Central Excise Act, 1944	Excise Duty	16.74	0.63	2015-16	Commissioner Central Goods and Service Tax
Central Goods and Service Tax Act, 2017	Goods and service tax	1.55	0.63	2016-17 to 2020-21	Commissioner (Appeals)
Central Goods and Service Tax Act, 2017	Goods and service tax	2.53	2.30	2017-18	Additional Commissioner
Central Goods and Service Tax Act, 2017	Goods and service tax	0.52	-	2017-18	Assistant Commissioner
Central Goods and Service Tax Act, 2017	Goods and service tax	0.09	0.09	2017-18	Superintendent
Central Goods and Service Tax Act, 2017	Goods and service tax	0.00	-	2017-18 to 2020-21	Joint Commissioner
Central Goods and Service Tax Act, 2017	Goods and service tax	6.00	-	2017-18 to 2022-23	Additional Commissioner (Appeals)

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referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount paid under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
Central Goods and Service Tax Act, 2017 and State Goods & Service Tax Act, 2017	Goods and service tax	1.23	-	2016-17 to 2020-21	Commissioner (Appeals)
Central Goods and Service Tax Act, 2017 and State Goods & Service Tax Act, 2017	Goods and service tax	0.20	0.14	2017-18 to 2020-21	Joint Commissioner (Appeal)- Vijaywada, Andhra Pradesh
Central Goods and Service Tax Act, 2017 and State Goods & Service Tax Act, 2017	Goods and service tax	4.52	0.41	2017-18 to 2020-21	Joint Commissioner
Customs Act, 1962	Customs Duty	9.39	4.67	2009-10 to 2014-15	CESTAT (South Zonal Bench)
Customs Act, 1962	Customs Duty	29.77	3.09	2016-17 to 2020-21	CESTAT (West Zonal Bench)
Customs Act, 1962	Customs Duty	0.28	0.01	2017-18	Additional Commissioner
Customs Act, 1962	Customs Duty	0.37	0.26	2017-18 to 2019-20 and 2022-23	Commissioner (Appeals)
Finance Act, 1994	Service Tax	38.85	1.48	2008-09 to 2012-13 and 2015-16 to 2017-18	CESTAT (West Zonal Bench)
Finance Act, 1994	Service Tax	0.06	-	2012-13 and 2015-16	Commissioner (Appeals), Baddi (Himachal Pradesh)
Central Goods and Service Tax Act, 2017	Goods and service tax	12.34	-	2017-18 to 2019-20	Directorate General and GST Intelligence, West Zone at Mumbai
Bihar Value Added Tax Act, 2005	Value Added Tax	1.95	0.49	2014-15 and 2015-16	Joint Commissioner of Commercial Tax, (Appeals), Patna Central Division, Patna
Gujarat Value Added Tax Act, 2003	Value Added Tax	0.38	0.13	2013-14	Gujarat Value Added Tax, Tribunal, Ahmedabad, Gujarat
Maharashtra Value Added Tax, 2002	Value Added Tax	0.06	-	2002-03	Joint Commissioner of Sales Tax, Nagpur
Maharashtra Value Added Tax, 2002	Value Added Tax	0.52	0.07	2007-08 and 2013-14	Deputy Commissioner of Sales Tax - LTU, Mazgaon, Mumbai



# Annexure I

referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount paid under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh VAT, 2005	Value Added Tax	0.13	0.13	2005-06	Telangana VAT Appellate Authority, Hyderabad Rural Division
The Central Sales Tax, 1956	Central Sales Tax	0.09	0.04	2011-12	Joint Commissioner of Commercial Tax, Corporate Circle, Lucknow
The Central Sales Tax, 1956	Central Sales Tax	0.02	-	2002-03	In the High Court at Calcutta, Constitutional WRIT Jurisdiction, Kolkata.
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.12	0.02	2001-02 and 2005-06	The West Bengal Taxation Tribunal, Extraordinary Jurisdiction, Kolkata, West Bengal
West Bengal Value Added Tax Act, 2003	Value Added Tax	2.53	0.24	2015-16	Senior Joint Commissioner, Sales Tax, Central Audit Unit, Kolkata, West Bengal - 700015
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.23	0.02	2017-18	Senior Joint Commissioner, Commercial Taxes / Central Audit Unit - I, Kolkata, West Bengal - 700015

# Annexure I

referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us including confirmations received from banks representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality as outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) The whistle blower complaints received by the Company during the year, as shared with us by the management have been considered by us while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

# Annexure I

referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023

- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one unregistered CIC as part of the Group.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xx) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
**UDIN: 23504662BGWGDY8126**

**Place:** New Delhi  
**Date:** 12<sup>th</sup> May, 2023

# Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- In conjunction with our audit of the standalone financial statements of Cipla Limited ('the Company') as at and for the year ended 31<sup>st</sup> March, 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

## Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

- Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects
- Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

- A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

- Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

- In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March, 2023, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
**UDIN: 23504662BGWGDY8126**

**Place:** New Delhi  
**Date:** 12<sup>th</sup> May, 2023

# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Notes	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022*
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	2.1	3,449.67	3,554.91
(b) Right-of-use assets	2.2	98.16	75.70
(c) Capital work-in-progress	2.4	441.53	186.26
(d) Investment properties	3	61.72	63.35
(e) Intangible assets	4	199.45	215.96
(f) Intangible assets under development	4	62.72	81.42
(g) Financial assets			
(i) Investments	5	9,137.91	8,934.88
(ii) Loans	6	131.09	-
(iii) Other financial assets	7	55.54	372.10
(h) Income tax assets (net)	8	460.72	377.12
(i) Other non-current assets	9	126.83	153.44
<b>Total non-current assets</b>		<b>14,225.34</b>	<b>14,015.14</b>
<b>2. Current assets</b>			
(a) Inventories	10	3,277.36	3,485.81
(b) Financial assets			
(i) Investments	11	2,771.44	2,038.80
(ii) Trade receivables	12	2,888.49	2,794.48
(iii) Cash and cash equivalents	13	29.48	177.29
(iv) Bank balances other than cash and cash equivalents	14	936.98	1,250.74
(v) Loans	15	772.73	0.89
(vi) Other financial assets	16	2,065.14	871.94
(c) Other current assets	17	629.51	715.09
<b>Total current assets</b>		<b>13,371.13</b>	<b>11,335.04</b>
<b>3. Assets classified as held for sale/transfer</b>	2.3 & 37	-	<b>98.87</b>
<b>Total assets</b>		<b>27,596.47</b>	<b>25,449.05</b>
<b>Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	18	161.43	161.36
(b) Other equity	19	24,476.66	22,352.19
<b>Total equity</b>		<b>24,638.09</b>	<b>22,513.55</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	2.2	35.53	15.53
(ii) Other financial liabilities	20	53.81	53.13
(b) Provisions	21	81.73	81.63
(c) Deferred tax liabilities (net)	8	36.13	79.25
(d) Other non-current liabilities	22	51.44	46.62
<b>Total non-current liabilities</b>		<b>258.64</b>	<b>276.16</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	2.2	14.56	7.92
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		189.30	146.52
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,404.82	1,423.21
(iii) Other financial liabilities	24	238.34	202.93
(b) Other current liabilities	25	205.98	220.40
(c) Provisions	21	646.74	631.39
<b>Total current liabilities</b>		<b>2,699.74</b>	<b>2,632.37</b>
<b>3. Liabilities directly associated with assets classified as held for sale/transfer</b>	2.3 & 37	-	<b>26.97</b>
<b>Total liabilities</b>		<b>2,958.38</b>	<b>2,935.50</b>
<b>Total equity and liabilities</b>		<b>27,596.47</b>	<b>25,449.05</b>
*Restated refer note 37			
The accompanying notes form an integral part of these standalone financial statements.	1-54		

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamid**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662  
New Delhi, 12<sup>th</sup> May, 2023

**Ashish Adukia**  
Global Chief Financial Officer  
Mumbai, 12<sup>th</sup> May, 2023

**Rajendra Chopra**  
Company Secretary

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022*
<b>A. Continuing Operations :</b>			
<b>1. Revenue from operations</b>			
(a) Revenue from sale of products	26	14,518.79	15,052.48
(b) Other operating revenue	27	1,271.81	328.34
<b>Total revenue from operations</b>		<b>15,790.60</b>	<b>15,380.82</b>
<b>2. Other income</b>			
	28	456.79	666.70
<b>3. Total income (1+2)</b>		<b>16,247.39</b>	<b>16,047.52</b>
<b>4. Expenses</b>			
(a) Cost of materials consumed	29	3,502.77	3,616.69
(b) Purchases of stock-in-trade	30	1,993.39	2,850.85
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	205.26	(541.93)
(d) Employee benefits expense	32	2,377.27	2,113.78
(e) Finance costs	33	27.02	26.93
(f) Depreciation, impairment and amortisation expense	34	595.91	546.62
(g) Other expenses	35 (a)	3,919.33	3,630.20
<b>Total expenses</b>		<b>12,620.95</b>	<b>12,243.14</b>
<b>5. Profit before exceptional items and tax from continuing operations (3-4)</b>		<b>3,626.44</b>	<b>3,804.38</b>
<b>6. Exceptional item</b>	35 (b)	<b>(185.90)</b>	-
<b>7. Profit before tax from continuing operations (5+6)</b>		<b>3,440.54</b>	<b>3,804.38</b>
<b>8. Tax expense (net)</b>			
(a) Current tax		1,011.10	949.49
(b) Deferred tax		(40.09)	(27.69)
<b>Total tax expense</b>		<b>971.01</b>	<b>921.80</b>
<b>9. Profit for the year from continuing operations (7-8)</b>		<b>2,469.53</b>	<b>2,882.58</b>
<b>B. Discontinuing/Restructuring Operations :</b>			
<b>10. Profit before tax</b>		58.73	100.70
<b>11. Tax expense</b>	8	14.79	25.35
<b>12. Profit for the year from discontinuing/restructuring operations (10-11)</b>		<b>43.94</b>	<b>75.35</b>
<b>13. Profit for the year (9+12)</b>		<b>2,513.47</b>	<b>2,957.93</b>
<b>14. Other comprehensive income / (loss) for the year</b>			
<b>I. In respect of continuing operations:</b>			
(a) (i) Items that will not be reclassified to profit or loss		(13.47)	16.78
(ii) Income tax relating to these items		3.41	(4.22)
(b) (i) Items that will be reclassified to profit or loss		1.69	(9.38)
(ii) Income tax relating to these items		(0.43)	2.37
<b>Sub-total (I)</b>		<b>(8.80)</b>	<b>5.55</b>
<b>II. In respect of discontinuing/restructuring operations:</b>			
(i) Items that will not be reclassified to profit or loss	19 & 37	(0.22)	0.73
(ii) Income tax relating to these items		0.05	(0.18)
<b>Sub-total (II)</b>		<b>(0.17)</b>	<b>0.55</b>
<b>Other comprehensive income for the year (I+II)</b>		<b>(8.97)</b>	<b>6.10</b>
<b>15. Total comprehensive income for the year (13+14)</b>		<b>2,504.50</b>	<b>2,964.03</b>
<b>16. Earnings per equity share from continuing operations of face value of ₹ 2 each</b>			
Basic (in ₹)		30.61	35.73
Diluted (in ₹)		30.58	35.70
<b>17. Earnings per equity share from Discontinuing/Restructuring operations of face value of ₹ 2 each</b>			
Basic (in ₹)		0.54	0.94
Diluted (in ₹)		0.54	0.93
<b>18. Earnings per equity share from total operations of face value of ₹ 2 each</b>			
Basic (in ₹)		31.15	36.67
Diluted (in ₹)		31.12	36.63
*Restated refer note 37			
The accompanying notes form an integral part of these standalone financial statements.	1-54		

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamid**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662  
New Delhi, 12<sup>th</sup> May, 2023

**Ashish Adukia**  
Global Chief Financial Officer  
Mumbai, 12<sup>th</sup> May, 2023

**Rajendra Chopra**  
Company Secretary

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2023

## (a) Equity share capital (refer note 18)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balance at the beginning of the year	161.36	161.29
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.07	0.07
<b>Balance at the end of the year</b>	<b>161.43</b>	<b>161.36</b>

## (b) Other equity (refer note 19)

Particulars	Attributable to the owners of the Company							Other equity
	Reserves and surplus					Items of other comprehensive income		
	Capital reserve	Securities premium reserve	General reserve	Employee stock options / ESAR	Retained earnings	Investments through other comprehensive income	Cash flow hedge reserve	
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>0.08</b>	<b>1,613.31</b>	<b>3,144.64</b>	<b>35.69</b>	<b>14,961.71</b>	-	<b>10.84</b>	<b>19,766.27</b>
Profit for the year for continuing and discontinuing operations	-	-	-	-	2,957.93	-	-	<b>2,957.93</b>
Other comprehensive income/(loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	12.93	0.18	(7.01)	<b>6.10</b>
Payment of dividend (refer note 47)	-	-	-	-	(403.35)	-	-	<b>(403.35)</b>
Refund of excess Dividend Distribution Tax (DDT) paid in earlier years	-	-	-	-	5.55	-	-	<b>5.55</b>
Exercise of employee stock options	-	18.38	-	(18.38)	-	-	-	-
Transfer to general reserve	-	-	0.16	(0.16)	-	-	-	-
Share based payments expense (refer note 41)	-	-	-	19.69	-	-	-	<b>19.69</b>
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>0.08</b>	<b>1,631.69</b>	<b>3,144.80</b>	<b>36.84</b>	<b>17,534.77</b>	<b>0.18</b>	<b>3.83</b>	<b>22,352.19</b>
Profit for the year for continuing and discontinuing operations	-	-	-	-	2,513.47	-	-	<b>2,513.47</b>
Other comprehensive income/(loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	(10.52)	0.29	1.26	<b>(8.97)</b>
Payment of dividend (refer note 47)	-	-	-	-	(403.50)	-	-	<b>(403.50)</b>
Exercise of employee stock options	-	21.08	-	(21.08)	-	-	-	-
Transfer to general reserve	-	-	0.12	(0.12)	-	-	-	-
Share based payments expense (refer note 41)	-	-	-	23.47	-	-	-	<b>23.47</b>
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>0.08</b>	<b>1,652.77</b>	<b>3,144.92</b>	<b>39.11</b>	<b>19,634.22</b>	<b>0.47</b>	<b>5.09</b>	<b>24,476.66</b>

The accompanying notes form an integral part of these standalone financial statements (note 1-54).

There are no prior period errors, and hence disclosure with respect to the restatement of the opening balance of "Equity share capital" and "Other equity" is not applicable.

As per our report of even date attached

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No. 504662

New Delhi, 12<sup>th</sup> May, 2023

For and on behalf of the **Board of Directors**

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Ashish Adukia**  
Global Chief Financial Officer

Mumbai, 12<sup>th</sup> May, 2023

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Rajendra Chopra**  
Company Secretary

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2023

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Cash flow from operating activities</b>		
<b>Profit before exceptional item and tax from:</b>		
<b>Continuing operations</b>	<b>3,626.44</b>	<b>3,804.38</b>
<b>Discontinuing/Restructuring operations (refer note 37)</b>	<b>58.73</b>	<b>100.70</b>
<b>Adjustments for:</b>		
Depreciation, impairment and amortisation expense	595.91	546.62
Interest expense	27.02	26.93
Unrealised foreign exchange (gain)/loss (net)	(43.69)	(1.45)
Share based payment expense	23.47	19.68
Allowances for credit loss (net)	(7.78)	14.19
Interest income on bank deposits and others	(133.50)	(57.25)
Interest income on income tax refund	(25.24)	(15.64)
Dividend income	(14.92)	(403.32)
Sundry balance written off (net)	0.45	24.05
Net gain on sale of current investments carried at fair value through profit or loss	(118.13)	(64.00)
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(13.89)	(3.23)
Net gain on sale/disposal of property, plant and equipment	(11.02)	(0.72)
Rent income	(9.11)	(12.60)
<b>Operating profit before working capital changes</b>	<b>3,954.74</b>	<b>3,978.34</b>
<b>Adjustments for working capital:</b>		
Decrease/(increase) in inventories	185.18	(433.56)
(Increase)/decrease in trade and other receivables	(51.56)	225.70
Increase/(decrease) in trade payables and other liabilities	30.95	(63.02)
<b>Cash generated from operations</b>	<b>4,119.31</b>	<b>3,707.46</b>
Income taxes paid (net of refunds)	(1,084.26)	(934.03)
<b>Net cash flow generated from operating activities (a)</b>	<b>3,035.05</b>	<b>2,773.43</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment {refer note (ii) below}	(586.40)	(305.04)
Purchase of intangible assets (including intangible asset under development)	(97.75)	(26.64)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	29.93	11.18
Investments in associates	(50.90)	(15.43)
Investments in subsidiaries	(337.77)	(1,173.43)
(Purchase)/Sale of current investments (net)	(600.63)	33.27
Change in other bank balance and cash not available for immediate use	(463.63)	(1,444.21)
Interest received	113.77	40.65
Long term loan given to subsidiaries	(71.20)	-
Short term loan given to subsidiaries	(772.40)	-
Proceeds from loan given to subsidiaries	55.00	-
Dividend received	14.92	403.32
Rent received	9.11	12.60
<b>Net cash flow used in investing activities (b)</b>	<b>(2,757.95)</b>	<b>(2,463.73)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOSs)	0.07	0.07
Interest paid	(7.80)	(3.84)
Payment of lease liabilities	(13.54)	(19.60)
Dividend paid	(403.50)	(403.35)
<b>Net cash flow used in financing activities (c)</b>	<b>(424.77)</b>	<b>(426.72)</b>
<b>Net decrease in cash and cash equivalents (a+b+c)</b>	<b>(147.67)</b>	<b>(117.02)</b>
Cash and cash equivalents at the beginning of the year	177.29	294.72
Exchange difference on translation of foreign currency cash and cash equivalents	(0.14)	(0.41)
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>29.48</b>	<b>177.29</b>

The accompanying notes form an integral part of these standalone financial statements (note 1-54).

# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2023

## Notes:

- The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7- *Statement of Cash Flows*.
- Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment properties adjusted for movement of capital work in progress, capital advances, capital creditors during the year.
- There is no borrowing in current year and previous year, hence net debt movement as required by Indian Accounting Standard (Ind AS) 7 - *Statement of Cash Flows* is not applicable.

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662

**Ashish Adukia**  
Global Chief Financial Officer

**Rajendra Chopra**  
Company Secretary

New Delhi, 12<sup>th</sup> May, 2023

Mumbai, 12<sup>th</sup> May, 2023

# Notes to the Standalone Financial Statements

## Corporate information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Company has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

## Note 1 - Significant accounting policies and key accounting estimates and judgements

### 1.1 Basis of preparation

#### (i) Compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company as at and for the year ended 31<sup>st</sup> March, 2023 have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], and presentation requirements of Division II of Schedule III to the Companies Act, 2013 as amended from time to time, guidelines issued by the Securities and Exchange Board of India (SEBI) and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31<sup>st</sup> March, 2023.

#### (ii) Basis of measurement

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right-of-use assets– measured at fair value; and
- Share based payments – measured at fair value.

#### (iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

#### (iv) Functional currency and rounding of amounts

The financial statements are presented in Indian Rupee (₹) which is also the functional currency of the Company. All amounts disclosed in the financial statements and notes have been rounded-off to the nearest crores or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores.

## 1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - *Presentation of Financial Statements*.

### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

### Liabilities:

A liability is classified as current when it satisfies any of the following criteria;

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

# Notes to the Standalone Financial Statements

## 1.3 Use of estimates and judgements

The preparation of financial statements requires management of the Company to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

### 1.3.1 Judgements

#### (i) Leases

Ind AS 116 - *Leases* requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

#### (ii) Income taxes

Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred

income tax assets are deductible, management believes that the company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

#### (iii) Research and developments costs

Internal research and development (R&D) expenses are fully charged to "Other expenses" in the profit or loss in the period in which they are incurred. The Company considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market.

Payments made to third parties, such as contract research and development organizations in compensation for subcontracted R&D, that are deemed not to transfer intellectual property to Company are expensed as internal R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, usually when marketing approval has been received from a regulatory authority in a major market.

Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are capitalized, as are payments for other assets, such as technologies to be used in R&D activities. If additional payments are made to the originator company to continue performing R&D activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they are deemed to be compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to Company. Such additional payments will be capitalized if they are deemed to be compensation for the transfer of additional intellectual property developed at the risk of the originator company. Subsequent internal R&D costs in relation to IPR&D and other assets are expensed, since the technical feasibility of the internal R&D activity can only be demonstrated by the receipt of marketing approval for a related product from a regulatory authority in a major market.

#### (iv) Provisions and contingent liabilities

The Company exercises judgement in determining if a particular matter is possible, probable or remote. The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in

# Notes to the Standalone Financial Statements

assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

#### (v) Business combinations

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date, determining whether control is transferred from one party to another and whether acquisition constitute a business or asset acquisition. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

### 1.3.2 Estimates

#### (i) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment, and intangibles assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### (ii) Refund liabilities

The Company accounts for sales returns accrual by recording refund liabilities concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

At the time of recognising the refund liability, the Company also recognises an asset, (i.e., the right to the returned goods to the extent goods are saleable in market) which is included in inventories for the products expected to be returned and sold. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### (iii) Provision for rebates and discounts

Provisions for rebates, discounts and other deductions are estimated and provided for in the year of sales and recorded as reduction of revenue. Provisions for such rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with customers.

#### (iv) Inventories obsolescence

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory obsolescence to reflect its actual experience on a periodic basis.

#### (v) Expected credit loss

In accordance with Ind AS 109 - *Financial Instruments*, the Company applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

# Notes to the Standalone Financial Statements

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

## (vi) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

## (vii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

## (viii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 1.4 Property, plant and equipment and Capital work-in-progress

### (i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies, and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (refer note 1.8 for more details). The Company had applied for the one-time transition exemption of considering the carrying cost on the transition date i.e., 1<sup>st</sup> April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognised in the profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision is met.

Software for internal use, which is primarily acquired from third-party vendors, and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related property, plant and equipment. Subsequent costs associated with maintaining such software are recognised as expense as incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

# Notes to the Standalone Financial Statements

## (ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 as per straight-line method except for certain assets where management believes and based on the technical evaluation and assessment that the useful lives adopted by it best represent the period over which an asset is expected to be available for use.

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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings - Factory and Administrative Buildings	30 to 99 years
Buildings - Ancillary structures	3 to 10 years
Plant and equipment	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	8 years
Computers	3 years

## (iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

## 1.5 Intangible assets

### (i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of upfront and milestones payments and are capitalised following a cost accumulation approach to variable payments (milestones) when receipt of economic benefits out of the separately purchased transaction is considered to be probable. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any (refer note 1.8 for more details). Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

## (ii) In-Process Research and Development assets ("IPR&D") or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an In-Process Research or Development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset.

## (iii) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the profit or loss.

## (iv) Amortisation

The Company amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

Intangible assets	Useful Life
Marketing intangibles	2 to 10 years
Trademarks	2 to 10 years
Technical Know-how	2 to 10 years
Brands	2 to 10 years
Computer software	3 to 6 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

The amortisation expense on intangible assets with finite life is recognised in profit or loss under the head depreciation, impairment and amortisation expense.

## (v) De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

## 1.6 Discontinued operations and assets classified as held for sale

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and:

# Notes to the Standalone Financial Statements

- represents a separate major line of business or geographical area of operations and;
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

The result of discontinued operations are presented separately as a single amount as profit or loss after tax from discontinued operations in the Profit or Loss.

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

## 1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment properties. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

## 1.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the

Company estimates the asset's recoverable amount. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31<sup>st</sup> March.

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit or loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 1.9 Borrowing costs

Borrowing costs consists of interest, amortisation of discount, 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, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Profit or Loss.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment

# Notes to the Standalone Financial Statements

of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset.

## 1.10 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date, exchange rates are recognised in the profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

## 1.11 Inventories

Inventories consists of raw materials and packing materials, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realizable value.

Cost of inventories is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Raw materials and packing materials are considered at replacement cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of consumables, engineering spares (such as machinery spare parts), which are used in operating machines or consumed as indirect materials in the manufacturing process.

## 1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is initially recognised as deferred income at fair value and subsequently are recognised in profit or loss as other income on a systematic basis over the expected useful life of the related asset.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from government authority are recognised in the profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## 1.13 Revenue recognition

As per Ind AS 115 "Revenue from contracts with customers" - A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold and services rendered is net of estimated incentives, returns, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

### (i) Sale of products

The majority of customer contracts that the Company enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Company records product sales net of estimated incentives/discounts, returns, and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. The Company estimates the amount of variable consideration using the expected value method or historical record of performance of similar contracts.



# Notes to the Standalone Financial Statements

## (ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Control in respect of ownership of generic products are transferred by the Company when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

## (iii) Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. The Company enters into collaborations and out-licensing arrangement of the Company's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Company accounts for IP rights and other associated services separately if they are distinct - i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Company has a present right to payment and risk and rewards of ownership is transferred to the customer.

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Company estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which method the Company expects to better predict the amount of consideration to which it will be entitled.

## (iv) Service fee

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

## (v) Profit sharing revenues

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at

a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

## (vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## (vii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

## (viii) Other Income (other than interest and dividend income)

Other Income consists of litigation settlement income, rent income, insurance claim, miscellaneous income and is recognised when it is probable that economic benefits will flow to the company and amount of income can be measured reliably.

## (ix) Contract balances

### Contract assets

A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a

# Notes to the Standalone Financial Statements

customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## 1.14 Employee benefits

### (i) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages etc., and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension Scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the profit or loss for the year when the contributions to the respective funds accrue. The Company does not have any obligation other than the contribution made.

### (iii) Defined benefit plans

#### a) Employees' provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan is a defined benefit obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by government-administered provident fund. A part of the Company's contribution is transferred

to government-administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the profit or loss under "Employee benefits expense".

### b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

### (iv) Other benefit plans

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the profit or loss and are not deferred.

### (v) Termination benefits

Termination benefits are recognised in the profit or loss when:

- the Company has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and

# Notes to the Standalone Financial Statements

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## (vi) Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

## 1.15 Share based payments

### a) Equity settled share based payment transactions

The Company operates equity settled share based remuneration plans for its employees.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options / Employee stock appreciation rights". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Company and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share based remuneration is ultimately recognised as an expense in the profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### b) Cash settled share based payment transactions

The fair value of the amount payable to employees in respect of share based payment transactions which are settled in cash is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share based payment transaction. Any changes in the liability are recognised in the profit or loss.

## 1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

### (i) Current income tax

Current income tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (ii) Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available

# Notes to the Standalone Financial Statements

to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

### (iii) Uncertain tax positions

Accruals for uncertain tax positions require management to make judgements of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

## 1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### (i) Company as a lessee

The Company's lease asset classes primarily consist of leases for land, buildings, plant & equipment and computers. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset throughout the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

# Notes to the Standalone Financial Statements

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## (ii) Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

## (iii) Arrangements in the nature of lease

The Company enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Company applies the requirements of Ind AS 116 - *Leases* to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 - *Leases*, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

## 1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investments with an original maturity of three months or less.

## 1.19 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments

of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## Provision for onerous contracts:

A provision for onerous contracts is recognised in the profit or loss when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

## 1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1.21 Fair value measurement

The Company measures financial instruments at fair value at each reporting date.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### (i) Financial assets

#### (a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

# Notes to the Standalone Financial Statements

## (b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price under Ind AS 115 "*Revenue from Contracts with Customers*".

## (c) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments measured at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments measured at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

## (d) Equity investments

All equity investments in scope of Ind AS 109-*Financial Instruments* are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss. Transaction cost of financial assets at FVTPL are expensed in profit or loss.

## (e) Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the profit or loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and associates at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1<sup>st</sup> April, 2015.

## (f) De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## (g) Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Losses ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortised cost, e.g. loans and deposits;

# Notes to the Standalone Financial Statements

- Financial assets that are debt instruments and are measured at fair value through other comprehensive income (FVTOCI)
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), if the credit risk on a financial instrument has not increased significantly; or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument), if the credit risk on a financial instrument has increased significantly.

In accordance with Ind AS 109 - *Financial Instruments*, the Company applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the writeoff. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## (ii) Financial liabilities

### (a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

### (b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

### (c) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109- *Financial Instruments*. Separated embedded

# Notes to the Standalone Financial Statements

derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 - *Financial Instruments* are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in profit or loss. The Company has not designated any financial liability as fair value through profit or loss.

## (d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings.

## (e) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

## (iii) Derivative financial instruments

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

## Fair value hedges:

The Company uses derivative forward contracts to hedge its foreign currency risks. 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 at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expire or sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

## Cash flow hedge

The Company classifies its foreign exchange forward and currency option contracts that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'Other income/ expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to profit or loss.

## (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability

# Notes to the Standalone Financial Statements

simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## (v) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model as per Ind AS 109- *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115 – *Revenue from contracts with customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

## 1.22 Business combinations

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company.

Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method.

## 1.23 Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the profit or loss and in the notes forming part of the financial statements.

## 1.24 Recent accounting pronouncement

New and amended standards adopted by the Company:

The Company has applied the following amendments for the first time for their annual reporting period commencing 1<sup>st</sup> April, 2022

- Amendment to Ind AS 16, *Property, Plant and Equipment's, Accounting for proceeds before intended use*
- Amendment to Ind AS 37, *Provisions, Contingent liabilities, and Contingent Assets, Clarification on determining costs to fulfil an onerous contract*
- Amendment to Ind AS 103, *Business Combinations, Reference to the Conceptual Framework for Financial Reporting.*

# Notes to the Standalone Financial Statements

- Amendment to Ind AS 109, *Financial Instruments, derecognition of financial liabilities*

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## New amendments issued but not effective.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31<sup>st</sup> March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023. The effective date for adoption of this amendment is annual periods beginning on or after 1<sup>st</sup> April, 2023. These amendments are not expected to have a material impact on the Company or future reporting periods and on foreseeable future transactions.

- **Amendment to Ind AS 1 - Presentation of Financial Statements** - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

- **Amendment to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

- **Amendment to Ind AS 12 - Income Taxes** - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

# Notes to the Standalone Financial Statements

## Note 2.1: Property, plant and equipment

₹ in crores

Particulars	Freehold land <sup>iv</sup>	Buildings and flats <sup>i&amp;iv</sup>	Plant and equipment <sup>ii</sup>	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Gross block</b>							
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>39.15</b>	<b>1,910.01</b>	<b>4,077.85</b>	<b>108.26</b>	<b>96.54</b>	<b>7.24</b>	<b>6,239.05</b>
Additions for the year	-	16.26	357.73	3.87	6.83	0.53	385.22
Transfer from investment property (refer note 3)	-	64.69	0.77	0.92	1.06	-	67.44
Deletions and adjustments during the year	-	(0.05)	(50.79)	(0.40)	(0.66)	(0.16)	(52.06)
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>39.15</b>	<b>1,990.91</b>	<b>4,385.56</b>	<b>112.65</b>	<b>103.77</b>	<b>7.61</b>	<b>6,639.65</b>
Additions for the year	5.33	5.82	324.36	5.06	12.12	0.37	353.06
Transfer from investment property (refer note 3)	-	-	-	-	-	-	-
Deletions and adjustments during the year	-	(5.76)	(93.33)	(3.37)	(6.08)	(0.42)	(108.96)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>44.48</b>	<b>1,990.97</b>	<b>4,616.59</b>	<b>114.34</b>	<b>109.81</b>	<b>7.56</b>	<b>6,883.75</b>
<b>Depreciation and impairment</b>							
<b>Accumulated balance as at 1<sup>st</sup> April, 2021</b>	-	<b>324.53</b>	<b>2,200.01</b>	<b>65.20</b>	<b>75.81</b>	<b>4.23</b>	<b>2,669.78</b>
Depreciation charge for the year	-	58.57	364.00	7.93	6.70	0.61	437.81
Impairment charge for the year <sup>iii</sup>	-	0.07	9.51	0.08	0.01	-	9.67
Transfer from investment property (refer note 3)	-	7.20	0.53	0.63	1.00	-	9.36
Deletions and adjustments during the year	-	(0.01)	(40.77)	(0.34)	(0.62)	(0.14)	(41.88)
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	-	<b>390.36</b>	<b>2,533.28</b>	<b>73.50</b>	<b>82.90</b>	<b>4.70</b>	<b>3,084.74</b>
Depreciation charge for the year	-	59.54	360.66	7.57	6.70	0.64	435.11
Impairment charge for the year <sup>iii</sup>	-	0.17	3.97	0.01	0.00	-	4.15
Deletions and adjustments during the year	-	(1.13)	(80.30)	(2.83)	(5.29)	(0.37)	(89.92)
<b>Accumulated balance as at 31<sup>st</sup> March, 2023</b>	-	<b>448.94</b>	<b>2,817.61</b>	<b>78.25</b>	<b>84.31</b>	<b>4.97</b>	<b>3,434.08</b>
<b>Net block</b>							
<b>As at 31<sup>st</sup> March, 2023</b>	<b>44.48</b>	<b>1,542.03</b>	<b>1,798.98</b>	<b>36.09</b>	<b>25.50</b>	<b>2.59</b>	<b>3,449.67</b>
<b>As at 31<sup>st</sup> March, 2022</b>	<b>39.15</b>	<b>1,600.55</b>	<b>1,852.28</b>	<b>39.15</b>	<b>20.87</b>	<b>2.91</b>	<b>3,554.91</b>

- The gross value of buildings and flats include the cost of shares in co-operative housing societies.
- The above additions to property, plant and equipment during the year includes ₹ 26.48 crores (31<sup>st</sup> March, 2022: ₹ 16.54 crores) used for research and development.
- The impairment charge for the year ₹ 4.15 crores (31<sup>st</sup> March, 2022: ₹ 9.67 crores) includes impairment charge on certain assets that have been assessed as non-usable by the management and has been recorded at scrap value less cost to sell.
- The title deeds of the immovable properties are held in the name of the Company.
- The Company has not revalued its property, plant and equipment.
- The Company has not created any charge on its property, plant and equipment.
- Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores.

## Note 2.2: Leases

Following are the changes in the carrying value of right of use assets:

₹ in crores

Particulars	Category of ROU asset				
	Land	Buildings and Flats	Computers	Plant and Equipment	Total
<b>Balance recognised as at 1<sup>st</sup> April, 2021</b>	<b>63.74</b>	<b>31.66</b>	<b>8.48</b>	-	<b>103.88</b>
Additions during the year	-	-	-	-	-
Deletions during the year	-	(9.01)	-	-	(9.01)
Depreciation charge for the year	(2.16)	(10.00)	(7.01)	-	(19.17)
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>61.58</b>	<b>12.65</b>	<b>1.47</b>	-	<b>75.70</b>
Additions during the year	-	40.64	-	0.42	41.06
Deletions during the year	(0.51)	(0.11)	-	-	(0.62)
Depreciation charge for the year	(2.14)	(14.48)	(1.34)	(0.02)	(17.98)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>58.93</b>	<b>38.70</b>	<b>0.13</b>	<b>0.40</b>	<b>98.16</b>

- The lease agreements for immovable properties where the Company is the lessee are duly executed in favour of the Company.
- The Company has not revalued its Right-of-use assets.
- The weighted average incremental borrowing rate applied to lease liability is in the range of 8.50% to 12.45%. (31<sup>st</sup> March, 2022: 8.50% to 12.00%)

# Notes to the Standalone Financial Statements

## Note 2.2: Leases (Contd.)

The following is the break-up of current and non-current lease liabilities:

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Current lease liabilities	14.56	7.92
Non-current lease liabilities	35.53	15.53
<b>Total</b>	<b>50.09</b>	<b>23.45</b>

The following is the movement in lease liabilities:

₹ in crores

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>23.45</b>	<b>52.12</b>
Additions during the year	40.64	-
Deletions, modifications and adjustments during the year	(0.46)	(9.07)
Finance cost accrued during the year	6.77	3.78
Payment of lease liabilities (outflow)	(20.31)	(23.38)
<b>Closing balance</b>	<b>50.09</b>	<b>23.45</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Less than one year	18.03	11.69
One to five years	41.66	14.71
More than five years	7.92	-
<b>Total</b>	<b>67.61</b>	<b>26.40</b>
Less: Financial component	(17.52)	(2.95)
	<b>50.09</b>	<b>23.45</b>

## Note 2.4: Details of capital work-in-progress

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>186.26</b>	<b>275.04</b>
Additions during the year	612.62	302.47
Capitalised during the year	(353.06)	(384.96)
Impairment during the year <sup>i</sup>	(4.29)	(6.29)
<b>Closing balance</b>	<b>441.53</b>	<b>186.26</b>

- The impairment loss relates to certain capital work-in-progress that has been assessed as non-usable by the management and has been recorded at the scrap value less cost to sell.

## Note 2.2: Leases (Contd.)

Rental expense recorded for short-term leases during the year is ₹ 46.76 crores (31<sup>st</sup> March, 2022: ₹ 41.88 crores)

Right-of-use asset	Range of remaining term	
	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Leasehold land	7 to 92 years	7 to 93 years
Buildings and flats	1 to 7 Years	1 to 6 years
Computers	1 Year	1 to 2 years
Plant and Equipment	10 Years	-

## Note 2.3: (a) Assets classified as held for sale/transfer

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Assets related to Discontinued / Restructuring operation (refer note 37)	-	98.87
	<b>-</b>	<b>98.87</b>

## Note 2.3: (b) Liabilities directly associated with assets classified as held for sale/transfer

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Liabilities related to Discontinued/ Restructuring operation (refer note 37)	-	26.97
	<b>-</b>	<b>26.97</b>

# Notes to the Standalone Financial Statements

## Note 2.4: Details of capital work-in-progress (Contd..)

### ii. Capital work-in-progress ageing schedule

The table below provides details regarding the CWIP ageing schedule as of 31<sup>st</sup> March, 2023:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	376.30	32.81	9.47	22.95	441.53
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>376.30</b>	<b>32.81</b>	<b>9.47</b>	<b>22.95</b>	<b>441.53</b>

The table below provides details regarding the CWIP ageing schedule as of 31<sup>st</sup> March, 2022:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	142.65	17.62	5.49	20.50	186.26
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>142.65</b>	<b>17.62</b>	<b>5.49</b>	<b>20.50</b>	<b>186.26</b>

### iii. CWIP completion schedule

There are no projects under capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 3: Investment properties

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Gross block</b>		
<b>Opening balance</b>	<b>74.74</b>	<b>142.18</b>
Deductions/adjustments	(0.22)	-
Transfer to property, plant and equipment (refer note 2.1)	-	(67.44)
<b>Closing balance</b>	<b>74.52</b>	<b>74.74</b>
<b>Accumulated depreciation</b>		
<b>Opening balance</b>	<b>11.39</b>	<b>18.39</b>
Transfer to property, plant and equipment	-	(9.36)
Depreciation for the year (refer note 3.4)	1.41	2.36
<b>Closing balance</b>	<b>12.80</b>	<b>11.39</b>
<b>Net block</b>	<b>61.72</b>	<b>63.35</b>
<b>Fair value</b>	<b>121.33</b>	<b>120.07</b>

Rental income recognised in profit or loss for investment properties aggregates to ₹ 9.11 crores (31<sup>st</sup> March, 2022: ₹ 12.60 crores). Total direct operating expenses from property that generated rental income and that did not generate rental income aggregates to ₹ 0.37 crores (31<sup>st</sup> March, 2022: ₹ 0.37 crores).

#### Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economic factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement is categorised in level 3 fair value hierarchy (refer note 4.5).

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Less than one year	2.54	8.60
One to five years	0.56	1.89
More than five years	-	-
<b>Total</b>	<b>3.10</b>	<b>10.49</b>

# Notes to the Standalone Financial Statements

## Note 4: Intangible assets

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
	<b>Gross block</b>					
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>208.66</b>	<b>131.33</b>	<b>4.67</b>	<b>169.32</b>	<b>66.45</b>	<b>580.43</b>
Additions for the year	9.24	8.25	-	0.18	0.10	17.77
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>217.90</b>	<b>139.58</b>	<b>4.67</b>	<b>169.50</b>	<b>66.55</b>	<b>598.20</b>
Additions for the year	13.62	99.71	-	3.13	-	116.46
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>231.52</b>	<b>239.29</b>	<b>4.67</b>	<b>172.63</b>	<b>66.55</b>	<b>714.66</b>
<b>Amortisation and impairment</b>						
<b>Accumulated balance as at 1<sup>st</sup> April, 2021</b>	<b>187.29</b>	<b>82.91</b>	<b>4.67</b>	<b>25.16</b>	<b>10.89</b>	<b>310.92</b>
Amortisation charge for the year	17.97	19.45	-	15.78	13.07	66.27
Impairment charge for the year <sup>1</sup>	-	5.05	-	-	-	5.05
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	<b>205.26</b>	<b>107.41</b>	<b>4.67</b>	<b>40.94</b>	<b>23.96</b>	<b>382.24</b>
Amortisation charge for the year	12.30	18.59	-	15.92	13.11	59.92
Impairment charge for the year <sup>1</sup>	-	73.05	-	-	-	73.05
<b>Accumulated balance as at 31<sup>st</sup> March, 2023</b>	<b>217.56</b>	<b>199.05</b>	<b>4.67</b>	<b>56.86</b>	<b>37.07</b>	<b>515.21</b>
<b>Net block</b>						
<b>As at 31<sup>st</sup> March, 2023</b>	<b>13.96</b>	<b>40.24</b>	<b>-</b>	<b>115.77</b>	<b>29.48</b>	<b>199.45</b>
<b>As at 31<sup>st</sup> March, 2022</b>	<b>12.64</b>	<b>32.17</b>	<b>-</b>	<b>128.56</b>	<b>42.59</b>	<b>215.96</b>

- Due to change in market conditions and dynamics, the carrying amount of certain marketing intangibles has been reduced to its recoverable amount by recognition of an impairment loss in profit or loss.
- The Company has not revalued its intangible assets.

### Intangible assets under development

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>81.42</b>	<b>80.07</b>
Additions during the year	97.76	19.12
Capitalised during the year	(116.46)	(17.77)
<b>Closing balance</b>	<b>62.72</b>	<b>81.42</b>

### Acquisition of significant intangibles:

There were no significant acquisitions during the current and previous year.

### Contingent consideration (On achievement of sale target as per agreement):

As at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

### i. Intangible assets under development ageing schedule

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2023:

₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.26	0.44	14.34	43.68	62.72
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>4.26</b>	<b>0.44</b>	<b>14.34</b>	<b>43.68</b>	<b>62.72</b>

# Notes to the Standalone Financial Statements

## Note 4: Intangible assets (Contd..)

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2022:

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Projects in progress	10.85	15.76	22.33	
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>10.85</b>	<b>15.76</b>	<b>22.33</b>	<b>32.48</b>	<b>81.42</b>

### ii. Intangible assets under development completion schedule

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 5: Non-current investments

Particulars	No. of units	As at		
		31 <sup>st</sup> March, 2023	No. of units	31 <sup>st</sup> March, 2022
<b>(Unquoted, except otherwise stated)</b>				
<b>(A) Investment in equity instruments - carried at cost</b>				
<b>I. Investments in Subsidiaries</b>				
Equity shares of GoldenCross Pharma Limited of ₹ 10 each, fully paid	45,966	191.12	45,966	191.12
Equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each, fully paid <sup>i and viii</sup>	6,08,06,452	83.00	3,50,00,000	35.00
Equity shares of Meditab Specialities Limited of ₹ 1 each, fully paid	71,18,416	382.57	71,18,416	382.57
Meditab Specialities Limited (equity component of inter corporate deposits)	-	107.50	-	107.50
Equity shares of Cipla (EU) Limited of GBP 1 each, fully paid <sup>ii and ix</sup>	55,26,81,200	5,236.40	52,44,03,526	4,959.71
Equity shares of Cipla Medpro South Africa (Pty) Limited of 0.1 cent each, fully paid	45,07,40,684	2,081.09	45,07,40,684	2,081.09
Equity shares of Cipla Holding B.V. of EUR 100 each, fully paid	1,00,367	80.48	1,00,367	80.48
Equity shares of Cipla Pharma and Life Sciences Limited of ₹ 10 each, fully paid	25,87,08,433	80.96	25,87,08,433	80.96
Equity shares of Saba Investment Limited of USD 1 each, fully paid <sup>vii</sup>	1,74,27,511	44.89	1,74,27,511	230.79
Equity shares of Jay Precision Pharmaceuticals Private Limited of ₹ 10 each, fully paid	24,06,000	96.24	24,06,000	96.24
Equity shares of Cipla Health Limited of ₹ 10 each, fully paid	23,25,213	631.51	23,25,213	631.51
Equity shares of Cipla Digital Health Limited of ₹ 10 each, fully paid <sup>iii and x</sup>	1,35,00,000	13.50	5,00,000	0.50
Equity shares of Cipla USA Inc of USD 0.01 each, fully paid <sup>iv</sup>	1	0.08	-	-
<b>Sub-total (I)</b>		<b>9,029.34</b>		<b>8,877.47</b>
<b>II. Investments in associate</b>				
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid	6,927	1.80	6,927	1.80
Class A Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>vi</sup>	4,618	8.25	-	-
Equity Shares of Achira Labs Private Limited of ₹ 1 each, fully paid <sup>v</sup>	1,04,074	2.00	-	-
<b>Sub-total (II)</b>		<b>12.05</b>		<b>1.80</b>
<b>Total (A)</b>		<b>9,041.39</b>		<b>8,879.27</b>

# Notes to the Standalone Financial Statements

## Note 5: Non-current investments (Contd..)

Particulars	No. of units	As at		
		31 <sup>st</sup> March, 2023	No. of units	31 <sup>st</sup> March, 2022
<b>(B) Investment in associate - carried at amortised cost</b>				
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid <sup>xi</sup>	1,01,800	0.01	1,01,800	0.01
Equity Shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid <sup>xii</sup>	7,50,000	0.07	7,50,000	0.06
<b>Total (B)</b>		<b>0.08</b>		<b>0.07</b>
<b>(C) Investment in equity instruments - carried at fair value through profit or loss (FVTPL)</b>				
Equity shares of Saraswat Co-operative Bank Limited of ₹ 10 each, fully paid ₹ 10,000 (31 <sup>st</sup> March, 2022: ₹ 10,000)	1,000	0.00	1,000	0.00
<b>Total (C)</b>		<b>0.00</b>		<b>0.00</b>
<b>(D) Investment in equity instruments - carried at fair value through other comprehensive income (FVTOCI)</b>				
Equity Shares of Swasth Digital Health Foundation of ₹ 100 each, fully paid <sup>xiii</sup>	5,000	0.05	5,000	0.05
<b>Total (D)</b>		<b>0.05</b>		<b>0.05</b>
<b>(E) Investment in Preference Shares- carried at cost</b>				
<b>Investments in associate</b>				
0.001% Compulsorily Convertible Preference Shares of GoApptiv Private Limited ₹ 10 each	27,706	7.20	27,706	7.20
0.001% Compulsorily Convertible Non-Cumulative Preference Shares of GoApptiv Private Limited ₹ 10 each <sup>vi</sup>	9,889	17.65	-	-
Compulsorily Convertible Preference Shares of Achira Labs Private Limited ₹ 10 each <sup>v</sup>	10,32,949	23.00	-	-
<b>Total (E)</b>		<b>47.85</b>		<b>7.20</b>
<b>(F) Investments in debentures - carried at amortised cost</b>				
<b>Investments in associate</b>				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid <sup>xi</sup>	1,00,742	0.89	1,00,742	0.80
0.01% Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid <sup>xii</sup>	67,500	0.62	67,500	0.56
<b>Total (F)</b>		<b>1.51</b>		<b>1.36</b>
<b>(G) Investment in Limited Liability Partnership (LLP) - carried at amortised cost</b>				
<b>Investments in associates</b>				
Clean Max Auriga Power LLP <sup>xiv</sup>	-	6.40	-	6.68
<b>Total (G)</b>		<b>6.40</b>		<b>6.68</b>
<b>(H) Investment in Limited Liability Partnership (LLP) - carried at fair value through other comprehensive income (FVTOCI)</b>				
ABCD Technologies LLP	-	40.62	-	40.25
<b>Total (H)</b>		<b>40.62</b>		<b>40.25</b>
<b>(I) Investment in government securities carried at amortised cost</b>				
National savings certificates ₹ 41,000 (31 <sup>st</sup> March, 2022: ₹ 41,000)		0.00		0.00
<b>Total (I)</b>		<b>0.00</b>		<b>0.00</b>
		<b>9,137.91</b>		<b>8,934.88</b>
Aggregate amount of unquoted investments		9,137.91		8,934.88
Aggregate amount of impairment in value of investment		1,156.10		970.20

### Notes for changes in current year:

i. During the year, pursuant to the Board resolution passed on 22<sup>nd</sup> March, 2023, the Company further invested ₹ 48.00 crores and acquired 2,58,06,452 equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each at ₹ 18.60 per share.

ii. During the year, pursuant to the Board resolutions passed on 29<sup>th</sup> July, 2022 and 4<sup>th</sup> November, 2022, the Company further invested ₹ 276.69 crores and acquired 2,82,77,674 equity shares of Cipla (EU) Limited of GBP 1 each.

iii. During the year, the Company further invested ₹ 13.00 crores and acquired 1,30,00,000 equity shares of Cipla Digital Health Limited of ₹ 10 each.



# Notes to the Standalone Financial Statements

- iv. During the year, pursuant to the Board resolutions passed on 4<sup>th</sup> November, 2022, the Company invested ₹ 0.08 crores and acquired 1 equity share of Cipla USA Inc of USD 0.01 each.
- v. On 17<sup>th</sup> June, 2022, the Company has entered into definitive agreements with Achira Labs Private Limited to acquire 21.05% stake on fully diluted basis for a total consideration of ₹ 25.00 crores. Pursuant to this, the Company acquired 1,04,074 equity shares of ₹ 1 each and 10,32,949 compulsorily convertible preference shares of ₹ 10 each. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 "Investments in associates and joint ventures".
- vi. On 27<sup>th</sup> June, 2022, the Company has entered into an definitive agreement for acquisition of additional stake for total consideration of ₹ 25.90 crores leading to cumulative holding of 22.02% stake on fully diluted basis.
- vii. As a part of impairment assessment, the Company has identified that Saba Investment Limited, on account of change in local regulations, business model change and market dynamics, the current recoverable amount would be less than the current carrying amount of investment and hence recognised impairment loss of ₹ 185.90 crores.

## Notes for changes in previous year:

- viii. The Company further invested ₹ 15.00 crores and acquired 1,50,00,000 equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each.
- ix. Pursuant to the Board resolutions passed on 14<sup>th</sup> May, 2021, 5<sup>th</sup> August, 2021, 26<sup>th</sup> October, 2021, the Company further invested ₹ 1,185.81 crores and acquired 11,59,04,062 equity shares of Cipla (EU) Limited of GBP 1 each.
- x. On 25<sup>th</sup> February, 2022, the Company has incorporated a new subsidiary, Cipla Digital Health Limited and subscribed its 5,00,000 equity shares of ₹ 10 each.
- xi. Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 23<sup>rd</sup> May, 2019 and amendments thereof, the Company has further invested ₹ 1.17 crores in AMPSolar Power Systems Private Limited, representing 11,800 equity shares of ₹ 10 each and 11,642, 0.01% Compulsory Convertible Debentures of ₹ 1,000 each. Further, there has been no change in the stake and has been accounted in the same manner as it was accounted at the time of initial investment.
- xii. Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 4<sup>th</sup> February, 2022, the Company has acquired 32.49% stake on fully diluted basis in AMP Energy Green Eleven Private Limited, representing 7,50,000 equity shares of ₹ 10 each and 67,500, 0.01% Compulsory Convertible debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each for a total consideration of ₹ 7.50 crores. Further, the Company also entered in a Power Purchase Agreement ('PPA') with AMP Energy Green Eleven Private Limited to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in agreement. As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Company will receive nominal value of its investment without any share of profit/loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.

- xiii. Pursuant to the Board resolutions passed on 5<sup>th</sup> August, 2021, the Company invested ₹ 0.05 crores and acquired 5,000 equity shares of Swasth Digital Health Foundation of ₹ 100 each. Swasth Digital Health Foundation is a Not-for-Profit initiative (registered under Section 8 of the Companies Act) that aims to leveraging digital technologies to improve healthcare outcomes and increase healthcare inclusion in India. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.
- xiv. Pursuant to Limited Liability Partnership Agreement ("LLP Agreement") dated 14<sup>th</sup> December, 2021 and amendments thereof, the Company has acquired 33% stake in Clean Max Auriga LLP ('Clean Max') for a total consideration of ₹ 6.75 crores. Further, the Company has also entered in a Power Purchase Agreement ('PPA') with Clean Max to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in the PPA. Further, in the event of termination of the contracts or completion of the PPA term, the Company will receive fair market value of its investment on the date of termination/ completion. Accordingly, the investment amount will be amortised over a period of 25 years. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.
- xv. The Company has further invested ₹ 4.78 crores, pursuant to tripartite agreement entered during the previous year wherein ESOP holders of Cipla Health Limited agreed to extinguish their right of exercise of ESOPs vested.

## Note 6: Loan

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, Considered good, except otherwise stated)</b>		
Loan to subsidiaries (refer note 40)*	131.09	-
	<b>131.09</b>	<b>-</b>

\*Loans have been granted for the purpose of business.

There are no loans which have significant increase in credit risk and which are credit impaired

- (i) Pursuant to Board resolutions passed on 25<sup>th</sup> January, 2022 and 16<sup>th</sup> March, 2022, the Company has granted unsecured loans of ₹ 114.89 crores and ₹ 65.20 crores to its wholly owned subsidiary Cipla Health Limited at an interest rate of 7.35%- 7.50% for certain asset/business acquisitions. Out of the above ₹ 52 crores has been repaid during the current year. The loans are repayable by 31<sup>st</sup> August, 2032 and 18<sup>th</sup> July, 2029 respectively.
- (ii) Pursuant to Board resolution passed on 26<sup>th</sup> October, 2021, the Company has granted unsecured loan of ₹ 6.00 crores to its wholly owned subsidiary Sitec Labs Limited at an interest rate of 6.88% for certain asset acquisitions. Out of the above ₹ 3 crores has been repaid during the current year. The loan is repayable by 20<sup>th</sup> September, 2027.

# Notes to the Standalone Financial Statements

## Note 7: Non-current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Margin deposits <sup>1</sup>	0.41	0.36
Fixed Deposits (maturity more than 12 months)	0.80	323.15
Security deposits	46.67	41.55
Amount recoverable from suppliers	7.66	7.04
	<b>55.54</b>	<b>372.10</b>

- i Amount held as margin money under lien to tax authority and electricity department.

## Note 8: Income taxes

The major components of income tax expense for the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 are:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>A. Profit or loss section</b>		
<b>On continuing operations</b>		
Current income tax charge	1,011.10	949.49
Adjustments in respect of deferred tax charge of previous year	10.39	14.34
Deferred tax credit/reversal on account of temporary differences	(50.48)	(42.03)
	<b>971.01</b>	<b>921.80</b>
<b>On discontinuing/restructuring operations</b>		
Current income tax charge	14.79	25.35
	<b>14.79</b>	<b>25.35</b>
<b>Total tax</b>	<b>985.80</b>	<b>947.15</b>
<b>B. Other Comprehensive income section:</b>		
<b>On continuing operations</b>		
Income tax relating to re-measurements gain on defined benefit plans	3.49	(4.15)
Income tax relating to changes in fair value of FVTOCI financial instruments	(0.08)	(0.07)
Income tax relating to cash flow hedge	(0.43)	2.37
	<b>2.98</b>	<b>(1.85)</b>
<b>On discontinuing/restructuring operations</b>		
Income tax relating to re-measurements gain on defined benefit plans	0.05	(0.18)
	<b>0.05</b>	<b>(0.18)</b>

## Note 8: Income taxes (Contd..)

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Profit before tax from continuing operations	3,440.54	3,804.38
Profit before tax from discontinuing/restructuring operations	58.73	100.70
<b>Profit before tax from operations</b>	<b>3,499.27</b>	<b>3,905.08</b>
At India's applicable statutory income tax rate of 25.168% (31 <sup>st</sup> March, 2022: 25.168%)	880.70	982.83
<b>Effect for:</b>		
Prior year adjustments to deferred tax	10.39	14.34
Deduction under Chapter VI-A of the Income Tax Act, 1961	(4.25)	(101.51)
Non-deductible expenses for tax purpose	81.43	63.23
Effect of impairment of investment	46.78	-
Others	(29.25)	(11.74)
<b>Income tax expense reported in the profit or loss relating to operations</b>	<b>985.80</b>	<b>947.15</b>
<b>Effective income tax rate</b>	<b>28.17%</b>	<b>24.25%</b>

Unrecognised deferred tax assets relate to capital losses for which no deferred tax asset has been recognised as the company believes that availability of taxable profit against which such temporary differences can be utilised is not probable. These unexpired capital losses will expire based on the year of origination as follows:

Details of expiration of unused capital losses as at 31<sup>st</sup> March, 2023

Particulars	₹ in crores	
	Tax Losses	
FY 2025-2026	86.39	
FY 2026-2027	18.20	
FY 2027-2028	24.91	
Thereafter	-	
	<b>129.50</b>	

Details of expiration of unused capital losses as at 31<sup>st</sup> March, 2022

Particulars	₹ in crores	
	Tax Losses	
FY 2025-2026	86.39	
FY 2026-2027	18.20	
Thereafter	24.91	
	<b>129.50</b>	

# Notes to the Standalone Financial Statements

## Note 8: Income taxes (Contd..)

The Company has ongoing disputes which includes receipt of demands, notices and inquiries from income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Company has disclosed amount of ₹ 20.52 crores (31<sup>st</sup> March, 2022: ₹ 20.52 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Company has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### C. Deferred tax:

#### Carrying value of deferred tax liabilities (net)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Carrying value of deferred tax liabilities (net)	36.13	79.25

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2023:

Particulars	₹ in crores			
	As at 31 <sup>st</sup> March, 2022	Profit or loss	Other comprehensive income	As at 31 <sup>st</sup> March, 2023
<b>Deferred tax assets/(liabilities):</b>				
Property, plant and equipment and intangible assets	(313.62)	27.69	-	(285.93)
Employee benefits expense	38.05	(0.71)	3.54	40.88
Fair value of FVTOCI financial instruments	(0.07)	-	(0.08)	(0.15)
Others*	73.11	10.33	(0.43)	83.01
Allowance for credit loss	27.40	0.95	-	28.35
Deferred revenue	11.67	(1.78)	-	9.89
Provision for right of return/discounts and others	84.21	3.61	-	87.82
<b>Deferred tax assets/(liabilities) (net)</b>	<b>(79.25)</b>	<b>40.09</b>	<b>3.03</b>	<b>(36.13)</b>

\*Others include provision for claims – DPCO, Hedge reserve, etc

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2022:

Particulars	₹ in crores			
	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	As at 31 <sup>st</sup> March, 2022
<b>Deferred tax assets/(liabilities):</b>				
Property, plant and equipment and intangible assets	(329.06)	15.44	-	(313.62)
Employee benefits expense	47.61	(5.23)	(4.33)	38.05
Fair value of FVTOCI financial instruments	-	-	(0.07)	(0.07)
Others*	63.82	6.92	2.37	73.11
Allowance for credit loss	24.95	2.45	-	27.40
Deferred revenue	13.45	(1.78)	-	11.67
Provision for right of return/discounts and others	74.32	9.89	-	84.21
<b>Deferred tax assets/(liabilities) (net)</b>	<b>(104.91)</b>	<b>27.69</b>	<b>(2.03)</b>	<b>(79.25)</b>

\*Others include provision for claims – DPCO, Hedge reserve, etc

### D. Tax assets and liabilities:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Income tax assets (net)	460.72	377.12
Income tax liabilities	-	-

# Notes to the Standalone Financial Statements

## Note 9: Other non-current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good, except otherwise stated)</b>		
Capital advances		
Secured, considered good #	0.69	0.89
Unsecured, considered good *	98.66	115.70
<b>Others</b>		
Prepaid expenses	24.20	23.47
VAT receivable	3.28	13.38
	<b>126.83</b>	<b>153.44</b>
# Secured against bank guarantees		
* Includes amount paid to wholly owned subsidiary - Meditab Specialities Limited (refer note 40)	<b>55.74</b>	<b>55.74</b>

## Note 10: Inventories

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Lower of cost and net realisable value)</b>		
Raw materials and packing materials	1,205.94	1,268.82
Work-in-progress	690.58	677.39
Finished goods	721.63	726.88
Stock-in-trade	567.27	780.47
Stores, spares and consumables	91.94	65.82
	<b>3,277.36</b>	<b>3,519.38</b>
Transferred to assets classified as held for sale/transfer (refer note 37)	-	(33.57)
	<b>3,277.36</b>	<b>3,485.81</b>

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Goods-in-transit included above</b>		
Raw materials and packing materials	32.20	59.41
Work-in-progress	31.88	29.86
Finished goods	78.49	63.76
Stock-in-trade	22.09	6.12
	<b>164.66</b>	<b>159.15</b>

## Ageing for trade receivables from the due date of payment for each of the category as at 31<sup>st</sup> March, 2023 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
			₹ in crores					
<b>a. Undisputed Trade receivables</b>								
- considered good	-	2,166.42	616.54	55.76	27.37	56.68	17.35	2,940.12
- credit impaired	-	-	-	-	-	-	-	-
<b>b. Disputed Trade receivables</b>								
- considered good	-	-	-	-	-	-	-	-
- credit impaired	-	-	0.40	-	2.44	5.78	40.99	49.61
	-	<b>2,166.42</b>	<b>616.94</b>	<b>55.76</b>	<b>29.81</b>	<b>62.46</b>	<b>58.34</b>	<b>2,989.73</b>

## Note 10: Inventories (Contd..)

The Company recorded inventory write down (net) of ₹ 246.36 crores (31<sup>st</sup> March, 2022: ₹ 494.86 crores) on account of inventory obsolescence. This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

## Note 11: Current investments

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Investment in mutual funds (quoted) (Carried at fair value through profit or loss)	2,771.44	2,038.80
<b>Aggregate amount of quoted investments</b>	<b>2,771.44</b>	<b>2,038.80</b>
<b>Aggregate market value of quoted investments</b>	<b>2,771.44</b>	<b>2,038.80</b>

## Note 12: Trade receivables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unsecured, considered good #	2,940.12	2,905.53
Unsecured, credit impaired	49.61	59.01
<b>Total</b>	<b>2,989.73</b>	<b>2,964.54</b>
Less: Allowance for expected credit loss	(101.24)	(104.76)
	<b>2,888.49</b>	<b>2,859.78</b>
Less: Transferred to assets classified as held for sale/transfer (refer note 37)	-	(65.30)
	<b>2,888.49</b>	<b>2,794.48</b>
# Includes amount due from related parties (refer note 40)	1,512.21	1,722.26

- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- There are no trade receivables (except which are already being provided) having significant increase in credit risk and trade receivables which are credit impaired.
- There are no debts due by Directors or other Officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any Director is a Partner or a Director or a Member except as disclosed in note 40.

# Notes to the Standalone Financial Statements

## Note 12: Trade receivables (Contd..)

Ageing for trade receivables (including ₹ 65.30 crores related to assets classified as held for sale/transfer) from the due date of payment for each of the category as at 31<sup>st</sup> March, 2022 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
<b>a. Undisputed Trade receivables</b>								
- considered good	-	2,007.89	680.59	84.95	104.20	8.52	19.38	2,905.53
- credit impaired	-	-	-	0.80	3.67	0.97	1.67	7.11
<b>b. Disputed Trade receivables</b>								
- considered good	-	-	-	-	-	-	-	-
- credit impaired	-	-	0.25	2.23	3.02	33.97	12.43	51.90
		<b>2,007.89</b>	<b>680.84</b>	<b>87.98</b>	<b>110.89</b>	<b>43.46</b>	<b>33.48</b>	<b>2,964.54</b>

## Note 13: Cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balances with banks		
- In Current accounts	20.79	36.28
- In EEFC accounts	7.80	132.37
- In fixed deposits (original maturity less than 3 months)	0.24	0.23
Remittance in transit <sup>i</sup>	0.04	7.61
Cash on hand	0.61	0.80
	<b>29.48</b>	<b>177.29</b>

There are no other repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period.

i. Remittance in transit from group entities.

## Note 14: Bank balance other than cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Bank deposits (original maturity between 3 months and 12 months)	923.34	1,234.82
Amount held as margin money to Government authority	2.50	4.01
Balance earmarked for unclaimed dividend*	11.14	11.91
	<b>936.98</b>	<b>1,250.74</b>

\* The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 15: Current financial assets - loans

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good, except otherwise stated)</b>		
<b>(Carried at amortised cost, except otherwise stated)</b>		
Loan to employees and others (refer note i below)	0.33	0.89
Loan to subsidiary (refer note 40) (refer notes ii,iii and v below)	772.40	-
	<b>772.73</b>	<b>0.89</b>

### Notes -

- In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10<sup>th</sup> March, 2015, loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
- There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, except as disclosed in note 40, that are:
  - repayable on demand; or
  - without specifying any terms or period of repayment
- Loans have been granted for the purpose of their business.
- There are no loans which have significant increase in credit risk and which are credit impaired.
- Pursuant to board resolutions passed on 4<sup>th</sup> November, 2022 and 25<sup>th</sup> January, 2023, the Company has granted an unsecured loan of ₹ 772.40 crores to its wholly owned subsidiary Cipla USA Inc at an interest rate of SOFR+140bps for working capital requirement. The loan is repayable by 15<sup>th</sup> March, 2024.

# Notes to the Standalone Financial Statements

## Note 16: Current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Incentives/ benefits receivable from Government	180.59	108.56
Deposits <sup>#</sup>	188.61	178.05
Derivatives not designated as hedge - carried at FVTPL*	-	17.73
Derivatives designated as hedge - carried at FVOCI*		
Forward contract	7.98	0.41
Options	-	0.34
Fixed deposits (having remaining maturity less than 12 months)	1,622.22	524.14
Amount held as margin money to Government authority	1.62	0.01
Advance gratuity (refer note 39)	-	9.30
Fixed deposit interest receivable	43.34	23.61
Other receivables (Dues from ex- employees, expense reimbursement receivable, etc.)		
Considered good	20.78	9.79
Considered doubtful	4.13	2.91
Less: Allowance for expected credit loss	(4.13)	(2.91)
	<b>2,065.14</b>	<b>871.94</b>

\*Refer note 45 for information about fair value measurement and effects of hedge accounting.

# Includes ₹ 175.08 crores as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 in respect of DPCO matter explained in note 38B.

## Note 17: Other current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good, except otherwise stated)</b>		
Advances to suppliers	108.16	111.31
Prepaid expenses	69.83	74.82
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	449.55	527.83
Other advances	1.97	1.13
	<b>629.51</b>	<b>715.09</b>

## Note 18: Equity share capital

Particulars	Numbers	₹ in crores	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised</b>			
Equity shares of ₹ 2/- each	87,50,00,000	175.00	175.00
		<b>175.00</b>	<b>175.00</b>
<b>Issued</b>			
Equity shares of ₹ 2/- each	80,71,50,593	161.43	161.36
		<b>161.43</b>	<b>161.36</b>
<b>Subscribed and paid-up</b>			
Equity shares of ₹ 2/- each, fully paid up	80,71,50,593	161.43	161.36
		<b>161.43</b>	<b>161.36</b>

## Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Number of shares outstanding at the beginning of the period	80,68,14,036	80,64,63,279
Add: Allotment of equity shares on exercise of employee stock options (ESOs) and Employee Stock Appreciation Rights (ESARs) (refer note 41)	3,36,557	3,50,757
<b>Number of shares outstanding at the end of the period</b>	<b>80,71,50,593</b>	<b>80,68,14,036</b>

# Notes to the Standalone Financial Statements

## Note 18: Equity share capital (Contd..)

### Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of shares	% of holdings	Number of shares	% of holdings
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

### Details of shares held by promoters in the Company

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.23%	(0.01%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.41%</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>(0.02%)</b>

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021		% Change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%	(1.67%)
M K Hamied	2,78,44,320	3.45%	3,45,67,572	4.29%	(0.84%)
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.23%	98,86,500	1.23%	0.00%
MN Rajkumar Garments LLP	-	0.00%	53,76,852	0.67%	(0.67%)
Alps Remedies Private Limited	-	0.00%	4,92,985	0.06%	(0.06%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>29,56,74,971</b>	<b>36.67%</b>	<b>(3.24%)</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

### Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

### Equity shares reserved for issue under employee stock options and share appreciation rights

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR holders as per the relevant schemes - refer note 41.

### Note 19: Other equity\*

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital reserve	0.08	0.08
Securities premium reserve	1,652.77	1,631.69
General reserve	3,144.92	3,144.80
Employee stock options/ESAR	39.11	36.84
Retained earnings	19,634.22	17,534.77
Investments through other comprehensive income	0.47	0.18
Cash flow hedge reserve	5.09	3.83
	<b>24,476.66</b>	<b>22,352.19</b>

\* For movement in other equity, refer Statement of Changes in Equity

# Notes to the Standalone Financial Statements

## Note 19: Other equity (Contd..)

### Other Comprehensive Income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation {refer note 39 (e)}	(14.09)	17.26
(ii) Changes in fair value of FVTOCI financial instruments	0.40	0.25
	<b>(13.69)</b>	<b>17.51</b>
(2) Income tax relating to items that will not be reclassified to profit or loss		
(i) Income tax relating to re-measurements of post-employment benefit obligation	3.54	(4.33)
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(0.08)	(0.07)
	<b>3.46</b>	<b>(4.40)</b>
B. (1) Items that will be reclassified to profit or loss		
(i) Cash flow hedge (refer note 45)	1.69	(9.38)
	<b>1.69</b>	<b>(9.38)</b>
(2) Income tax relating to items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge	(0.43)	2.37
	<b>(0.43)</b>	<b>2.37</b>

### Nature and purpose of reserve:-

#### Capital reserve

The Company recognised profit or loss on sale, issue, purchase or cancellation of the Company's own equity instruments to capital reserve. Capital reserve may be used by the Company only for some specific purpose.

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### General reserve

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purpose.

## Note 19: Other equity (Contd..)

### Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various schemes as per SEBI regulations. The reserve is used for the settlement of ESOS and ESAR (refer note 41).

### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

### Financial Instruments fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are de-recognised/disclosed off.

### Cash flow hedge reserve

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow (refer note 45).

## Note 20: Other financial liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
(Carried at amortised cost, except otherwise stated)		
Security deposits	53.81	53.13
	<b>53.81</b>	<b>53.13</b>

## Note 21: Provisions

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Non-current</b>		
Provision for employee benefits (refer note 39)	81.73	81.63
	<b>81.73</b>	<b>81.63</b>
<b>Current</b>		
Provision for employee benefits (refer note 39)	123.13	127.49
Provision for claims - DPCO (refer note below and note 38B)	125.38	118.49
Provision for anticipated claims on pricing	35.28	29.40
Provision for right of return/discounts and others (refer note below)	362.95	359.21
	<b>646.74</b>	<b>634.59</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 37)	-	3.20
	<b>646.74</b>	<b>631.39</b>

# Notes to the Standalone Financial Statements

## Note 21: Provisions (Contd..)

Provision is made for return/discount/refund liabilities and others in respect of products sold as per the contractual terms and conditions. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior year.

### Movement of provision for claims - DPCO, provision for anticipated claims on pricing and provision for return/discount/refund liabilities and others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Provision for claims - DPCO (refer note 38B)</b>		
<b>Balance at the beginning of the year</b>	<b>118.49</b>	<b>111.15</b>
Provided during the year	6.89	7.34
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>125.38</b>	<b>118.49</b>
<b>Provision for anticipated claims on pricing</b>		
<b>Balance at the beginning of the year</b>	<b>29.40</b>	<b>24.98</b>
Provided during the year	5.88	4.42
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>35.28</b>	<b>29.40</b>
<b>Provision for return/discount/refund liabilities and others</b>		
<b>Balance at the beginning of the year</b>	<b>359.21</b>	<b>326.88</b>
Provided during the year	563.32	573.68
Utilised/reversed/payout during the year	(559.58)	(541.35)
<b>Balance at the end of the year</b>	<b>362.95</b>	<b>359.21</b>

- These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
A. (i) Principal amount remaining unpaid	189.30	146.52
A. (ii) Interest amount remaining unpaid	-	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
D. Interest accrued and remaining unpaid	-	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Note: Identification of micro and small enterprises is basis the intimation received from vendors

## Note 22: Other non-current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Deferred government grants	1.96	2.20
Deferred revenue	49.48	44.38
Deferred lease income	-	0.04
	<b>51.44</b>	<b>46.62</b>

## Note 23: Trade payables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Total outstanding dues of micro enterprises and small enterprises (MSME)	189.30	146.52
	<b>189.30</b>	<b>146.52</b>
Total outstanding dues of creditors other than micro enterprises and small enterprises#	1,404.82	1,443.28
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 37)	-	(20.07)
	<b>1,404.82</b>	<b>1,423.21</b>
# Includes amount due to related parties (refer note 40)	174.23	136.38
	<b>1,594.12</b>	<b>1,569.73</b>

# Notes to the Standalone Financial Statements

## Note 23: Trade payables (Contd..)

Ageing for trade payables from the due date of payment for each of the category as at 31<sup>st</sup> March, 2023 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 Years	2-3 years	More than 3 years	
<b>a. Undisputed dues</b>							
- MSME	-	189.30	-	-	-	-	<b>189.30</b>
- Others	-	1,073.33	199.95	52.22	47.23	21.13	<b>1,393.86</b>
<b>b. Disputed dues</b>							
- MSME	-	-	-	-	-	-	<b>-</b>
- Others	-	-	-	-	0.57	10.39	<b>10.96</b>
	<b>-</b>	<b>1,262.63</b>	<b>199.95</b>	<b>52.22</b>	<b>47.80</b>	<b>31.52</b>	<b>1,594.12</b>

Ageing for trade payables (including ₹ 20.07 crores related to liabilities directly associated with assets held for sale/transfer) from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 Years	2-3 years	More than 3 years	
<b>a. Undisputed dues</b>							
- MSME	-	146.52	-	-	-	-	<b>146.52</b>
- Others	-	1,045.17	328.75	12.45	3.19	41.97	<b>1,431.53</b>
<b>b. Disputed dues</b>							
- MSME	-	-	-	-	-	-	<b>-</b>
- Others	-	11.18	-	0.57	-	-	<b>11.75</b>
	<b>-</b>	<b>1,202.87</b>	<b>328.75</b>	<b>13.02</b>	<b>3.19</b>	<b>41.97</b>	<b>1,589.80</b>

## Note 24: Other financial liabilities - current

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unclaimed dividend*	11.14	11.91
Security deposits	2.50	2.68
Capital creditors	53.66	45.03
Employee dues	96.63	84.79
Derivatives not designated as hedge - carried at FVTPL (refer note 45)	2.17	-
Derivatives designated as hedge - carried at FVOCI (refer note 45)	-	-
Options	3.34	-
Book overdraft	1.18	-
Import advance licences	22.92	17.10
Accrued expenses	44.80	41.42
	<b>238.34</b>	<b>202.93</b>

\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## Note 25: Other current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance from customers	28.66	51.38
Amount refundable to customers	25.81	12.60
Income received in advance	1.00	3.01
Other payables:		
Statutory dues	141.50	140.12
Deferred government grants	0.25	0.25
Deferred revenue	8.54	16.52
Deferred lease income	0.22	0.22
	<b>205.98</b>	<b>224.10</b>
Less: transferred to liabilities directly associated with assets classified as held for sale/transfer (refer note 37)	-	(3.70)
	<b>205.98</b>	<b>220.40</b>

## Notes to the Standalone Financial Statements

### Note 26: Revenue from sale of products

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Sale of products (refer note below)	14,690.14	15,378.36
Less: related to discontinuing/restructuring operations (refer note 37)	(171.35)	(325.88)
	<b>14,518.79</b>	<b>15,052.48</b>

### Ind AS-115 disclosures

#### (i) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follows:

Nature of revenue	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Sale of products</b>		
<b>India</b>		
Branded and trade generics	9,242.39	9,320.92
Others	61.17	169.80
<b>Export sales</b>		
North America (USA)	1,736.43	1,863.26
South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	921.17	984.53
Emerging Market (EM)	1,464.18	1,439.54
Europe	745.08	870.04
Active Pharmaceutical Ingredient (API) and others	519.72	730.27
	<b>14,690.14</b>	<b>15,378.36</b>

#### (ii) Reconciliation of revenue from sale of products and services with the contracted price

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Contracted price	15,403.11	16,295.06
Less: trade discounts, sales and expiry return	(712.97)	(916.70)
<b>Sale of product and services</b>	<b>14,690.14</b>	<b>15,378.36</b>

#### (iii) Contract assets

The Company recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31<sup>st</sup> March, 2023, the Company has ₹ 20.93 crores (31<sup>st</sup> March, 2022: ₹ 20.63 crores) as contract asset.

### Note 26: Revenue from sale of products (Contd..)

#### (iv) Contract liabilities

The Company records a contract liability when cash payments are received or due in advance of its performance.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance from customers	28.66	51.38
Amount refundable to customers	25.81	12.60
Deferred revenue	58.02	60.90

#### Deferred revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	60.90	179.65
Revenue recognised during the year	(8.32)	(122.68)
Variable consideration	-	-
Milestone payment received during the year	5.44	3.93
<b>Balance at the end of the year</b>	<b>58.02</b>	<b>60.90</b>
<b>Current</b>	8.54	16.52
<b>Non-Current</b>	49.48	44.38

#### (v) Information about major customers

No single external customer represents 10% or more of the Company's total revenue for the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 respectively.

### Note 27: Other operating revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Rendering of services	1.10	3.67
Export incentives	47.46	35.54
Technical know-how and licensing fees	36.12	60.46
Scrap sales	43.51	32.42
Sale of marketing and product license	8.51	10.17
Royalty income (refer note 40)	918.89	106.47
Goods and service tax area-based incentive	29.68	21.85
Production linked incentive (PLI)	118.96	-
Miscellaneous income <sup>i</sup>	67.58	57.76
	<b>1,271.81</b>	<b>328.34</b>

<sup>i</sup> Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

## Notes to the Standalone Financial Statements

### Note 28: Other income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Interest income -		
Loan to subsidiaries - carried at amortised cost (refer note 40)	12.38	-
Deposits	118.28	51.94
Income tax refund	25.24	15.64
Others	2.84	5.31
Dividend income -		
Subsidiaries - carried at amortised cost (refer note 40)	14.92	403.32
Other non-operating income:		
Government grants <sup>i</sup>	0.25	0.25
Net gain on foreign currency transaction and translation	92.59	65.77
Net gain on sale of current investment carried at FVTPL	118.13	64.00
Fair value gain on financial instruments at FVTPL	13.89	3.23
Net gain on disposal of property, plant and equipment	11.02	0.72
Insurance claim	16.84	8.58
Rent income	9.11	12.60
Corporate guarantee commission (refer note 40)	-	1.80
Income from vendor settlement	2.00	12.39
Miscellaneous income <sup>ii</sup>	19.30	21.15
	<b>456.79</b>	<b>666.70</b>

<sup>i</sup> Government grants pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

<sup>ii</sup> Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

### Note 29: Cost of materials consumed

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Semi-finished goods consumed	977.79	1,397.82
Raw material consumed	995.01	1,065.76
Packing material consumed	1,340.18	1,150.10
Cost of material supplied - others	262.58	160.09
<b>Total cost of materials consumed</b>	<b>3,575.56</b>	<b>3,773.77</b>
Less: related to discontinuing/restructuring operations (refer note 37)	(72.79)	(157.08)
	<b>3,502.77</b>	<b>3,616.69</b>

### Note 30: Purchases of stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Purchases of stock-in-trade	1,993.39	2,850.85
	<b>1,993.39</b>	<b>2,850.85</b>

### Note 31: Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Opening stock		
Work-in-progress	677.39	677.01
Finished goods	726.88	574.35
Stock-in-trade	780.47	384.08
	<b>2,184.74</b>	<b>1,635.44</b>
Less: Closing stock (refer note 10)		
Work-in-progress	690.58	677.39
Finished goods	721.63	726.88
Stock-in-trade	567.27	780.47
	<b>1,979.48</b>	<b>2,184.74</b>
	<b>205.26</b>	<b>(549.30)</b>
Less: related to discontinuing/restructuring operations (refer note 37)	-	7.37
<b>(Increase)/decrease</b>	<b>205.26</b>	<b>(541.93)</b>

### Note 32: Employee benefits expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Salaries and wages	2,132.71	1,914.90
Contribution to provident and other funds (refer note 39)	93.51	90.65
Share based payments expense (refer note 41)	23.47	19.69
Staff welfare expenses	130.99	96.78
	<b>2,380.68</b>	<b>2,122.02</b>
Less: related to discontinuing/restructuring operations (refer note 37)	(3.41)	(8.24)
	<b>2,377.27</b>	<b>2,113.78</b>

# Notes to the Standalone Financial Statements

## Note 33: Finance costs

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Interest on provision for claims - DPCO	6.89	7.34
Interest on lease liabilities (refer note 2.2)	6.77	3.78
Interest on working capital demand loan and bank overdraft	-	0.05
Others finance cost (including interest on taxes)	13.36	15.76
	<b>27.02</b>	<b>26.93</b>

## Note 34: Depreciation, impairment and amortisation expense

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Depreciation on property, plant and equipment (refer note 2.1)	435.11	437.81
Impairment of property, plant and equipment (refer note 2.1)	4.15	9.67
Depreciation on right-of-use assets (refer note 2.2)	17.98	19.17
Impairment of capital work-in-progress (refer note 2.4)	4.29	6.29
Depreciation on investment properties (refer note 3)	1.41	2.36
Amortisation of intangible assets (refer note 4)	59.92	66.27
Impairment on intangible assets (refer note 4)	73.05	5.05
	<b>595.91</b>	<b>546.62</b>

## Note 35 (a): Other expenses

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Manufacturing expenses	521.05	560.69
Stores and spares	103.85	107.94
Repairs and maintenance:		
Buildings	32.97	30.52
Plant and equipment	123.56	115.29
Insurance	50.44	46.64
Rent (refer note 2.2)	46.76	41.88
Rates and taxes	77.17	73.44
Power and fuel	257.07	247.58
Travelling and conveyance	234.25	157.40

## Note 35 (a): Other expenses (Contd.)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Sales promotion expenses	426.09	411.51
Commission on sales	231.39	248.70
Freight and forwarding	232.60	247.19
Allowance for credit loss (net) (refer note 45)	(7.78)	14.19
Contractual services	207.56	180.11
Non-executive directors remuneration (refer note 40)	10.99	10.95
Courier and telephone expenses	24.27	20.22
Legal and professional fees	594.09	542.90
Payment to auditors (refer note ii below)	3.32	2.94
Corporate social responsibility expenditure (CSR) (refer note 46)	62.14	53.25
Donations*	24.35	3.54
Research - clinical trials, samples and grants	403.60	303.40
Miscellaneous expenses <sup>1</sup>	296.01	277.15
	<b>3,955.75</b>	<b>3,697.43</b>
Less: related to discontinuing/restructuring operations (refer note 37)	(36.42)	(67.23)
	<b>3,919.33</b>	<b>3,630.20</b>

\*Includes ₹ 24.20 crores towards donation to Electoral fund (31<sup>st</sup> March, 2022: NIL).

i. Expenses below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

ii. Payment to auditors include:

Audit fees	1.85	1.56
Tax audit fees	0.38	0.30
For other services (includes consolidation fees, certifications etc.)	0.99	1.04
Reimbursement of expenses	0.10	0.04
	<b>3.32</b>	<b>2.94</b>

## Note 35 (b): Exceptional item

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Impairment of Investment (refer note 5)	185.90	-
	<b>185.90</b>	<b>-</b>

# Notes to the Standalone Financial Statements

## Note 36: Research and development (R & D) expenditure

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>The amount of expenditure as shown in the respective heads of account is as under:</b>		
R&D capital expenditure (gross)		
Building	0.12	0.02
Assets other than building	26.36	16.52
	<b>26.48</b>	<b>16.54</b>
Less: Realisation on sale of R&D assets		
Assets other than building	0.40	0.26
	<b>0.40</b>	<b>0.26</b>
<b>Total R&amp;D capital expenditure (net)</b>	<b>26.08</b>	<b>16.28</b>
<b>R&amp;D revenue expenditure included in the profit or loss (excluding depreciation)</b>		
Materials consumed	225.73	230.06
Employee benefits expense	225.55	238.52
Power and fuel	22.33	22.32
Repairs and maintenance	30.25	26.80
Manufacturing expenses	25.24	21.82
Professional fees	95.58	67.31
Research - clinical trials, samples and grants	90.27	85.29
Printing and stationery	0.20	0.28
Travelling expenses	9.35	2.88
Other research and development expenses	352.16	199.49
Allocated manufacturing expenses for R&D batches	18.43	21.42
<b>Total R&amp;D revenue expenditure</b>	<b>1,095.09</b>	<b>916.19</b>
<b>Total R&amp;D expenditure</b>	<b>1,121.17</b>	<b>932.47</b>
<b>Amount eligible for weighted deduction under Section 35(2AB) of the Income Tax Act, 1961</b>		
R&D capital expenditure (gross)	26.36	16.52
R&D revenue expenditure*	1,095.09	916.19
	<b>1,121.45</b>	<b>932.71</b>
Less: Realisation on sale of R&D assets	0.40	0.26
	<b>1,121.05</b>	<b>932.45</b>
<b>Revenue from operations (continued and discontinued)</b>	15,961.95	15,706.70
Total R&D expenditure/revenue	7.02%	5.94%
Total eligible R&D expenditure/revenue	7.02%	5.94%

\*Pursuant to provisions of section 35(2AB) of the Income Tax Act, 1961 the weighted deduction on R&D has been restricted to 100% from the assessment year 2021-22. Hence, the Company has allowed deduction to the extent of 100% on R&D expenses while computing current tax provision.

## Note 37: Discontinuing/restructuring operations

The Board at its meeting held on 25<sup>th</sup> January, 2022 had approved the restructuring/transfer of:

- the India based US business undertaking to Cipla Pharma and Life Sciences Limited, a wholly owned subsidiary of the Company; and
  - the Consumer Business Undertaking to Cipla Health Limited ("CHL"), a wholly owned subsidiary of the Company, as a going concern on a slump sale basis through a Business Transfer Agreement ("BTA"). Accordingly, the assets and liabilities pertaining to these business undertaking were classified as "Assets Held for sale" as per Ind AS 105 as at 31<sup>st</sup> March, 2022.
- (A) In respect of Consumer Business Undertaking, Company and CHL have successfully completed business transfer as agreed under BTA with closing date of 31<sup>st</sup> August, 2022. Accordingly, disclosures as required under Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations", in the financial statements have been suitably presented in respect of Consumer Business undertaking.

## The financial performance and cash flows for Discontinuing/restructuring operations in respect of Consumer Business Undertaking:

### i. Analysis of profit from discontinuing/restructuring operations

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Revenue from operations		
Revenue from sale of products	171.35	325.88
<b>Total revenue from operations</b>	<b>171.35</b>	<b>325.88</b>
<b>Expenses</b>		
Cost of materials consumed	72.79	157.08
Changes in inventories of finished goods and work-in-progress	-	(7.37)
Employee benefits expense	3.41	8.24
Other expenses	36.42	67.23
<b>Total expenses</b>	<b>112.62</b>	<b>225.18</b>
<b>Profit before tax</b>	<b>58.73</b>	<b>100.70</b>
<b>Tax expense (net)</b>		
Current tax	14.79	25.35
<b>Total tax expense</b>	<b>14.79</b>	<b>25.35</b>
<b>Profit after tax</b>	<b>43.94</b>	<b>75.35</b>
<b>Other comprehensive income for the year</b>		
Items that will not be reclassified to profit or loss	(0.22)	0.73
Income tax relating to these items	0.05	(0.18)
<b>Other comprehensive income for the year</b>	<b>(0.17)</b>	<b>0.55</b>
<b>Total comprehensive income for the year</b>	<b>43.77</b>	<b>75.90</b>

# Notes to the Standalone Financial Statements

## Note 37: Discontinuing/restructuring operations (Contd..)

### ii. Net cash flows attributable to the discontinuing/restructuring operations

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Net cash generated from operating activities	0.98	57.97
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-

### iii. Information of assets and associated liabilities classified as held for sale/transfer

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Current assets</b>		
Inventories	-	33.57
Trade receivables	-	65.30
<b>Total assets classified as held for sale/transfer</b>	<b>-</b>	<b>98.87</b>
<b>Current liabilities</b>		
Trade payables	-	20.07
Other current liabilities	-	3.70
Provisions	-	3.20
<b>Liabilities directly associated with assets classified as held for sale/transfer</b>	<b>-</b>	<b>26.97</b>

B) Further, in respect of transfer of the India based US business undertaking, the Board at its meeting held on 4<sup>th</sup> November, 2022, decided not to proceed with the proposed transfer, considering various factors including the current operating environment. Accordingly as per Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" the corresponding amounts of previous year classified as assets and associated liabilities held for sale and profit of discontinued operations has been restated in respect of India based US business undertaking.

Information of assets and liabilities and profit or loss restated in respect of India based US undertaking with audited financial statements of 31<sup>st</sup> March, 2022 are as follows:

#### (a) Summary of assets and liabilities

Particulars	Reported amount as at 31 <sup>st</sup> March, 2022	Assets/liabilities classified as held for sales/transfer, reclassified to respective heads	Restated amount as at 31 <sup>st</sup> March, 2022
<b>Non-current assets</b>			
(a) Property, plant and equipment	3,049.56	505.35	3,554.91
(b) Right-of-use assets	62.17	13.53	75.70
(c) Capital work-in-progress	169.22	17.04	186.26
(d) Investment properties	63.35	-	63.35
(e) Intangible assets	215.96	-	215.96
(f) Intangible assets under development	44.62	36.80	81.42
(g) Financial assets			
(i) Investments	8,934.88	-	8,934.88
(ii) Loans	-	-	-
(iii) Other financial assets	368.88	3.22	372.10
(h) Income tax assets (net)	377.12	-	377.12
(i) Other non-current assets	138.66	14.78	153.44
<b>Total non-current assets</b>	<b>13,424.42</b>	<b>590.72</b>	<b>14,015.14</b>
<b>2. Current assets</b>			
(a) Inventories	3,199.05	286.76	3,485.81
(b) Financial assets			
(i) Investments	2,038.80	-	2,038.80
(ii) Trade receivables	1,939.62	854.86	2,794.48
(iii) Cash and cash equivalents	177.29	-	177.29
(iv) Bank balances other than cash and cash equivalents	1,250.74	-	1,250.74

# Notes to the Standalone Financial Statements

## Note 37: Discontinuing/restructuring operations (Contd..)

Particulars	Reported amount as at 31 <sup>st</sup> March, 2022	Assets/liabilities classified as held for sales/transfer, reclassified to respective heads	Restated amount as at 31 <sup>st</sup> March, 2022
(v) Loans	0.89	-	0.89
(vi) Other financial assets	856.63	15.31	871.94
(c) Other current assets	674.13	40.96	715.09
<b>Total current assets</b>	<b>10,137.15</b>	<b>1,197.89</b>	<b>11,335.04</b>
<b>3. Assets classified as held for sale/transfer</b>	<b>1,887.48</b>	<b>(1,788.61)</b>	<b>98.87</b>
<b>Total assets</b>	<b>25,449.05</b>	<b>-</b>	<b>25,449.05</b>
<b>Equity and liabilities</b>			
<b>1. Equity</b>			
(a) Equity share capital	161.36	-	161.36
(b) Other equity	22,352.19	-	22,352.19
<b>Total equity</b>	<b>22,513.55</b>	<b>-</b>	<b>22,513.55</b>
<b>2. Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	11.59	3.94	15.53
(ii) Other financial liabilities	53.13	-	53.13
(b) Provisions	78.92	2.71	81.63
(c) Deferred tax liabilities (net)	55.96	23.29	79.25
(d) Other non-current liabilities	7.34	39.28	46.62
<b>Total non-current liabilities</b>	<b>206.94</b>	<b>69.22</b>	<b>276.16</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	7.33	0.59	7.92
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	146.52	-	146.52
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,232.41	190.80	1,423.21
(iii) Other financial liabilities	186.16	16.77	202.93
(b) Other current liabilities	201.28	19.12	220.40
(c) Provisions	630.79	0.60	631.39
(d) Income tax liabilities (net)	-	-	-
<b>Total current liabilities</b>	<b>2,404.49</b>	<b>227.88</b>	<b>2,632.37</b>
<b>3. Liabilities directly associated with assets classified as held for sale/transfer</b>	<b>324.07</b>	<b>(297.10)</b>	<b>26.97</b>
<b>Total liabilities</b>	<b>2,935.50</b>	<b>-</b>	<b>2,935.50</b>
<b>Total equity and liabilities</b>	<b>25,449.05</b>	<b>-</b>	<b>25,449.05</b>

#### (b) Summary of statement of profit or loss:

Particulars	Reported amount for the year ended 31 <sup>st</sup> March, 2022	US business undertaking reclassified as continued operations	Restated amount for the year ended 31 <sup>st</sup> March, 2022
<b>Continuing Operations:</b>			
<b>Revenue from operations</b>			
a) Revenue from sale of products	12,827.29	2,225.19	15,052.48
b) Other operating revenue	264.50	63.84	328.34
<b>Total revenue from operations</b>	<b>13,091.79</b>	<b>2,289.03</b>	<b>15,380.82</b>
<b>Other income</b>	<b>666.70</b>	<b>-</b>	<b>666.70</b>
<b>Total income</b>	<b>13,758.49</b>	<b>2,289.03</b>	<b>16,047.52</b>



# Notes to the Standalone Financial Statements

## Note 37: Discontinuing/restructuring operations (Contd..)

Particulars	Reported amount for the year ended 31 <sup>st</sup> March, 2022	US business undertaking reclassified as continued operations	Restated amount for the year ended 31 <sup>st</sup> March, 2022
<b>Expenses</b>			
(a) Cost of materials consumed	2,767.79	848.90	3,616.69
(b) Purchases of stock-in-trade	2,850.85	-	2,850.85
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(528.40)	(13.53)	(541.93)
(d) Employee benefits expense	1,729.16	384.62	2,113.78
(e) Finance costs	26.93	-	26.93
(f) Depreciation, impairment and amortisation expense	460.01	86.61	546.62
(g) Other expenses	2,905.92	724.28	3,630.20
<b>Total expenses</b>	<b>10,212.26</b>	<b>2,030.88</b>	<b>12,243.14</b>
<b>Profit before tax from continuing operations</b>	<b>3,546.23</b>	<b>258.15</b>	<b>3,804.38</b>
<b>Tax expense (net)</b>			
(a) Current tax	887.24	62.25	949.49
(b) Deferred tax	(30.40)	2.71	(27.69)
<b>Total tax expense</b>	<b>856.84</b>	<b>64.96</b>	<b>921.80</b>
<b>Profit for the year from continuing operations</b>	<b>2,689.39</b>	<b>193.19</b>	<b>2,882.58</b>
<b>Discontinuing/Restructuring Operations :</b>			
Profit before tax	358.85	(258.15)	100.70
Tax expense	90.31	(64.96)	25.35
<b>Profit for the year from discontinuing/restructuring operations</b>	<b>268.54</b>	<b>(193.19)</b>	<b>75.35</b>
<b>Profit for the year</b>	<b>2,957.93</b>	<b>-</b>	<b>2,957.93</b>
<b>Other comprehensive income / (loss) for the year</b>			
<b>I. In respect of continuing operations:</b>			
a) (i) Items that will not be reclassified to profit or loss	16.78	-	16.78
(ii) Income tax relating to these items	(4.22)	-	(4.22)
b) (i) Items that will be reclassified to profit or loss	(9.38)	-	(9.38)
(ii) Income tax relating to these items	2.37	-	2.37
<b>Sub-total (I)</b>	<b>5.55</b>	<b>-</b>	<b>5.55</b>
<b>II. In respect of discontinuing/restructuring operations:</b>			
(i) Items that will not be reclassified to profit or loss	0.73	-	0.73
(ii) Income tax relating to these items	(0.18)	-	(0.18)
<b>Sub-total (II)</b>	<b>0.55</b>	<b>-</b>	<b>0.55</b>
<b>Other comprehensive income for the year (I+II)</b>	<b>6.10</b>	<b>-</b>	<b>6.10</b>
<b>Total comprehensive income for the year</b>	<b>2,964.03</b>	<b>-</b>	<b>2,964.03</b>

## Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for)

### A. Details of contingent liabilities and commitments:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debt <sup>†</sup>	145.63	147.64
Guarantees excluding financial guarantees	234.13	237.43
Letters of credit	15.84	76.81
Income tax on account of disallowance/additions	20.52	20.52
Excise duty/service tax on account of valuation/cenvat credit	130.66	129.88
Sales tax on account of credit/classification	6.02	7.43
	<b>552.80</b>	<b>619.71</b>
<b>Commitments</b>		
(a) Estimated amount of contracts unexecuted on capital account	344.29	355.60

# Notes to the Standalone Financial Statements

## Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

### Notes:

- Claims against the Company not acknowledged as debt include claim relating to pricing, commission, etc.
- It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various forum/authorities.
- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- There has been a Supreme Court (SC) judgement dated 28<sup>th</sup> February, 2019 relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. In view of the interpretative aspects related to the Judgement including the effective date of application, the Company has been advised to await further developments in this matter. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

### B. Details of other litigations:-

- The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹ 5.46 crores along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.
- The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,703.40 crores.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said

## Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

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

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

The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 25<sup>th</sup> January, 2021 for further

# Notes to the Standalone Financial Statements

## Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

hearing but the case was not listed due to the COVID-19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court. Although, the decision of Honourable Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 crores. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 3,281.31 crores (after adjusting deposit of ₹ 175.08 crores), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 crores.

In addition, Company had made provision of ₹ 125.38 crores as of 31<sup>st</sup> March, 2023 (₹ 118.49 crores as 31<sup>st</sup> March, 2022) for products not part of the referenced writ proceedings. Further, no new recovery notices were received by the Company in the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

## Note 39: Employee benefits

### a. Description of the plan:

Retirement benefit plans of the Company include Gratuity and Provident Fund. The Company established the Cipla Limited Employees Gratuity Fund (the "Gratuity Fund") to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund. Provident Fund is managed through the trust, Cipla Limited Employees Provident Fund Trust (the "Provident Fund") managed by the Company.

### b. Governance of the plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy. Further, since these funds are income-tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act, 1961 and Rules.

## Note 39: Employee benefits (Contd..)

### c. Investment strategy:

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

### d. Charge to the profit or loss

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Defined contribution plan</b>		
Employees' pension scheme	30.08	28.92
Others - ESIS, Labour welfare fund, etc.	1.87	2.11
	<b>31.95</b>	<b>31.03</b>
<b>Defined benefit plan</b>		
Gratuity [refer table (e) below]	18.58	21.10
Provident fund [refer table (f) below]	42.98	38.52
	<b>61.56</b>	<b>59.62</b>
<b>Total contribution to provident fund and other fund</b>	<b>93.51</b>	<b>90.65</b>

### e. Disclosures for defined benefit plans based on actuarial reports

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2023 Gratuity (funded plan)	31 <sup>st</sup> March, 2022 Gratuity (funded plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	160.04	167.36
Interest cost	11.06	11.07
Current service cost	19.73	21.24
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(4.21)	(4.88)
Actuarial changes arising from changes in experience assumptions	14.78	(6.81)
Benefits paid	(23.60)	(27.94)
<b>Liability at the end of the year</b>	<b>177.80</b>	<b>160.04</b>

# Notes to the Standalone Financial Statements

## Note 39: Employee benefits (Contd..)

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2023 Gratuity (funded plan)	31 <sup>st</sup> March, 2022 Gratuity (funded plan)
<b>ii. Change in fair value of assets</b>		
Opening fair value of plan assets	169.34	163.10
Expected return on plan assets	12.21	11.21
Return on plan assets, excluding interest income	(3.52)	5.57
Contributions by employer	23.50	19.96
Benefits paid	(24.05)	(30.50)
<b>Closing fair value of plan assets</b>	<b>177.48</b>	<b>169.34</b>
<b>iii. Amount recognised in balance sheet</b>		
Present value of obligations as at year end	(177.80)	(160.04)
Fair value of plan assets as at year end	177.48	169.34
<b>Net asset/(liability) recognised</b>	<b>(0.32)</b>	<b>9.30</b>
<b>iv. Expenses recognised in profit or loss</b>		
Current service cost	19.73	21.24
Past service cost	-	-
Interest on defined benefit obligation	11.06	11.07
Expected return on plan assets	(12.21)	(11.21)
<b>Total expense recognised in profit or loss</b>	<b>18.58</b>	<b>21.10</b>

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences [refer note 39(g)] are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal actuarial assumptions used	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Financial assumptions:</b>		
Discounted rate (per annum)	7.48%	7.21%
Expected rate of return on plan assets	7.48%	7.21%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%
<b>Demographic assumptions:</b>		
Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

## Note 39: Employee benefits (Contd..)

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2023 Gratuity (funded plan)	31 <sup>st</sup> March, 2022 Gratuity (funded plan)
<b>v. Expenses recognised in other comprehensive income (OCI)</b>		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(4.21)	(4.88)
Actuarial changes arising from changes in experience assumptions	14.78	(6.81)
Actuarial (gain)/loss return on plan assets, excluding interest income	3.52	(5.57)
<b>Net (income)/expense for the period recognised in OCI</b>	<b>14.09</b>	<b>(17.26)</b>
<b>vi. Actual return on plan assets</b>		
Expected return on plan assets	12.21	11.21
Actuarial gain/(loss) on plan assets	(3.52)	5.57
<b>Actual return on plan assets</b>	<b>8.69</b>	<b>16.78</b>
<b>vii. Asset information</b>		
Insurer managed funds	100%	100%
<b>viii. Expected employer's contribution for the next year</b>	17.99	18.58

# Notes to the Standalone Financial Statements

## Note 39: Employee benefits (Contd..)

### Sensitivity Analysis

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023		For the year ended 31 <sup>st</sup> March, 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>Discount rate</b>				
Increase/(decrease) in the defined benefit liability	(14.24)	16.48	(13.02)	15.10
<b>Salary growth rate</b>				
Increase/(decrease) in the defined benefit liability	17.62	(15.43)	15.27	(13.38)
<b>Attrition rate</b>				
Increase/(decrease) in the defined benefit liability	2.92	(3.30)	2.35	(2.67)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Maturity analysis of the benefit payments from the fund

₹ in crores

Projected benefits payable in future years from the date of reporting	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
1 <sup>st</sup> following year	13.72	13.39
2 <sup>nd</sup> following year	18.40	11.96
3 <sup>rd</sup> following year	14.08	16.27
4 <sup>th</sup> following year	16.25	12.40
5 <sup>th</sup> following year	14.92	15.41
Sum of years 6 <sup>th</sup> to 10 <sup>th</sup>	71.83	62.44
Sum of years 11 <sup>th</sup> and above	251.48	221.79

Average estimated future working life is 11.29 years (31<sup>st</sup> March, 2022: 11.48 years)

## f. The details of the Company's defined benefit plans in respect of the Company-owned provident fund trust based on the actuarial reports

₹ in crores

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
	Provident fund (funded plan)	Provident fund (funded plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,252.79	1,215.17
Interest cost	100.91	101.88
Current service cost	42.98	38.52
Employee contribution	102.91	90.33
Liability transferred in	34.17	25.60
Benefits paid	(193.96)	(187.68)
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	2.20	(24.21)
Actuarial changes arising from changes in experience assumptions	(37.18)	(6.82)
<b>Liability at the end of the year</b>	<b>1,304.82</b>	<b>1,252.79</b>

# Notes to the Standalone Financial Statements

## Note 39: Employee benefits (Contd..)

₹ in crores

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
	Provident fund (funded plan)	Provident fund (funded plan)
<b>ii. Change in fair value of assets</b>		
Opening fair value of plan assets	1,279.35	1,232.23
Expected return on plan assets	100.91	101.88
Actuarial (loss)/ gain	(34.98)	(31.03)
Contributions by employer	145.89	128.85
Transfer of plan assets	34.17	25.60
Benefits paid	(193.96)	(187.68)
Other adjustments	(23.70)	9.50
<b>Closing fair value of plan assets</b>	<b>1,307.68</b>	<b>1,279.35</b>
<b>iii. Amount recognised in balance sheet</b>		
Present value of obligations as at year end	(1,304.82)	(1,252.79)
Fair value of plan assets as at year end	1,307.68	1,279.35
Funded status	(2.86)	(26.56)
<b>Net asset/(liability) recognised</b>	<b>-</b>	<b>-</b>
<b>iv. Expenses recognised in profit or loss</b>		
Current service cost	42.98	38.52
Past service cost	-	-
Interest cost	100.91	101.88
Expected return on plan assets	(100.91)	(101.88)
<b>Total expense recognised in profit or loss</b>	<b>42.98</b>	<b>38.52</b>
<b>v. Actual return on plan assets</b>		
Expected return on plan assets	100.91	101.88
Actuarial (loss)/gain on plan assets	(34.98)	(31.03)
<b>Actual return on plan assets</b>	<b>65.93</b>	<b>70.85</b>
<b>vi. Asset information</b>		
Investment in PSU bonds	493.16	515.31
Investment in Government securities	617.14	581.17
Bank special deposit	15.58	15.58
Investment in other securities	56.94	46.01
Equity/insurer managed funds/mutual funds	124.86	121.27
Short-term debt instruments and related investment	-	0.01
<b>Total assets at the end of the year</b>	<b>1,307.68</b>	<b>1,279.35</b>
<b>vii. Expected employer's contribution for the next year</b>	<b>45.99</b>	<b>41.22</b>
<b>viii. Principal actuarial assumptions used</b>		
Discounted rate (per annum)	7.48%	7.21%
Expected rate of return on plan assets (per annum)	8.15%	8.10%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	5.00%

### Sensitivity Analysis

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023		For the year ended 31 <sup>st</sup> March, 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
<b>Discount rate</b>				
Increase/(decrease) in the defined benefit liability	(32.04)	68.41	(46.71)	83.55
<b>Interest rate guarantee</b>				
Increase/(decrease) in the defined benefit liability	63.39	(32.01)	76.20	(45.94)

# Notes to the Standalone Financial Statements

## Note 39: Employee benefits (Contd..)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Maturity analysis of the benefit payments from the fund

Projected benefits payable in future years from the date of reporting	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1 <sup>st</sup> following year	95.41	89.34
2 <sup>nd</sup> following year	88.23	82.55
3 <sup>rd</sup> following year	84.68	79.17
4 <sup>th</sup> following year	85.95	80.30
5 <sup>th</sup> following year	93.45	87.24
Sum of years 6 <sup>th</sup> to 10 <sup>th</sup>	474.57	442.07

### g. There are no amounts included in the Fair Value of Plan Assets (Gratuity and Provident fund):

- Company's own financial instrument
- Property occupied by or other assets used by the Company

### h. Compensated absences note:

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was ₹ 98.90 crores and ₹ 99.78 crores as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, respectively.

## Note 40: Related Party Disclosures

Information on related party transactions as required by Ind AS 24 - Related Party Disclosures are given below:

### A. Enterprise where control exists:

Sr. No.	Name of the Company	Sr. No.	Name of the Company
<b>(a)</b>	<b>Subsidiaries (held directly)</b>		
	Cipla Medpro South Africa (Pty) Limited		Cipla Malaysia Sdn. Bhd.
	Cipla Holding B.V.		Cipla Europe NV
	Cipla Pharma and Life Sciences Limited		Cipla Quality Chemical Industries Limited
	Cipla (EU) Limited		Inyanga Trading 386 (Pty) Limited (dissolved w.e.f. 10 <sup>th</sup> December, 2021)
	Cipla Health Limited		Cipla Medpro Holdings (Pty) Limited (dissolved w.e.f. 25 <sup>th</sup> August, 2022)
	Goldencross Pharma Limited		Cipla Dibcare (Pty) Limited (under liquidation)
	Jay Precision Pharmaceuticals Private Limited		Cipla Medpro Manufacturing (Pty) Limited
	Meditab Specialities Limited		Cipla-Medpro (Pty) Limited
	Cipla Pharmaceuticals Limited		Cipla-Medpro Distribution Centre (Pty) Limited
	Saba Investment Limited		Cipla Medpro Botswana (Pty) Limited
	Cipla Digital Health Limited (Incorporated 25 <sup>th</sup> February, 2022)		Cipla Select (Pty) Limited (Formerly known as Cipla OLTP (Pty) Limited)
<b>(b)</b>	<b>Subsidiaries (held indirectly)</b>		
	Cipla Australia Pty Limited		Medpro Pharmaceutica (Pty) Limited
	Medispray Laboratories Private Limited		Breathe Free Lanka (Private) Limited
	Sitec Labs Limited		Cipla Medica Pharmaceutical and Chemical Industries Limited
	Meditab Holdings Limited		
	Cipla Kenya Limited		

# Notes to the Standalone Financial Statements

## Note 40: Related Party Disclosures (Contd..)

Sr. No.	Name of the Company
	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltd.
	Cipla Maroc SA
	Cipla Middle East Pharmaceuticals FZ-LLC
	Cipla Philippines Inc.
	Cipla USA Inc.
	Invagen Pharmaceuticals Inc.
	Exelan Pharmaceuticals Inc.
	Cipla BioTec South Africa (Pty) Limited (De-registered w.e.f. 3 <sup>rd</sup> February, 2022)
	Cipla Algérie
	Cipla Technologies LLC
	Cipla Gulf FZ-LLC
	Mirren (Pty) Limited
	Madison Pharmaceuticals Inc.
	Cipla Colombia SAS
	Cipla (China) Pharmaceutical Co., Ltd.
	Cipla (Jiangsu) Pharmaceutical Co., Ltd.
	Cipla Therapeutics Inc.
	Aspergen Inc. (w.e.f. 30 <sup>th</sup> August, 2022)
<b>(c)</b>	<b>Associates held directly</b>
	AMPSolar Power Systems Private Limited
	GoApptiv Private Limited
	Clean Max Auriga Power LLP (acquired 33% stake w.e.f. 14 <sup>th</sup> December, 2021)
	AMP Energy Green Eleven Private Limited (acquired 32.49% on fully diluted basis from 8 <sup>th</sup> February, 2022)
	Achira Labs Private Limited (acquired 21.05% on fully diluted basis w.e.f. 17 <sup>th</sup> August, 2022)
<b>(d)</b>	<b>Associates held indirectly</b>
	Stempeutics Research Private Limited
	Avenue Therapeutics Inc. (ceased to be an associate w.e.f. 11 <sup>th</sup> October, 2022)
	Brandmed (Pty) Limited
	Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)
<b>B.</b>	<b>Key management personnel (KMP)</b>
	Samina Hamied - Executive Vice-Chairperson
	Umang Vohra - Managing Director and Global Chief Executive Officer
	Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3 <sup>rd</sup> May, 2022)
	Ashish Adukia - Global Chief Financial Officer (w.e.f. 16 <sup>th</sup> August, 2022)
	Dinesh Jain - Interim Global Chief Financial Officer (w.e.f. 10 <sup>th</sup> May, 2022 till 16 <sup>th</sup> August, 2022)
<b>C.</b>	<b>Non-executive Chairman and Non-executive Vice-Chairman</b>
	Dr Y K Hamied - Chairman
	M K Hamied - Vice Chairman
<b>D.</b>	<b>Non-executive Directors</b>
	Ashok Sinha
	Adil Zainulbhai
	Punita Lal
	Dr Peter Mugenyi
	S Radhakrishnan
	Robert Stewart (w.e.f. 14 <sup>th</sup> May, 2021)
	P R Ramesh (w.e.f. 1 <sup>st</sup> July, 2021)

## Note 40: Related Party Disclosures (Contd..)

Sr. No.	Name of the Company
	Mandar Vaidya (w.e.f. 29 <sup>th</sup> July, 2022)
	Naina Lal Kidwai (Resigned w.e.f. close of business hours on 31 <sup>st</sup> March, 2022)
<b>E.</b>	<b>Entities over which Company is able to exercise control/significant influence</b>
	Cipla Employees Stock Option Trust (De-registered)
	Cipla Health Employees Stock Option Trust
	The Cipla Empowerment Trust (w.e.f. 30 <sup>th</sup> June, 2022)
<b>F.</b>	<b>Entities over which the KMP or their relatives is able to exercise significant influence/control</b>
	Chest Research Foundation (formerly known as Hamied Foundation)
	Cipla Foundation
	Cipla Cancer & AIDS Foundation
<b>G.</b>	<b>Post-employment benefit trusts</b>
	Cipla Limited Employees Provident Fund
	Cipla Limited Employees Gratuity Fund

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>A. Investment in equity shares of Subsidiaries</b>		
Cipla (EU) Limited	276.69	1,153.09
Cipla Health Limited	-	4.78
Cipla Digital Health Limited	13.00	0.50
Cipla Pharmaceuticals Limited	48.00	15.00
Cipla USA Inc	0.08	-
	<b>337.77</b>	<b>1,173.37</b>
<b>B. Investment in equity shares of Associates</b>		
AMPSolar Power Systems Private Limited (refer note 5)	-	0.01
GoApptiv Private Limited (refer note 5)	8.25	-
Clean Max Auriga Power LLP	-	6.75
AMP Energy Green Eleven Private Limited	-	0.75
Achira Labs Private Limited	2.00	-
	<b>10.25</b>	<b>7.51</b>
<b>C. Investment in Compulsory Convertible Preference Shares of Associates</b>		
GoApptiv Private Limited (refer note 5)	17.65	-
AMPSolar Power Systems Private Limited	-	1.16
Achira Labs Private Limited	23.00	-
	<b>40.65</b>	<b>1.16</b>
<b>D. Investment in Compulsory Convertible Debentures of Associates</b>		
AMP Energy Green Eleven Private Limited	-	6.75
	<b>-</b>	<b>6.75</b>

## Notes to the Standalone Financial Statements

### Note 40: Related Party Disclosures (Contd..)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>E. Loans given</b>		
Cipla Health Limited (including net consideration of ₹ 114.89 crores for business acquisition from Holding Company)	180.09	-
Sitec Labs Limited	6.00	-
Cipla USA Inc.	772.40	-
	<b>958.49</b>	<b>-</b>
<b>F. Loan repaid</b>		
Sitec Labs Limited	3.00	-
Cipla Health Limited	52.00	-
	<b>55.00</b>	<b>-</b>
<b>G. Interest outstanding</b>		
Cipla USA Inc.	3.96	-
	<b>3.96</b>	<b>-</b>
<b>H. Outstanding Loan</b>		
Cipla Health Limited	128.09	-
Sitec Labs Limited	3.00	-
Cipla USA Inc.	772.40	-
	<b>903.49</b>	<b>-</b>
<b>I. Outstanding payables</b>		
Goldencross Pharma Limited	10.65	10.67
Sitec Labs Limited	13.17	25.15
Medispray Laboratories Private Limited	19.71	23.92
Cipla Malaysia Sdn. Bhd.	3.46	0.71
Jay Precision Pharmaceuticals Private Limited	30.78	15.79
Meditab Specialities Limited	9.77	4.69
Cipla Kenya Limited	16.50	23.16
Cipla (China) Pharmaceutical Co. Ltd	6.73	7.48
Cipla Pharma and Life Sciences Limited	2.37	2.43
Cipla Holding B.V.	1.77	1.55
Saba Investment Limited	-	0.39
Exelan Pharmaceuticals Inc.	32.95	7.77
Cipla Brasil Importadora E Distribuidora De Medicamentos Limiteda.	11.57	11.71
Cipla Foundation	-	0.33
Stempeutics Research Private Limited	1.25	0.52
GoApptiv Private Limited	1.99	0.11
Clean Max Auriga Power LLP	0.84	-
AMP Energy Green Eleven Private Limited	0.40	-
Cipla Europe NV	10.32	-
	<b>174.23</b>	<b>136.38</b>
<b>J. Outstanding receivables</b>		
Cipla Gulf FZ LLC	40.53	44.98
Breathe Free Lanka (Private) Limited	76.13	85.13
Cipla Quality Chemical Industries Limited	20.34	11.20
Cipla Australia Pty Limited	27.42	17.95

### Note 40: Related Party Disclosures (Contd..)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Cipla USA Inc.	842.33	886.15
Cipla Medpro South Africa (Pty) Limited	22.88	31.34
Medpro Pharamaceutica (Pty) Limited	250.88	231.32
Cipla Health Limited	61.54	35.51
Mirren (Pty) Limited	0.74	0.40
Cipla Middle East Pharmaceuticals FZ-LLC	24.82	80.26
Cipla Maroc S.A.	6.50	2.40
Cipla Technologies LLC	0.91	2.03
Cipla Medica Pharmaceutical and Chemical Industries Limited	-	1.02
Cipla (EU) Limited	84.50	145.58
Cipla Colombia SAS	32.59	14.90
Cipla Europe NV	-	116.25
InvaGen Pharmaceuticals Inc.	0.92	13.42
Cipla Select (Pty) Limited	11.36	2.39
Cipla (Jiangsu) Pharmaceutical Co.	0.04	0.03
Cipla Pharmaceuticals Limited	0.01	-
Cipla Digital Health Limited	1.10	-
Meditab Holdings Limited	0.16	-
Aspergen Inc.	2.10	-
Cipla Foundation	0.07	-
Cipla Medpro Manufacturing (Pty) Limited	4.34	-
	<b>1,512.21</b>	<b>1,722.26</b>
<b>K. Capital advance</b>		
Meditab Specialities Limited	55.74	55.74
	<b>55.74</b>	<b>55.74</b>
<b>L. Electricity charges paid</b>		
AMPSolar Power Systems Private Limited	13.83	15.93
AMP Energy Green Eleven Private Limited	3.67	-
Clean Max Auriga Power LLP	5.19	-
	<b>22.69</b>	<b>15.93</b>
<b>M. Interest and guarantee commission</b>		
Cipla Health Limited	6.32	-
Sitec Labs Limited	0.16	-
Cipla USA Inc.	5.90	-
Cipla (EU) Limited	-	0.69
InvaGen Pharmaceuticals Inc.	-	1.00
Cipla Australia Pty Ltd.	-	0.11
	<b>12.38</b>	<b>1.80</b>
<b>N. Remuneration to Key Management Personnel and Directors*</b>		
Short-term employee benefits**	36.84	32.78
Post-employment benefit plans*	0.69	0.51
Other long-term benefits	0.65	-
Termination benefits	-	-
Share based payments expense	2.33	4.47
	<b>40.51</b>	<b>37.76</b>

\*\* Includes remuneration to Non-executive directors amounting to ₹ 10.99 crores (31<sup>st</sup> March, 2022: ₹ 10.95 crores)

## Notes to the Standalone Financial Statements

### Note 40: Related Party Disclosures (Contd..)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
*Expenses towards gratuity, compensated absences and premium paid for group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.		
#Remuneration reported pertains to the amount paid including variable pay of previous year, ESOP/ESAR exercised during year ended 31 <sup>st</sup> March, 2023 but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102 etc.		
<b>O. Purchase of goods</b>		
Goldencross Pharma Limited	70.64	66.89
Medispray Laboratories Private Limited	236.63	166.29
Meditab Specialities Limited	3.05	2.59
Jay Precision Pharmaceuticals Private Limited	141.44	124.01
Cipla Health Limited	186.33	6.12
InvaGen Pharmaceuticals Inc.	10.80	0.17
Cipla Pharma and Life Sciences Limited	0.51	(0.01)
Cipla Gulf FZ-LLC	-	4.42
Stempeutics Research Private Limited	2.33	0.46
Medpro Pharamaceutica (Pty) Limited	-	0.00
Cipla (China) Pharmaceutical Co., Ltd	-	0.05
	<b>651.73</b>	<b>370.99</b>
<b>P. Commission paid</b>		
Cipla Kenya Limited	9.38	7.21
	<b>9.38</b>	<b>7.21</b>
<b>Q. Processing charges paid</b>		
Goldencross Pharma Limited	56.60	65.99
Medispray Laboratories Private Limited	50.15	47.42
Meditab Specialities Limited	21.19	21.04
	<b>127.94</b>	<b>134.45</b>
<b>R. Testing and analysis charges paid</b>		
Sitec Labs Limited	112.21	91.35
Cipla Pharma and Life Sciences Limited	0.45	0.45
	<b>112.66</b>	<b>91.80</b>
<b>S. Freight charges paid</b>		
Goldencross Pharma Limited	-	0.01
Meditab Specialities Limited	-	0.01
Stempeutics Research Private Limited	-	0.02
	<b>-</b>	<b>0.04</b>
<b>T. Freight charges received</b>		
Cipla Pharma and Life Sciences Limited	-	0.01
Cipla Health Limited	-	0.00
Cipla Maroc S.A.	-	0.03
Medpro Pharamaceutica (Pty) Limited	0.03	0.05
Cipla Medpro South Africa (Pty) Limited	-	0.05
Cipla Quality Chemical Industries Limited	0.02	0.04
InvaGen Pharmaceuticals Inc.	-	0.00

### Note 40: Related Party Disclosures (Contd..)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Mirren (Pty) Ltd	0.00	-
Cipla Medpro Manufacturing (Pty) Ltd	0.03	-
	<b>0.08</b>	<b>0.18</b>
<b>U. Sale of goods</b>		
Goldencross Pharma Limited	3.25	1.49
Meditab Specialities Limited	0.55	0.55
Medispray Laboratories Private Limited	42.22	49.77
Cipla Quality Chemical Industries Limited	12.42	9.83
Cipla Health Limited	56.94	0.14
Sitec Labs Limited	0.66	0.65
Cipla Pharma and Life Sciences Limited	1.04	0.61
Cipla (EU) Limited	53.43	150.51
Cipla Europe NV	108.16	164.86
Cipla Europe NV*	(108.41)	-
Cipla Medpro South Africa (Pty) Limited	2.40	7.03
Cipla Australia Pty Limited	48.90	30.66
Cipla USA Inc.	1,468.78	1,588.44
InvaGen Pharmaceuticals Inc.	4.19	19.69
Cipla Kenya Limited	10.75	8.83
Cipla Maroc S.A.	38.88	32.93
Cipla Middle East Pharmaceuticals FZ-LLC	80.73	150.33
Breathe Free Lanka (Private) Limited	152.32	103.11
Cipla Colombia SAS	53.15	27.53
Cipla Gulf FZ-LLC	74.15	62.96
Medpro Pharamaceutica (Pty) Limited	507.34	397.22
Cipla Select (Pty) Limited	23.41	2.29
Exelan Pharmaceuticals Inc.	13.54	28.57
Cipla (Jiangsu) Pharmaceutical Co., Ltd.	1.17	0.75
Mirren (Pty) Limited	0.29	0.64
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	1.16	-
Cipla Medpro Manufacturing (Pty) Ltd	6.24	-
	<b>2,657.66</b>	<b>2,839.39</b>
* relates to subvention		
<b>V. Purchase of MEIS License</b>		
Medispray Laboratories Private Limited	0.82	-
Meditab Specialities Limited	0.04	-
	<b>0.86</b>	<b>-</b>
<b>W. Sale of assets</b>		
Medispray Laboratories Private Limited	1.29	0.40
Cipla Pharma and Life Sciences Limited	-	0.05
Goldencross Pharma Limited	0.31	0.03
Sitec Labs Limited	0.39	0.03
InvaGen Pharmaceuticals Inc.	10.75	0.02
Cipla Health Limited	58.06	-

# Notes to the Standalone Financial Statements

## Note 40: Related Party Disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Cipla Pharmaceuticals Limited	12.76	-
Cipla Medpro Manufacturing (Pty) Limited	0.05	-
	<b>83.61</b>	<b>0.53</b>
<b>X. Purchase of assets</b>		
Cipla Pharma and Life Sciences Limited	0.95	0.08
Cipla (EU) Limited	-	0.18
Medispray Laboratories Private Limited	0.08	0.04
Goldencross Pharma Limited	0.05	0.02
Stempeutics Research Private Limited	2.00	-
Cipla USA Inc.	10.71	-
	<b>13.79</b>	<b>0.32</b>
<b>Y. Processing charges received</b>		
Medispray Laboratories Private Limited	1.10	3.67
	<b>1.10</b>	<b>3.67</b>
<b>Z. Contribution to provident fund and other fund</b>		
Cipla Limited Employee Gratuity Fund	23.50	20.00
Cipla Limited Employee Provident Fund	42.98	38.52
	<b>66.48</b>	<b>58.52</b>
<b>AA. Service charges paid</b>		
Cipla Pharma and Life Sciences Limited	13.75	13.29
Cipla (EU) Limited	11.18	7.48
Cipla Australia Pty. Ltd.	13.15	16.69
Cipla Maroc S.A.	-	0.13
Cipla Malaysia Sdn. Bhd.	8.01	9.92
Cipla Europe NV	-	(0.15)
Cipla Health Ltd.	0.71	0.95
Cipla (China) Pharmaceutical Co. Ltd	4.46	7.45
Cipla Gulf FZ-LLC	5.27	7.15
Sitec Labs Limited	0.00	0.02
GoApptiv Private Limited	23.44	3.15
Cipla Holding B.V.	5.64	4.96
Stempeutics Research Private Limited	1.26	1.05
	<b>86.87</b>	<b>72.09</b>
<b>AB. Service charges received</b>		
Cipla Pharma and Life Sciences Limited	0.01	0.01
Cipla Health Limited	48.81	43.74
Cipla (EU) Limited	1.39	1.72
Cipla Europe NV	0.32	0.22
Cipla Holding B.V.	0.08	0.05
Cipla Medpro South Africa (Pty) Limited	-	1.18
Cipla Technologies LLC	2.86	3.59
Cipla USA Inc.	2.09	1.34
InvaGen Pharmaceuticals Inc.	1.36	0.23
Goldencross Pharma Private Limited	0.11	0.04
Medispray Laboratories Private Limited	0.47	0.12

## Note 40: Related Party Disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Cipla Quality Chemical Industries Limited	0.10	0.16
Cipla Australia Pty Limited	0.50	0.18
Breathe Free Lanka (Private) Limited	0.01	0.01
Cipla Kenya Limited	0.00	0.00
Cipla Maroc S.A.	0.14	0.18
Exelan Pharmaceuticals Inc.	0.11	0.05
Meditab Specialities Limited	0.07	0.04
Cipla Malaysia Sdn. Bhd.	0.00	0.00
Sitec Labs Limited	0.37	0.32
Medpro Pharmaceutica (Pty) Limited	4.43	1.14
Cipla Gulf FZ-LLC	1.16	0.87
Cipla Digital Health Limited	0.87	-
Aspergen INC	1.11	-
Meditab Holding Ltd.	0.16	-
Cipla Therapeutics Inc	0.00	-
	<b>66.53</b>	<b>55.19</b>
<b>AC. Donations given</b>		
Cipla Foundation	60.42	53.25
	<b>60.42</b>	<b>53.25</b>
<b>AD. Rent received</b>		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
Cipla Pharma and Life Sciences Limited	1.33	1.33
	<b>1.33</b>	<b>1.33</b>
<b>AE. Reimbursement of operating/other expenses</b>		
Cipla Quality Chemical Industries Limited	-	0.11
Exelan Pharmaceuticals Inc.	-	2.10
Cipla (China) Pharmaceutical Co., Ltd	1.05	1.17
Sitec Labs Limited	0.23	0.11
InvaGen Pharmaceuticals Inc.	9.91	8.59
Cipla Health Limited	14.29	22.65
Cipla Brasil Importadora E Distribuidora De Medicamentos Limitada.	35.42	16.87
Cipla Kenya Limited	0.57	0.65
Cipla USA Inc.	122.09	52.89
Cipla Colombia SAS	-	0.70
Cipla Technologies LLC	2.18	-
Cipla Medpro South Africa (Pty) Limited	-	0.00
Medispray Laboratories Private Limited	0.23	0.09
Medpro Pharmaceutica (Pty) Limited	0.12	0.45
GoApptiv Private Limited	6.56	30.83
Cipla Gulf FZ-LLC	0.98	0.02
Goldencross Pharma Limited	-	0.16
Cipla Australia Pty. Ltd.	0.13	-
Cipla Malaysia Sdn. Bhd.	1.06	-
Cipla Middle East Pharmaceuticals FZ-LLC	0.26	-
Cipla Pharma and Life Sciences Limited	0.00	-
	<b>195.08</b>	<b>137.39</b>

# Notes to the Standalone Financial Statements

## Note 40: Related Party Disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>AF. Reimbursement received of operating/other expenses</b>		
Goldencross Pharma Limited	0.27	0.52
Meditab Specialities Limited	0.12	0.18
Cipla Health Limited	0.18	(0.12)
Cipla Gulf FZ-LLC	0.03	0.04
Cipla (EU) Limited	0.25	0.38
Cipla Australia Pty Limited	0.14	0.25
Cipla (Jiangsu) Pharmaceutical Co., Ltd.	0.04	0.03
Cipla Medpro South Africa (Pty) Limited	-	0.99
Cipla Quality Chemical Industries Limited	0.92	0.72
Cipla USA Inc.	2.10	2.20
Medispray Laboratories Private Limited	0.70	0.73
Cipla Pharma and Life Sciences Limited	2.08	1.95
Sitec Labs Limited	0.20	0.27
Cipla Europe NV	0.15	0.53
Invagen Pharmaceuticals Inc.	1.11	1.60
Breathe Free Lanka (Private) Limited	0.14	0.18
Cipla Malaysia Sdn. Bhd.	0.04	0.05
Cipla Maroc S.A.	0.11	0.10
Cipla Holding B.V.	0.13	0.18
Cipla Technologies LLC	0.76	0.10
Exelan Pharmaceuticals Inc.	0.12	0.26
Cipla Kenya Limited	0.10	0.05
Medpro Pharmaceutica (Pty) Limited	5.24	2.43
Cipla Colombia SAS	0.12	0.01
Cipla Digital Health Limited	0.02	-
Cipla Pharmaceuticals Limited	0.05	-
Aspergen INC	0.99	-
Cipla Therapeutics Inc	0.02	-
	<b>16.13</b>	<b>13.63</b>
<b>AG. Royalty received</b>		
Cipla Health Limited	12.72	10.09
Cipla Quality Chemical Industries Limited	12.68	12.76
Cipla Medpro South Africa (Pty) Limited	44.07	47.92
Cipla USA Inc.	849.42	27.56
Exelan Pharmaceuticals Inc.	-	8.14
	<b>918.89</b>	<b>106.47</b>
<b>AH. Technical Know-How fees Received</b>		
Cipla Health Limited	24.18	40.36
	<b>24.18</b>	<b>40.36</b>
<b>AI. Royalty paid</b>		
Cipla (EU) Limited	-	0.02
	<b>-</b>	<b>0.02</b>

## Note 40: Related Party Disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>AJ. Dividend received</b>		
Jay Precision Pharmaceuticals Private Limited	14.92	14.92
Goldencross Pharma Limited	-	150.00
Meditab Specialities Limited	-	238.40
	<b>14.92</b>	<b>403.32</b>
<b>AK. Performance guarantee given on behalf of subsidiary Companies</b>		
Cipla Australia Pty Limited	22.01	22.70
	<b>22.01</b>	<b>22.70</b>
<b>AL. Dividend paid to Key Management Personnel and Directors</b>		
	<b>98.42</b>	<b>108.49</b>
<b>AM. Payable to Key Management Personnel and Directors</b>		
	<b>9.79</b>	<b>22.02</b>
<b>AN. Contribution payable to gratuity/provident fund</b>		
Cipla Limited Employee Provident Fund	12.42	10.95
Cipla Limited Employee gratuity fund	0.32	-
	<b>12.74</b>	<b>10.95</b>
<b>AO. Receivable from gratuity fund</b>		
Cipla Limited Employee gratuity fund	-	9.30
	<b>-</b>	<b>9.30</b>
<b>AP. Commission Received</b>		
Cipla Australia Pty. Ltd.	0.11	-
	<b>0.11</b>	<b>-</b>
<b>AQ. Rent Paid</b>		
Cipla Pharmaceuticals Limited	0.21	-
	<b>0.21</b>	<b>-</b>

Note - Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores.

## Terms and conditions of transactions with related parties:

All related party transactions entered during the year were in ordinary course of the business and on arms length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

# Notes to the Standalone Financial Statements

## Note 41: Share based payments

The expense recognised for employee services received during the year is shown in the following table:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	23.47	19.69

### A. Employee stock option scheme ('ESOS')

The Company has implemented Employee Stock Option Scheme 2013-A ('ESOS 2013-A Scheme') as approved by the shareholders on 22<sup>nd</sup> August, 2013. The ESOS 2013-A Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers the ESOS 2013-A Scheme and grants stock options to eligible employees.

Details of the options granted during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	14 <sup>th</sup> May, 2021	1,38,144	2.00	2 Years	5 years from Vesting date
ESOS 2013 - A	14 <sup>th</sup> May, 2021	25,095	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	2 Years	5 years from Vesting date
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	1 Year	5 years from Vesting date
ESOS 2013 - A	10 <sup>th</sup> May, 2022	1,18,916	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	10 <sup>th</sup> May, 2022	24,031	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	4 <sup>th</sup> November, 2022	8,613	2.00	2 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 face value ₹ 2 each.

### Weighted average share price for options exercised during the year :

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	1,018.03

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2023 is set out below:

### ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Granted during the year	1,51,560	2.00	2.00	-
Forfeited/cancelled during the year	(5,435)	2.00	2.00	-
Lapsed during the year	(1,466)	2.00	2.00	-
Exercised during the year	(3,33,889)	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>4,24,447</b>	<b>2.00</b>	<b>2.00</b>	<b>4.29</b>
Exercisable at the end of the year	1,63,582	2.00	2.00	2.83

# Notes to the Standalone Financial Statements

## Note 41: Share based payments (Contd..)

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

### ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Granted during the year	1,82,743	2.00	2.00	-
Forfeited/cancelled during the year	(50,330)	2.00	2.00	-
Lapsed during the year	(186)	2.00	2.00	-
Exercised during the year	(3,50,757)	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Exercisable at the end of the year	2,56,349	2.00	2.00	2.91

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

ESOS 2013 - A	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0.52%	0.35%
Expected volatility	27.95%	29.40%
Risk-free interest rate	6.77%	5.34%
Weighted average share price (₹)	951.08	898.95
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.00	4.02
Weighted average fair value of options (₹)	929.85	884.67

### B. Employee Stock Appreciation Rights ('ESARs')

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021/the Scheme') as approved by the shareholders by postal ballot on 25<sup>th</sup> March, 2021. The Scheme covers the employees who are in permanent employment, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e., face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Details of the ESAR granted during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	14 <sup>th</sup> May, 2021	2,71,329	2.00	3 years graded vesting	248.90	5 years from vesting date
ESAR 2021	14 <sup>th</sup> May, 2021	90,398	2.00	1 Year	286.62	5 years from vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	37,041	2.00	1 Year	236.90	5 years from vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	31,970	2.00	3 years graded vesting	274.48	5 years from vesting date
ESAR 2021	10 <sup>th</sup> May, 2022	2,47,126	2.00	3 Years graded vesting	304.80	5 Years from vesting date
ESAR 2021	10 <sup>th</sup> May, 2022	86,277	2.00	1 Year	260.77	5 Years from vesting date
ESAR 2021	4 <sup>th</sup> November, 2022	23,805	2.00	3 Years graded vesting	420.08	5 Years from vesting date

# Notes to the Standalone Financial Statements

## Note 41: Share based payments (Contd..)

### Weighted average share price for ESAR exercised during the year :

Particulars	ESAR 2021
Weighted average share price (₹)	1,133.26

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2023 is set out below:

### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>3,98,376</b>	<b>916.87</b>	<b>913.38 - 933.54</b>	<b>5.97</b>
Granted during the year	3,57,208	994.98	984.67-1,139.34	-
Forfeited/cancelled during the year	(11,247)	939.96	913.38-984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(43,582)	917.82	913.38-933.54	-
<b>Outstanding at the end of the year</b>	<b>7,00,755</b>	<b>956.17</b>	<b>913.38-1,139.34</b>	<b>5.38</b>
Exercisable at the end of the year	1,86,157	917.38	913.38-933.54	4.21

\* Number of shares are issued against options exercised based on formula as defined in ESAR scheme 2021.

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Granted during the year	4,30,738	916.61	913.38 - 933.54	-
Forfeited/cancelled during the year	(32,362)	913.38	913.38	-
<b>Outstanding at the end of the year</b>	<b>3,98,376</b>	<b>916.87</b>	<b>913.38 - 933.54</b>	<b>5.97</b>
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0.52%	0.37%
Expected volatility	28.48%	28.71%
Risk-free interest rate	6.89%	5.41%
Weighted average share price (₹)	953.02	899.12
Exercise price (₹)	994.98	916.61
Expected life of options granted in years	4.27	4.21
Weighted average fair value of options (₹)	301.85	273.53

The effect of share based payment transactions on the entity's profit or loss for the period and earnings per share is presented below:

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Profit from continuing and discontinuing operations after tax as reported (₹ in crores)	2,513.47	2,957.93
Share based payment expense (₹ in crores)	23.47	19.69
<b>Earnings per share</b>		
Basic (₹)	31.44	36.91
Diluted (₹)	31.41	36.88

# Notes to the Standalone Financial Statements

## Note 42: Segment information

In accordance with paragraph 4 of Indian Accounting Standard (Ind AS) 108 - Operating Segments, segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these standalone financial statements.

## Note 43: Details of loans given, investment made and guarantee given

### (a) Disclosure as per Regulations 34(3) and 53(f) of Securities Exchange Board of India - Listing Obligations and Disclosure Requirements (LODR) and Section 186(4) of the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022:

Sr. No.	Name of the Company	For the year ended 31 <sup>st</sup> March, 2023	Maximum balance during the year	₹ in crores		
				As at 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022	Maximum balance during the year
1	Cipla USA Inc.	772.40	772.40	772.40	-	-
2	Cipla Health Limited	180.09	180.09	128.09	-	-
3	Sitec Labs Limited	6.00	6.00	3.00	-	-

- Notes: i. All the above loans have been given for business purposes.
- ii. The loanees have not made any investment in the shares of the Company.
- iii. Loans given to employees as per the Company's policy are not considered.
- iv. Loans granted are unsecured.
- v. Refer note 6 and 15 for loans granted during the year.

### (b) Refer note 5 for investments.

### (c) Corporate guarantees given by the Company in respect of loans obtained by subsidiaries - Nil

### (d) Corporate guarantees given by the Company in respect of performance obligation of subsidiaries

Name of the Company	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cipla Australia Pty Limited	22.01	22.70
	<b>22.01</b>	<b>22.70</b>

## Note 44: Additional disclosure with respect to amendments to Schedule III

- a. The Company does not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.
- b. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- c. The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- d. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- e. The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- f. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- g. The Company has not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.
- h. The Company has complied with the number of layers prescribed under the Companies Act, 2013.



# Notes to the Standalone Financial Statements

## Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

i. Details of transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as of and for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022:

₹ in crores

Sr. no.	Name of Struck off Company Transactions	Nature of transactions	31 <sup>st</sup> March, 2023		31 <sup>st</sup> March, 2022		Relationship with the Struck off company
			Transactions during the year	Balance outstanding	Transactions during the year	Balance outstanding	
1	FEMTO I CARE PVT LTD	Professional fee	-	-	0.00*	-	Vendor- Non Related

\* Denote transaction amount less than ₹ 1 lac

j. The Company has invested in the following entities with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries). However it has not been from the borrowed fund.

₹ in crores

Sr. No.	Name of entity	Amount	Nature of transactions	Purpose
1	Cipla (EU) Limited	276.69	Investment in wholly owned subsidiary	For further investment in step down subsidiaries

k. The Company has not advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

## Analytical ratios

₹ in crores

No.	Particulars	Numerator	Denominator	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	% Variance	Variance Remark
				Current Period	Previous Period		
1	Current ratio (in times)	Current assets	Current liabilities	4.95	4.30	15.12%	Note a
2	Debt-equity ratio (in times)	Total debt <sup>(1)</sup>	Shareholder's equity	0.002	0.001	100.00%	Variance is mainly due to increase in lease liability.
3	Debt service coverage ratio (in times)*	Earning available for Debt Service <sup>(2)</sup>	Debt service <sup>(3)</sup>	146.63	152.29	(3.72%)	Note a
4	Return on equity ratio (in %)	Net Profits after taxes	Average Shareholder's Equity	10.66%	13.94%	(23.53%)	Note a
5	Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	1.70	1.84	(7.64%)	Note a
6	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	5.55	5.33	4.13%	Note a
7	Trade payables turnover ratio (in times)	Net Credit Purchases	Average trade payables	3.63	3.94	(7.87%)	Note a
8	Net capital turnover ratio (in times)	Revenue from operations	Working capital	1.50	1.79	(16.20%)	Note a
9	Net profit ratio (in %)	Net profit	Revenue from operations	15.75%	18.83%	(16.36%)	Note a
10	Return on capital employed (in %)	Earnings before interest and taxes	Capital employed <sup>(4)</sup>	15.02%	17.39%	(13.63%)	Note a
11	Return on investment (in %)	Interest and Treasury Income <sup>(5)</sup>	Monthly Average Investment <sup>(6)</sup>	5.38%	3.47%	64.51%	Higher return is mainly due to higher interest rate in market coupled with increase in investments in FY 23 compared to FY 22.

### Notes:

a. In respect of aforesaid mentioned ratios, there is no significant change (25% or more) in FY 2022-23 in comparison to FY 2021-22.

\* The Company does not have any borrowings as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022. Debt Service coverage ratio has been computed basis lease liabilities repayment schedule as per Guidance note on Schedule III issued by the Institute of Chartered Accountants of India.

# Notes to the Standalone Financial Statements

## Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

- Debt represents only lease liabilities
- Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments
- Interest and lease payments + Principal repayments
- Tangible net worth + deferred tax liabilities + Lease Liabilities
- Interest on inter-company deposits and fixed deposits + income from mutual funds

## Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

- Average of monthly balances of (Inter-company deposits + fixed deposits + investments in mutual funds)
- The ratios have been re-stated on account of restatement of previous year balances for US business undertaking

## Note 45: Financial instruments

### A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, margin deposit, security deposit, incentives/benefits receivable from government, cash and cash equivalents, other bank balances and other receivables as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial Instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

## Note 45: Financial instruments (Contd..)

### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

**Level 1** - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quoted price (unadjusted) in an active market.

**Level 2** - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Company's own valuation models whereby the material assumptions are market observable. The majority of Company's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

**Level 3** - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

### The carrying value and fair value of financial instruments by categories as on 31<sup>st</sup> March, 2023, were as follows:

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets:</b>				
<b>Financial assets at amortised cost</b>				
Investment properties (refer note 3)	61.72	-	-	121.33
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00
Investment in limited liability partnership firm (refer note 5)	6.40	-	-	6.40

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Investments in associate (refer note 5)	1.59	-	-	1.59
<b>Financial assets at fair value through profit or loss</b>				
Investments in mutual funds (refer note 11)	2,771.44	2,771.44	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives designated as hedge (refer note 16)	7.98	-	7.98	-
Investments in Limited Liability Partnership and others (refer note 5)	40.67	-	-	40.67
<b>Financial liabilities:</b>				
<b>Financial liabilities at amortised cost</b>				
Lease liabilities (refer note 2.2)	50.09	-	-	50.09
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives not designated as hedge (refer note 24)	2.17	-	2.17	-
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivatives designated as hedge (refer note 24)	3.34	-	3.34	-

The carrying value and fair value of financial instruments by categories as on 31<sup>st</sup> March, 2022, were as follows: ₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets:</b>				
<b>Financial assets at amortised cost</b>				
Investment properties (refer note 3)	63.35	-	-	120.07
Investments - National savings certificate (refer note 5)	0.00	-	-	0.00
Investment in limited liability partnership firm (refer note 5)	6.68	-	-	6.68
Investments in associate (refer note 5)	1.43	-	-	1.43
<b>Financial assets at fair value through profit or loss</b>				
Investments in mutual funds (refer note 11)	2,038.80	2,038.80	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 5)	0.00	-	-	0.00
Derivatives not designated as hedge (refer note 16)	17.73	-	17.73	-
<b>Financial assets at fair value through other comprehensive income</b>				
Derivatives designated as hedge (refer note 16)	0.75	-	0.75	-
Investments in Limited Liability Partnership (refer note 5)	40.30	-	-	40.30
<b>Financial liabilities:</b>				
<b>Financial liabilities at amortised cost</b>				
Lease liabilities (refer note 2.2)	23.45	-	-	23.45

## B. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's financial liabilities comprise of trade payable and other liabilities to manage its operation and financial assets include trade receivables, security deposits, loans and advances, etc, arises from its operation.

The Company has constituted a Risk Management Committee consisting of a majority of directors and senior managerial personnel. The Company has implemented a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the 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.

The Audit Committee of the Board periodically reviews the risk management framework.

### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Company's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- other price risk; and
- interest rate risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below.

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

### (a) Currency risk:

The Company operates internationally and a major portion of the business is transacted in multiple currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Company also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the Rupee (INR) appreciates/ depreciates against US Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR) and other currencies.

### Foreign exchange risk

#### (i) Foreign exchange derivatives and exposures outstanding at the year end

₹ in crores

Nature of Instrument	Currency	Cross currency	As at	As at
			31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Forward contracts - Sold	USD	INR	3,752.94	3,154.40
Forward contracts - Sold	ZAR	INR	514.09	444.06
Forward contracts - Sold	AUD	INR	164.49	104.86
Forward contracts - Sold	GBP	INR	80.91	133.57
Forward contracts - Sold	EUR	INR	17.89	138.12
Foreign exchange currency options contracts - Sold and bought	USD	INR	1,092.86	272.85
<b>Unhedged foreign exchange exposures:</b>				
Trade and other receivables			301.15	232.04
Cash and cash equivalents			9.13	132.76
Trade and other payables			(433.25)	(346.83)

Note: The Company uses foreign exchange forward and currency options contracts/derivatives for hedging purposes.

#### (ii) Foreign currency risk from financial instruments as of:

₹ in crores

Particulars	31 <sup>st</sup> March, 2023					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	257.10	13.92	5.52	24.61	-	301.15
Cash and cash equivalents	2.18	6.83	-	-	0.12	9.13
Trade and other payables	(323.34)	(79.26)	(4.24)	(3.21)	(23.20)	(433.25)
<b>Net assets/(liabilities)</b>	<b>(64.06)</b>	<b>(58.51)</b>	<b>1.28</b>	<b>21.40</b>	<b>(23.08)</b>	<b>(122.97)</b>

₹ in crores

Particulars	31 <sup>st</sup> March, 2022					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	211.39	-	11.35	-	9.30	232.04
Cash and cash equivalents	113.92	12.74	5.97	-	0.13	132.76
Trade and other payables	(211.37)	(46.04)	(25.50)	(27.51)	(36.41)	(346.83)
<b>Net assets/(liabilities)</b>	<b>113.94</b>	<b>(33.30)</b>	<b>(8.18)</b>	<b>(27.51)</b>	<b>(26.98)</b>	<b>17.97</b>

#### (iii) Sensitivity analysis

For the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, 5% strengthening of the Indian rupee (INR) against foreign currencies for the above mentioned financial assets/liabilities would (decrease)/increase the equity and profit or loss by the amounts shown below. A 5% weakening of the Indian rupee(INR) and the respective currencies would lead to an equal but opposite effect. This analysis assumes that all other variables remain constant.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Movement in exchange rate (Strengthening of INR)</b>		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Impact on profit/loss</b>		
USD - INR	(3.20)	5.70
EUR - INR	(2.93)	(1.67)
GBP - INR	0.06	(0.41)
ZAR - INR	1.07	(1.38)
Other currency	(1.15)	(1.35)

### (b) Other Price Risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31<sup>st</sup> March, 2023, the investments in mutual funds amounts to ₹ 2,771.44 crores (31<sup>st</sup> March, 2022: ₹ 2,038.80 crores). These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. A 1% increase/(decrease) in prices would increase/(decrease) the profit or loss by the amounts shown below.

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Impact on profit/loss</b>		
Increase by 1%	27.71	20.38
Decrease by 1%	(27.71)	(20.38)

### (c) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates if such assets/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 borrowings will fluctuate because of fluctuations in the interest rates. The Company does not have any borrowings and therefore not exposed to interest rate risk. Considering the short-term nature, there is no significant interest rate risk pertaining to short-term deposits.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 from such receivables on account of business

continuity.

### Trade and other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

### Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Details of financial assets – not due, past due and impaired

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31<sup>st</sup> March, 2023.

### For ageing analysis of the receivable (gross of provision) - refer note 12.

### Expected credit loss:

In accordance with Ind AS 109- Financial Instruments, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115- Revenue from contracts with customers. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The default in collection as a percentage to total receivable is low.

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 for trade receivables are as follows:

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>104.76</b>	<b>95.64</b>
Provided during the year	24.40	36.56
Reversal of provision during the year	(32.18)	(22.37)
Written off/back during the year	(0.06)	(5.82)
Effect of changes in the foreign exchange rates	4.32	0.75
	<b>101.24</b>	<b>104.76</b>

### Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

### The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2023:

₹ in crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non derivative:</b>				
Trade payables	1,594.12	-	-	<b>1,594.12</b>
Other financial liabilities	238.34	53.81	-	<b>292.15</b>
Lease liabilities	18.03	41.66	7.92	<b>67.61</b>
	<b>1,850.49</b>	<b>95.47</b>	<b>7.92</b>	<b>1,953.88</b>

### The table below provides details regarding the contractual maturities of significant financial liabilities (including liabilities directly associated with assets classified as held for sale/transfer) as of 31<sup>st</sup> March, 2022:

₹ in crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non derivative:</b>				
Trade payables	1,589.80	-	-	1,589.80
Other financial liabilities	202.93	3.13	50.00	256.06
Lease liabilities	11.69	14.71	-	26.40
	<b>1,804.42</b>	<b>17.84</b>	<b>50.00</b>	<b>1,872.26</b>

### (d) Impact of hedging activities

The Company uses foreign exchange forward and currency option contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR and ZAR sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

### a) Disclosure of effects of hedge accounting in the Company's balance sheet

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
<b>31<sup>st</sup> March, 2023</b>						
<b>Cash flow hedge</b>						
<b>Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 24)	2,961.33	-	2.17	April 2023- March 2024	1:1	AUD 1 = ₹ 57.42 USD 1 = ₹ 82.54 ZAR 1 = ₹ 4.80
ii) Foreign exchange currency options contracts-sold (refer note 24)	1,092.86	-	16.30	April 2023- March 2024	1:1	USD 1 = ₹ 83.17
iii) Foreign exchange currency options contracts-bought (refer note 24)	1,092.86	-	(12.96)	April 2023- March 2024	1:1	USD 1 = ₹ 82.22
<b>Fair value hedge</b>						
<b>Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 16)	1,568.99	7.98	-	April 2023- March 2024	1:1	AUD 1= ₹ 56.80 EUR 1= ₹ 90.12 GBP 1= ₹ 101.39 USD 1= ₹ 83.80 ZAR 1= ₹ 4.64

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
<b>31<sup>st</sup> March, 2022</b>						
<b>Cash flow hedge</b>						
<b>Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 16)	2,893.87	0.41	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.46 ZAR 1 = ₹ 5.05 AUD 1 = ₹ 58.43
ii) Foreign exchange currency options contracts-sold (refer note 16)	272.85	(1.47)	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.32
iii) Foreign exchange currency options contracts-bought (refer note 16)	272.85	1.81	-	April 2022 - March 2023	1:1	USD 1 = ₹ 77.61
<b>Fair value hedge</b>						
<b>Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 16)	1,081.13	17.73	-	April 2022 - October 2022	1:1	USD 1 = ₹ 76.78 ZAR 1 = ₹ 4.85 AUD 1 = ₹ 56.64 GBP 1 = ₹ 102.36 EUR 1 = ₹ 86.94

\* The foreign currency forward and currency options contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1.

### b) Disclosure of effects of hedge accounting in the Company's profit or loss and other comprehensive income

₹ in crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss
<b>31<sup>st</sup> March, 2023</b>				
<b>Foreign exchange risk</b>				
(i) Cash flow hedge	(55.31)	-	57.00	-
(ii) Fair value hedge	-	-	-	(19.90)

# Notes to the Standalone Financial Statements

## Note 45: Financial instruments (Contd..)

₹ in crores

Particulars	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss
<b>31<sup>st</sup> March, 2022</b>				
<b>Foreign exchange risk</b>				
(i) Cash flow hedge	51.42	-	(60.80)	-
(ii) Fair value hedge	-	-	-	15.83

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

### c) Movement in cash flow hedging reserve and costs of hedging reserve

₹ in crores

Cash flow hedging reserve	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>3.83</b>	<b>10.84</b>
Add: Changes in fair value	(55.31)	51.42
Less: Amount reclassified to profit or loss	57.00	(60.80)
Less: Deferred tax relating to above	(0.43)	2.37
<b>Closing balance</b>	<b>5.09</b>	<b>3.83</b>

## Note 46: Corporate social responsibility (CSR) expenditure

The Company meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Company. The Company spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilized through the year on the activities which are specified in Schedule VII to the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development projects, Research and Development and any other activity permissible under Schedule VII to the Act.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
A) Amount required to be spent by the company during the year <sup>#</sup>	61.84	52.92
B) Amount of expenditure incurred on construction/acquisition of assets	-	-
C) Amount of expenditure incurred on purposes other than (B) above <sup>#</sup>	62.30	53.25
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions *	60.42	53.25
G) Balance carried forward:		
Opening balance	0.33	-
Addition during the year	62.30	53.25
Utilised during the year (including excess provided of previous year)	(61.84)	(52.92)
Closing balance	<b>0.79</b>	<b>0.33</b>

\* This includes contribution to Cipla Foundation which is a trust, with the main objective of working across focus areas of Health, Education, Skilling, Environmental Sustainability & Disaster Response and COVID-19 relief projects.

<sup>#</sup> includes the surplus of ₹ 0.16 crores arising out of the CSR Projects of the previous financial year.

The Company does not have any ongoing projects as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

The Company has set-off excess CSR amount spent during the year 2021-22 ₹ 0.33 crores against current year's CSR obligation. The Company will be setting off the excess spend of ₹ 0.79 crores during the year 2022-23 against the next year's CSR obligation.

# Notes to the Standalone Financial Statements

## Note 47: Capital management

### A. Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in industry, the Company monitors capital on the basis of the following gearing ratio: (net debt divided by total 'equity')

**Net debt = Total borrowings (including lease liabilities) less [Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments]**

Total 'equity' is as shown in the balance sheet.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total debt	50.09	23.45
Less: Cash and cash equivalent (including current investment and bank deposit with original maturity between 3 to 12 months)	3,726.76	3,454.92
Net debt (A)	<b>(3,676.67)</b>	<b>(3,431.47)</b>
Total equity (B)	24,638.09	22,513.55
<b>Net debt to equity ratio (A/B)</b>	<b>(0.15)</b>	<b>(0.15)</b>

### B. Dividend on equity share

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>(a) Dividend on equity shares paid during the year</b>		
Final dividend for the year [FY 2021-22 : ₹ 5.00 per equity share of ₹ 2.00 each]	403.50	403.35
[FY 2020-21: ₹ 5.00 per equity share of ₹ 2.00 each]		
<b>Total</b>	<b>403.50</b>	<b>403.35</b>
<b>(b) Proposed dividend on equity share not recognised as liability</b>	<b>686.08</b>	<b>403.41</b>

The Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2023 has recommended a final dividend of ₹ 8.50 per equity share (face value of ₹ 2.00 each) which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

## Note 48: Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Dilutive potential equity shares are deemed converted at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Basic Earnings per share</b>		
Profit for the year from continuing operations (₹ in crores)	2,469.53	2,882.58
Profit for the year from discontinuing/restructuring operations (₹ in crores)	43.94	75.35
<b>Profit for the year (₹ in crores)</b>	<b>2,513.47</b>	<b>2,957.93</b>
Basic weighted average number of equity shares outstanding	80,70,07,965	80,66,68,279
<b>Basic earnings per share of par value ₹ 2/- per share</b>		
from continuing operations	₹ 30.61	₹ 35.73
from discontinuing/restructuring operations	₹ 0.54	₹ 0.94
<b>Total basic earnings per share</b>	<b>₹ 31.15</b>	<b>₹ 36.67</b>
<b>Dilutive Earnings per share</b>		
Basic weighted average number of equity shares outstanding	80,70,07,965	80,66,68,279
Add- Dilutive impact of employee stock options	6,19,768	7,72,668
Diluted weighted average number of equity shares outstanding	80,76,27,733	80,74,40,947
<b>Diluted earnings per share of par value ₹ 2/- per share</b>		
from continuing operations	₹ 30.58	₹ 35.70
from discontinuing/restructuring operations	₹ 0.54	₹ 0.93
<b>Total diluted earnings per share</b>	<b>₹ 31.12</b>	<b>₹ 36.63</b>

# Notes to the Standalone Financial Statements

## Note 49: Income Tax Search and Survey

The Income Tax Department ("the Department") conducted a Survey & Search under Section 132 of the Income Tax Act ("the Search") on the Company in February 2023. The Company at the time of search and subsequently has co-operated with the department and responded to the clarifications, data and details sought by the Department. No assets of the Company were seized by the Department as part of the Search. The Company after considering all available records, facts known to it and legal advice as of date, has not identified any adjustments to the current or prior period standalone financial statements at this stage. Pending outcome of the proceedings in this matter, the Company will re-evaluate the adjustments to the financial statement if needed at a future date as appropriate.

## Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable. The impact of such reclassification/regrouping is not material to the financial statements.

## Note 51: Subsequent events

Subsequent to year end, the Company has signed a perpetual license agreement with Novartis Pharma AG on 10<sup>th</sup> April, 2023 to manufacture and market Galvus and combination brands, used in the treatment of type 2 diabetes from 1<sup>st</sup> January, 2026. The agreement is subject to satisfaction of certain conditions precedent. Other than as disclosed, there are no other subsequent events that occurred after the reporting date.

## Note 52: Unforeseeable losses

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

## Note 53: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

## Note 54: Authorisation of financial statements

The financial statements for the year ended 31<sup>st</sup> March, 2023 were approved by the Board of Directors on 12<sup>th</sup> May, 2023.

As per our report of even date attached

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No. 504662

New Delhi, 12<sup>th</sup> May, 2023

For and on behalf of the **Board of Directors**

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Ashish Adukia**  
Global Chief Financial Officer

Mumbai, 12<sup>th</sup> May, 2023

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Rajendra Chopra**  
Company Secretary

# Independent Auditor's Report

To the Members of Cipla Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

- 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'), its associates, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2023, 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 notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates, as at 31<sup>st</sup> March, 2023, and their consolidated profit (including

other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matter to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
<p><b>DPCO matters:</b></p> <p>The Holding Company and many of its Indian subsidiaries are regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant, Drugs (Prices Control) Orders (DPCO) as disclosed in Note 45B(ii) to the consolidated financial statements, relating to overcharging of certain drugs under DPCO.</p> <p>According to NPPA's public disclosure, the total demand against the Group aggregates to ₹ 3,703.40 crores as at 31<sup>st</sup> March, 2023, of which:</p> <p>a) ₹ 3,456.39 crores relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crores being 50% of the total demand of ₹ 350.15 crores as at 1<sup>st</sup> August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and</p> <p>b) ₹ 247.01 crores relates to other matters, wherein based on facts and legal advice, the Group has recorded a</p>	<p>Our audit of DPCO matters included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved;</p> <p>b) Evaluated the design and tested the operating effectiveness of key controls around above process;</p> <p>c) Inspected correspondence with the Holding Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;</p> <p>d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale;</p>

# Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p>charge of ₹ 6.89 crores (including interest) during the year ended 31<sup>st</sup> March, 2023 and carries a total provision of ₹ 125.38 crores (including interest) as at 31<sup>st</sup> March, 2023.</p> <p>The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability or not, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management.</p> <p>Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.</p> <p><b>Impairment of goodwill, intangible assets and intangible assets under development:</b></p> <p>As at 31<sup>st</sup> March, 2023, the Group has goodwill balance of ₹ 2,983.86 crores relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹ 1,126.01 crores and ₹ 404.13 crores, respectively. These balances are subject to a test of impairment by the management in accordance with Ind AS 36 "Impairment of Assets". The Group has recorded an impairment charge on goodwill, intangible assets and intangible assets under development of ₹ 326.53 crores during the year ended 31<sup>st</sup> March, 2023. Refer Note 4, 5 and 38 to the Consolidated Financial Statements.</p> <p>The carrying values of goodwill, intangible assets and intangible assets under development will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations.</p> <p>In addition to significance of the amounts, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amounts involved in forecasting cash flows for each of the CGUs, intangible assets and those under development, principally relating to budgeted revenue, operating margins, short-term and long-term growth rates and the discount rates used.</p> <p>Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying values of goodwill, intangibles and intangible assets under development is considered to be complex and determined to be a key audit matter in our current period audit.</p>	<p>e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and</p> <p>f) Evaluated the disclosures for adequate disclosure regarding the significant litigations of the Group.</p> <p>Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the Consolidated financial statements taken as a whole.</p> <p>Our audit included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of the management's process for identification of impairment indicators for goodwill, intangibles and intangibles under development and process for identification of CGUs and impairment testing of such assets;</p> <p>b) Tested the design and operating effectiveness of internal controls over such identification and impairment measurement of identified assets;</p> <p>c) Evaluated management's identification of CGUs;</p> <p>d) Obtained the impairment assessment workings prepared by the management and its experts;</p> <p>e) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management to determine the recoverable values;</p> <p>f) Reconciled the cash flows to the business plans approved by the Board of Directors of the companies which constitute identified CGUs;</p> <p>g) Evaluated and challenged management's assumptions such as implied growth rates during explicit periods, terminal growth rates and discount rates for their appropriateness based on our understanding of the business of the respective CGUs, past results and external factors such as industry trends and forecasts;</p> <p>h) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit periods, terminal growth rates and discount rates;</p> <p>i) Tested the mathematical accuracy of the management computations;</p> <p>j) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the estimated recoverable amounts for respective CGUs to evaluate sufficiency of headroom between recoverable values and carrying amounts; and</p> <p>k) Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to goodwill, intangibles and intangible assets under development, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards.</p> <p>Based on the audit procedures performed, we determined that the management's assessment that the carrying values of goodwill, intangible assets and intangible assets under development is appropriate in the context of the consolidated financial statements taken as a whole.</p>

# Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue from operations: (refer Note 1.13 and 30 to the consolidated financial statements)</b></p> <p>The Group recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers.</p> <p>Further, the Group has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue such as the Group's sales to customers in the United States of America ('US') which fall under certain commercial and governmental reimbursement schemes and mandated contracts of which the most significant ones are chargebacks, rebates, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid').</p> <p>The Group also has development and commercialisation arrangements relating to research and development of new products. This includes in-licensing and out-licensing arrangements and other types of complex agreements.</p> <p>We identified the recognition of revenue from operations as a key audit matter because:</p> <p>a) Accrual towards rebates, discounts, returns, chargebacks and allowances is complex and requires significant judgments and estimates in relation to contractual agreements/commercial terms across various geographies. Any change in these estimates can have a significant financial impact. These estimates are particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid;</p> <p>b) The nature of development and commercialization arrangements are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition;</p> <p>c) The Group considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period.</p>	<p>Our audit included, but was not limited to, the following procedures:</p> <p>a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements;</p> <p>b) Evaluated the design and tested the operating effectiveness of the Group's internal controls, including general IT controls, key IT application controls implemented by the management, over recognition of revenue and measurement of various discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid;</p> <p>c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations;</p> <p>d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents;</p> <p>e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/ understatement of revenue recorded for the year;</p> <p>f) Obtained management workings for amounts recognised towards discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid during the year and as at year end. On a sample basis, tested the underlying calculations for amounts recorded as accruals and provisions towards the aforementioned obligations as per the terms of related schemes, contracts and regulations, and traced the underlying data to source documents;</p> <p>g) Evaluated historical accuracy of the Group's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias;</p> <p>h) Tested all the manual sales-related adjustments made to revenue comprising of variable consideration under Ind AS 115 to ensure the appropriateness of revenue recognition during the year; and</p> <p>i) Evaluated the adequacy of disclosures in the Consolidated financial statements.</p> <p>Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the consolidated financial statements taken as a whole.</p>

# Independent Auditor's Report

## Information other than the Consolidated Financial Statements and Auditor's Report thereon

- The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

- The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its associate companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair

view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

- In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

- Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
- As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

# Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

14. We did not audit the financial statements of 35 subsidiaries, whose financial statements reflect total assets of ₹ 11,063.11 crores and net assets of ₹ 8,421.81 crores as at 31<sup>st</sup> March, 2023, total revenues of ₹ 4,172.39 crores and net cash inflows amounting to ₹ 41.06 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ (1.77) crores for the year ended 31<sup>st</sup> March, 2023, as considered in the consolidated financial statements, in respect of an associate, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate, are based solely on the reports of the other auditors.

Further, of these subsidiaries and an associate, 32 subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and an associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries and an associate located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

15. The consolidated financial statements also include the group's share of net loss (including other comprehensive income) of ₹ (0.83) crores for the year ended 31<sup>st</sup> March, 2023, as considered in the consolidated financial statements, in respect of 5 associates, whose financial statements has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial

# Independent Auditor's Report

statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

## Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditor, referred to in paragraph 14, on separate financial statements of the subsidiaries and associates, we report that the Holding Company and 3 subsidiary companies incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 6 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 7 associate companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 14 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company its subsidiary companies and taken on record by the Board of Directors of the Holding Company and its subsidiary companies, and the reports of the statutory auditors of its subsidiary companies covered under the Act none of the directors of the Group companies, are disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates as detailed in Note 45 to the consolidated financial statements;
  - ii. As detailed in Note 54 to the consolidated financial statements, the Holding Company, its subsidiary companies and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2023.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March, 2023. Further, there were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary companies and associate companies covered under the Act, during the year ended 31<sup>st</sup> March, 2023;



# Independent Auditor's Report

- iv. a. The respective managements of the Holding Company and its subsidiary companies, associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in Note 55(j) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies and its associate companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies and its associate companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the Note 55(f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries and associates, as considered

reasonable and appropriate in the circumstances, nothing has come to our or other auditor's notice that has caused us or other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. a. The interim dividend declared and paid by the subsidiary companies during the year ended 31<sup>st</sup> March, 2023 and until the date of this audit report is in compliance with section 123 of the Act;
- b. The final dividend paid by the Holding Company during the year ended 31<sup>st</sup> March, 2023 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend; and
- c. As stated in Note 43 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31<sup>st</sup> March, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1<sup>st</sup> April, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 23504662BGWGDGX1507

**Place:** New Delhi  
**Date:** 12<sup>th</sup> May, 2023

# Annexure I

## List of entities included in the Statement

### List of subsidiaries:

1. Goldencross Pharma Limited, India
2. Meditab Specialities Limited, India
3. Cipla Pharma and Life Sciences Limited, India (formerly known as Cipla BioTec Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India
8. Cipla Medpro South Africa (Pty) Limited, South Africa
9. Cipla Holding B.V., Netherlands
10. Cipla (EU) Limited, United Kingdom
11. Saba Investment Limited, United Arab Emirates
12. Cipla Australia Pty Limited, Australia
13. Meditab Holdings Limited, Mauritius
14. Cipla USA Inc., United States of America
15. Cipla Kenya Limited, Kenya
16. Cipla Malaysia Sdn. Bhd., Malaysia
17. Cipla Europe NV, Belgium
18. Cipla Quality Chemical Industries Limited, Uganda
19. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
20. Inyanga Trading 386 (Pty) Limited, South Africa (Dissolved w.e.f. 10 December 2021)
21. Cipla Medpro Holdings (Pty) Limited, South Africa (Dissolved w.e.f. 25<sup>th</sup> August, 2022)
22. Cipla Dibcare (Pty) Limited, South Africa (under liquidation)
23. Cipla Medpro Manufacturing (Pty) Limited, South Africa (formerly known as Cipla Life Sciences (Pty) Limited)
24. Cipla-Medpro (Pty) Limited, South Africa
25. Cipla-Medpro Distribution Centre (Pty) Limited, South Africa
26. Cipla Medpro Botswana (Pty) Limited, South Africa
27. Cipla Algérie, Algeria
28. Cipla Biotec South Africa (Pty) Limited, South Africa (deregistered w.e.f. 3<sup>rd</sup> February, 2022)
29. Cipla Select (Pty) Limited, South Africa (formerly known as Cipla OLTP (Pty) Limited)
30. Medpro Pharmaceutica (Pty) Limited, South Africa

31. Breathe Free Lanka (Private) Limited, Sri Lanka
32. Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen
33. Cipla Maroc SA, Morocco
34. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
35. Cipla Philippines Inc., Philippines
36. InvaGen Pharmaceuticals Inc., United States of America
37. Exelan Pharmaceuticals Inc., United States of America
38. Cipla Technologies LLC, United States of America
39. Cipla Gulf FZ-LLC, United Arab Emirates
40. Mirren (Pty) Limited, South Africa
41. Madison Pharmaceuticals Inc. United States of America (Dissolved w.e.f. 28<sup>th</sup> April, 2023)
42. Cipla Colombia SAS, Colombia
43. Cipla (China) Pharmaceutical Co., Ltd, China
44. Cipla (Jiangsu) Pharmaceutical Co., Ltd., China
45. Cipla Pharmaceuticals Limited, India
46. Cipla Therapeutics Inc., United States of America
47. Cipla Health Employees Stock Option Trust, India
48. Cipla Employee Stock Option Trust, India (Deregistered)
49. Cipla Digital Health Limited, India (incorporated on 25<sup>th</sup> February, 2022)
50. Aspergen Inc, United States of America (w.e.f. 30<sup>th</sup> August, 2022)
51. The Cipla Empowerment Trust, South Africa (w.e.f. 30<sup>th</sup> June, 2022)

### List of Associates:

1. Stempeutics Research Private Limited, India
2. Avenue Therapeutics Inc. United States of America (ceased to be an associate w.e.f. 11<sup>th</sup> October, 2022)
3. Brandmed (Pty) Limited, South Africa
4. AMPSolar Power Systems Private Limited, India (share of loss/ profit not required to be considered)
5. AMP Energy Green Eleven Private Limited, India (share of loss/ profit not required to be considered)
6. Clean Max Auriga Power LLP, India (share of loss/ profit not required to be considered)
7. GoApptiv Private Limited, India
8. Iconphygital Private Limited, India (Wholly owned subsidiary of GoApptiv Private Limited)
9. Achira Labs Private Limited (w.e.f. 17<sup>th</sup> August, 2022)

# Annexure II

## Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

- In conjunction with our audit of the consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended 31<sup>st</sup> March, 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

- The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the company considering the essential component of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the guidance note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's responsibility for the Audit of the Internal Financial Controls with reference to consolidated financial statements

- Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

- Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

### Meaning of Internal Financial Controls with Reference to consolidated financial statements

- A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to consolidated financial statements

- Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls,

# Annexure II

## Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

- In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31<sup>st</sup> March, 2023, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Other Matter

- We did not audit the internal financial controls with reference to financial statements in so far as it relates to 2 subsidiary companies, which are company covered under the Act, whose financial statement (prior to consolidation adjustments) reflect total assets of ₹ 183.79 crores and net assets of ₹ 167.06 crores as at 31<sup>st</sup> March, 2023, total revenues of ₹ 146.61 crores and net cash flows amounting to ₹ (4.42) crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under

Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

- We did not audit the internal financial controls with reference to financial statements in so far as it relates to 5 associate companies, which are companies covered under the Act, in respect of which, the Group's share of net loss (including other comprehensive income) of ₹ (0.83) crores for the year ended 31<sup>st</sup> March, 2023 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of these associate companies, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act in so far as it relates to the aforesaid associate companies, which are covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements reports certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements reports certified by the management.

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662  
UDIN: 23504662BGWGD1507

**Place:** New Delhi  
**Date:** 12<sup>th</sup> May, 2023

# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Notes	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2.1	4,583.60	4,838.79
(b) Right-of-use assets	2.2	407.18	325.61
(c) Capital work-in-progress	2.1	689.17	382.90
(d) Investment properties	3	59.83	61.42
(e) Goodwill	4	2,983.86	3,137.93
(f) Intangible assets	5	1,126.01	1,319.58
(g) Intangible assets under development	5	404.13	383.28
(h) Investment in associates	6	90.90	45.81
(i) Financial assets			
(i) Investments	7	481.62	309.82
(ii) Loans	8	-	0.04
(iii) Other financial assets	9	99.32	417.04
(j) Income tax assets (net)	10	548.00	483.62
(k) Deferred tax assets (net)	10	456.54	448.83
(l) Other non-current assets	11	258.17	218.91
<b>Total non-current assets</b>		<b>12,188.33</b>	<b>12,373.58</b>
<b>(2) Current assets</b>			
(a) Inventories	12	5,156.43	5,350.24
(b) Financial assets			
(i) Investments	13	3,089.86	2,194.97
(ii) Trade receivables	14	4,057.00	3,424.44
(iii) Cash and cash equivalents	15	627.63	677.74
(iv) Bank balances other than cash and cash equivalents	16	936.99	1,250.74
(v) Loans	17	7.59	3.57
(vi) Other financial assets	18	2,080.57	898.39
(c) Other current assets	19	848.99	910.74
<b>Total current assets</b>		<b>16,805.06</b>	<b>14,710.83</b>
<b>(3) Assets classified as held for sale/disposal group</b>	2.3	469.89	16.71
<b>Total assets</b>		<b>29,463.28</b>	<b>27,101.12</b>
<b>Equity and liabilities</b>			
<b>(1) Equity</b>			
(a) Equity share capital	20	161.43	161.36
(b) Other equity	21	23,246.35	20,680.33
<b>Equity attributable to owner</b>		<b>23,407.78</b>	<b>20,841.69</b>
(c) Non-controlling interest	22	305.76	275.69
<b>Total equity</b>		<b>23,713.54</b>	<b>21,117.38</b>
<b>(2) Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	-	416.24
(ii) Lease liabilities	2.2	208.82	158.28
(iii) Other financial liabilities	24	113.70	100.37
(b) Provisions	25	102.16	100.22
(c) Deferred tax liabilities (net)	10	163.28	243.96
(d) Other non-current liabilities	26	52.11	51.46
<b>Total non-current liabilities</b>		<b>640.07</b>	<b>1,070.53</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	520.36	407.90
(ii) Lease liabilities	2.2	73.94	73.36
(iii) Trade payables	27		
- Total outstanding dues of micro enterprises and small enterprises		225.91	175.12
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,231.14	2,332.98
(iv) Other financial liabilities	28	394.54	370.83
(b) Other current liabilities	29	284.13	311.06
(c) Provisions	25	1,286.67	1,221.00
(d) Income tax liabilities (net)	10	16.58	20.62
<b>Total current liabilities</b>		<b>5,033.27</b>	<b>4,912.87</b>
<b>(3) Liabilities directly associated with assets classified as held for sale/disposal group</b>	2.3	76.40	0.34
<b>Total liabilities</b>		<b>5,749.74</b>	<b>5,983.74</b>
<b>Total equity and liabilities</b>		<b>29,463.28</b>	<b>27,101.12</b>

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662  
New Delhi, 12<sup>th</sup> May, 2023

**Ashish Adukia**  
Global Chief Financial Officer  
Mumbai, 12<sup>th</sup> May, 2023

**Rajendra Chopra**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Notes	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>(1) Income</b>			
(a) Revenue from operations			
(i) Revenue from sale of products	30	22,473.18	21,623.36
(ii) Other operating revenue	31	279.94	139.98
<b>Total revenue from operations</b>		<b>22,753.12</b>	<b>21,763.34</b>
(b) Other income	32	475.45	280.91
<b>(2) Total income (a+b)</b>		<b>23,228.57</b>	<b>22,044.25</b>
<b>(3) Expenses</b>			
(a) Cost of materials consumed	33	5,519.62	5,533.13
(b) Purchases of stock-in-trade	34	2,828.66	3,687.16
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(96.00)	(724.69)
(d) Employee benefits expense	36	3,830.08	3,529.91
(e) Finance costs	37	109.54	106.35
(f) Depreciation, impairment and amortisation expense	38	1,172.11	1,051.95
(g) Other expenses	39 (a)	5,643.79	5,185.05
<b>Total expenses</b>		<b>19,007.80</b>	<b>18,368.86</b>
<b>(4) Profit before exceptional items and tax (2-3)</b>		<b>4,220.77</b>	<b>3,675.39</b>
<b>(5) Exceptional item</b>	39 (b)	(182.42)	(182.12)
<b>(6) Profit before tax (4+5)</b>		<b>4,038.35</b>	<b>3,493.27</b>
<b>(7) Tax expense (net)</b>	10		
(a) Current tax		1,264.77	1,136.90
(b) Deferred tax		(61.91)	(203.10)
<b>Total tax expense</b>		<b>1,202.86</b>	<b>933.80</b>
<b>(8) Profit after tax before share of profit/(loss) from associates (6-7)</b>		<b>2,835.49</b>	<b>2,559.47</b>
(9) Share of profit/(loss) from associates	44	(2.60)	(12.82)
<b>(10) Profit for the year (8+9)</b>		<b>2,832.89</b>	<b>2,546.65</b>
<b>(11) Other comprehensive income/(loss)</b>			
(a) (i) Items that will not be reclassified to profit or loss		0.57	127.02
(ii) Income tax relating to these items		2.07	(15.48)
(b) (i) Items that will be reclassified to profit or loss		137.35	272.75
(ii) Income tax relating to these items		(2.36)	(0.62)
<b>Other comprehensive income/(loss) for the year</b>		<b>137.63</b>	<b>383.67</b>
<b>(12) Total comprehensive income for the year (10+11)</b>		<b>2,970.52</b>	<b>2,930.32</b>
<b>(13) Profit for the year attributable to</b>			
(a) Owners		2,801.91	2,516.75
(b) Non-controlling interest		30.98	29.90
<b>(14) Total comprehensive income attributable to</b>			
(a) Owners		2,930.48	2,893.55
(b) Non-controlling interest		40.04	36.77
<b>(15) Earnings per equity share of face value of ₹ 2 each</b>	41		
Basic (in ₹)		34.72	31.20
Diluted (in ₹)		34.69	31.17
The accompanying notes form an integral part of these consolidated financial statements.	1-59		

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662  
New Delhi, 12<sup>th</sup> May, 2023

**Ashish Adukia**  
Global Chief Financial Officer  
Mumbai, 12<sup>th</sup> May, 2023

**Rajendra Chopra**  
Company Secretary

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2023

## (a) Equity share capital (refer note 20)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balance at the beginning of the year	161.36	161.29
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.07	0.07
<b>Balance at the end of the year</b>	<b>161.43</b>	<b>161.36</b>

## (b) Other equity (refer note 21)

Particulars	Attributable to the owners of the Company								Other equity	Non-controlling interest	Total
	Reserves and surplus					Other reserve					
	Capital reserve	Securities premium reserve	General reserve	Employee stock options / ESAR	Retained earnings	Foreign currency translation reserve	Financial instruments fair value through other comprehensive income	Hedge reserve			
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>(165.95)</b>	<b>1,613.31</b>	<b>3,144.64</b>	<b>42.09</b>	<b>13,536.98</b>	<b>2.70</b>	<b>1.40</b>	<b>(9.93)</b>	<b>18,165.24</b>	<b>259.06</b>	<b>18,424.30</b>
Profit for the year	-	-	-	-	2,516.75	-	-	-	2,516.75	29.90	2,546.65
Other comprehensive income/(loss) (net of tax)	-	-	-	-	13.14	258.39	98.37	6.90	376.80	6.87	383.67
Payment of dividend (refer note 43 C)	-	-	-	-	(403.35)	-	-	-	(403.35)	(20.14)	(423.49)
Transfer to general reserve	-	-	0.16	(0.16)	-	-	-	-	-	-	-
Refund of excess Dividend Distribution Tax (DDT) paid in earlier years	-	-	-	-	5.55	-	-	-	5.55	-	5.55
Consideration relating to ESOP of subsidiary	(1.09)	-	-	(2.03)	-	-	-	-	(3.12)	-	(3.12)
Exercise of employee stock options	-	18.38	-	(18.38)	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	(1.66)	-	-	-	-	(1.66)	-	(1.66)
Share based payments expense (refer note 47)	-	-	-	24.12	-	-	-	-	24.12	-	24.12
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>(167.04)</b>	<b>1,631.69</b>	<b>3,144.80</b>	<b>43.98</b>	<b>15,669.07</b>	<b>261.09</b>	<b>99.77</b>	<b>(3.03)</b>	<b>20,680.33</b>	<b>275.69</b>	<b>20,956.02</b>
Profit for the year	-	-	-	-	2,801.91	-	-	-	2,801.91	30.98	2,832.89
Other comprehensive income/(loss) (net of tax)	-	-	-	-	(10.45)	119.42	13.10	6.50	128.57	9.06	137.63
Payment of dividend (refer note 43 C)	-	-	-	-	(403.50)	-	-	-	(403.50)	(23.21)	(426.71)
Transfer to general reserve	-	-	0.12	(0.12)	-	-	-	-	-	-	-
Exercise of employee stock options	-	21.08	-	(21.08)	-	-	-	-	-	-	-
Contribution by Non-controlling interest	-	-	-	-	-	-	-	-	-	13.24	13.24
Share based payments expense (refer note 47)	-	-	-	39.04	-	-	-	-	39.04	-	39.04
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>(167.04)</b>	<b>1,652.77</b>	<b>3,144.92</b>	<b>61.82</b>	<b>18,057.03</b>	<b>380.51</b>	<b>112.87</b>	<b>3.47</b>	<b>23,246.35</b>	<b>305.76</b>	<b>23,552.11</b>

The accompanying notes form an integral part of these consolidated financial statements. (Note 1-59)

There are no prior period errors, and hence disclosure with respect to the restatement of the opening balance of "Equity share capital" and "Other equity" is not applicable.

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662  
New Delhi, 12<sup>th</sup> May, 2023

**Ashish Adukia**  
Global Chief Financial Officer  
Mumbai, 12<sup>th</sup> May, 2023

**Rajendra Chopra**  
Company Secretary

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2023

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Cash flow from operating activities</b>		
<b>Profit before exceptional items and tax</b>	4,220.77	3,675.39
<b>Adjustments for:</b>		
Depreciation, impairment and amortisation expense	1,172.11	1,051.95
Interest expense	109.54	106.35
Unrealised foreign exchange (gain)/loss (net)	(56.20)	11.15
Share based payment expense	39.04	24.12
Allowances for credit loss (net)	(36.68)	(40.82)
Interest income on income tax refund	(28.62)	(17.75)
Interest income on bank deposit and others	(133.62)	(61.87)
Dividend income	-	(0.01)
Sundry balances written back (net)	(9.08)	(6.37)
Net gain on sale of current investment carried at fair value through profit or loss	(122.39)	(77.22)
Reversal of impairment of investment in associate	(25.77)	-
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(20.68)	(2.02)
Net gain on sale/disposal of property, plant and equipment	(1.58)	(8.68)
Rent income	(7.88)	(11.36)
<b>Operating profit before working capital changes</b>	<b>5,098.96</b>	<b>4,642.86</b>
<b>Adjustments for working capital:</b>		
Decrease/(Increase) in inventories	110.77	(621.11)
(Increase)/Decrease in trade and other receivables	(651.98)	81.36
(Decrease)/Increase in trade payables and other liabilities	(18.21)	362.29
<b>Cash generated from operations</b>	<b>4,539.54</b>	<b>4,465.40</b>
Income tax paid (net of refunds)	(1,301.89)	(1,139.50)
<b>Net cash flows from operating activities (a)</b>	<b>3,237.65</b>	<b>3,325.90</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment {refer Note (ii) below}	(840.53)	(544.11)
Purchase of intangible assets (including intangible asset under development)	(342.36)	(157.04)
Proceeds from sale of property, plant and equipment {refer Note (ii) below}	28.52	16.40
Receipts from sale of assets held for sale	1.06	14.98
Proceeds from sale of intangible assets	18.86	3.78
Investment in associates (refer note 44)	(50.90)	(18.02)
Proceeds from sale of associate (refer note 44)	25.77	-
Purchase of non-current investments	(136.03)	(0.05)
(Purchase)/Sale of current investments (net)	(751.83)	170.64
Change in other bank balance and cash not available for immediate use	(462.96)	(1,416.82)
Interest received	114.01	46.99
Dividend received	-	0.01
Rent received	7.88	11.36
<b>Net cash used in investing activities (b)</b>	<b>(2,388.51)</b>	<b>(1,871.88)</b>

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2023

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (ESOSs)	0.07	0.07
Transaction with non-controlling interest (net)	(4.27)	(19.75)
Consideration paid on buyback of ESOP rights relating to subsidiary	-	(2.77)
(Repayment)/proceeds from current borrowings (net)	(308.00)	34.98
Repayment of non-current borrowings	(43.90)	(1,041.21)
Payment of lease liabilities	(133.69)	(92.10)
Interest paid	(65.00)	(75.66)
Dividend paid	(403.50)	(403.35)
<b>Net cash used in financing activities (c)</b>	<b>(958.29)</b>	<b>(1,599.79)</b>
<b>Net decrease in cash and cash equivalents (a+b+c)</b>	<b>(109.15)</b>	<b>(145.77)</b>
Cash and cash equivalents at the beginning of the year	658.11	790.43
Exchange difference on translation of foreign currency cash and cash equivalents	12.37	13.45
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>561.33</b>	<b>658.11</b>

**Note:**

- (i) The above statement of cash flow has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7- *Statement of Cash Flows*.
- (ii) Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment property adjusted for movement of capital work in progress, capital advances and capital creditors for property, plant and equipment and investment property during the year.
- (iii) For reconciliation of borrowings, refer note 23

The accompanying notes form an integral part of these consolidated financial statements (note 1-59).

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
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Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662

**Ashish Adukia**  
Global Chief Financial Officer

**Rajendra Chopra**  
Company Secretary

New Delhi, 12<sup>th</sup> May, 2023

Mumbai, 12<sup>th</sup> May, 2023

# Notes to the Consolidated Financial Statements

## Group Information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Group has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

The consolidated financial statements comprise financial statements of Cipla Limited ('the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), and its associates (refer "Annexure A" to Note 1 for the list of subsidiaries and associates).

## Note 1: Significant accounting policies and key accounting estimates and judgements

### 1.1 Basis of preparation

#### (i) Compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group as at and for the year ended 31<sup>st</sup> March, 2023 have been prepared and presented in accordance with Indian Accounting Standards ("Ind-AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], and presentation requirements of Division II of Schedule III to the Companies Act, 2013 as amended from time to time, guidelines issued by the Securities and Exchange Board of India (SEBI) and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31<sup>st</sup> March, 2023.

#### (ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;

- Lease liability and Right-of-use assets – measured at fair value;
- Share based payments – measured at fair value; and
- Investment in associates are accounted for using equity method.

#### (iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the consolidated financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

#### (iv) Functional currency and rounding of amounts

The consolidated financial statements are presented in Indian Rupee (₹) which is also the functional currency of the parent company. All amounts disclosed in the consolidated financial statements and notes have been rounded-off to the nearest crores or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') unless use of different currency is appropriate.

## 1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - *Presentation of Financial Statements*.

### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

# Notes to the Consolidated Financial Statements

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

## Principles of consolidation

The consolidated financial statements relate to Cipla Limited, its subsidiaries and associates.

Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- has the ability to use its power over the entity to affect the amount of its returns.

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- Non-controlling interests represent that part of the total comprehensive income and net assets of subsidiaries attributable to the interest which is not owned, directly or indirectly, by the Parent Company.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

- The profit and other comprehensive income attributable to non-controlling interest of subsidiaries are shown separately in the consolidated profit or loss and consolidated statement of changes in equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method unless otherwise stated.
- Under the equity method of accounting, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, unless the share purchase agreement specifies otherwise. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.
- If an entity's share of losses of an associate equal or exceeds its interest in the associate, the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.
- The financial statements of the subsidiaries and associates used for the purpose of consolidation are drawn up to the same reporting date as that of the Group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
- Upon loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

# Notes to the Consolidated Financial Statements

## 1.3 Use of estimates and judgements

The preparation of consolidated financial statements requires management of the Group to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

### 1.3.1 Judgements

#### (i) Leases

Ind AS 116 - *Leases* requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

#### (ii) Income taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also file tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based

on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

#### (iii) Research and development costs

Internal research and development (R&D) expenses are fully charged to "Other expenses" in the consolidated profit or loss in the period in which they are incurred. The Group considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market.

Payments made to third parties, such as contract research and development organizations in compensation for subcontracted R&D, that are deemed not to transfer intellectual property to Group are expensed as internal R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, usually when marketing approval has been received from a regulatory authority in a major market.

Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are capitalized, as are payments for other assets, such as technologies to be used in R&D activities. If additional payments are made to the originator company to continue performing R&D activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they are deemed to be compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to Group. Such additional payments will be capitalized if they are deemed to be compensation for the transfer of additional intellectual property developed at the risk of the originator company. Subsequent internal R&D costs in relation to IPR&D and other assets are expensed, since the technical feasibility of the internal R&D activity can only be demonstrated by the receipt of marketing approval for a related product from a regulatory authority in a major market.

#### (iv) Provisions and contingent liabilities

The Group exercises judgement in determining if a particular matter is possible, probable or remote. The Group also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated

# Notes to the Consolidated Financial Statements

settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

## (v) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date, determining whether control is transferred from one party to another and whether acquisition constitute a business or asset acquisition. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

### 1.3.2 Estimates

#### (i) Useful lives of property, plant and equipment, and intangible assets

Property, plant and equipment, and intangibles assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### (ii) Refund liabilities

The Group accounts for sales returns accrual by recording refund liabilities concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates. With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Group's business and markets.

At the time of recognising the refund liability, the Group also recognises an asset, (i.e., the right to returned goods to the extent goods are saleable in market) which is included in inventories for the products expected to be returned and sold. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### (iii) Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

#### (iv) Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Group, and are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

#### (v) Inventories obsolescence

The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory obsolescence to reflect its actual experience on a periodic basis.

#### (vi) Expected credit loss

In accordance with Ind AS 109 - *Financial Instruments*, the Group applies ECL model for measurement and recognition of

# Notes to the Consolidated Financial Statements

impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

For this purpose, the Group follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

#### (vii) Accounting for defined benefit plans

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

#### (viii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

#### (ix) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 1.4 Property, plant and equipment and Capital work-in-progress

#### (i) Recognition and measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (refer note 1.8 for more details). The Group had applied for the one-time transition exemption of considering the carrying cost on the transition date, i.e., 1<sup>st</sup> April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in the nature of repairs and maintenance are recognised in the consolidated profit or loss as and when

# Notes to the Consolidated Financial Statements

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.

Software for internal use, which is primarily acquired from third-party vendors, and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related property, plant and equipment. Subsequent costs associated with maintaining such software are recognised as expense as incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

## (ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 as per straight-line method except for certain assets where management believes and based on the technical evaluation and assessment that the useful lives adopted by it best represent the period over which an asset is expected to be available for use.

Depreciation on property, plant and equipment, which are added/disposed off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the consolidated profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*.

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings – Factory and Administrative Buildings	25 to 99 years
Buildings – Ancillary structures	3 to 10 years
Plant and equipment	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	4 to 8 years
Computers	3 years

## (iii) De-recognition

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising

on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss.

## 1.5 Intangible assets

### (i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software, product related intangibles, distribution network, non-competes rights, government contracts acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of up-front and milestones payments and are capitalised following a cost accumulation approach to variable payments (milestones) when receipt of economic benefits out of the separately purchased transaction is considered to be probable. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any (refer note 1.8 for more details). Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

### (ii) Goodwill

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

### (iii) In-Process Research and Development assets (“IPR&D”) or Intangible assets under development

Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets (“IPR&D”) or Intangible assets under development. IPR&D assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an In-Process Research or Development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset.

# Notes to the Consolidated Financial Statements

## (iv) Expenditure on regulatory approval

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the consolidated profit or loss.

## (v) Amortisation

The Group amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

Intangible assets	Useful Life
Marketing intangibles	2 to 25 years
Trademarks	2 to 15 years
Technical Know-how	2 to 15 years
Brands	2 to 15 years
Computer software	2 to 6 years

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

The amortisation expense on intangible assets with finite life is recognised in the consolidated profit or loss under the head depreciation, impairment and amortisation expense.

## (vi) De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

## 1.6 Discontinued operations and Assets classified as held for sale

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations and;
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

The results of discontinued operations are presented separately as a single amount as profit or loss after tax from discontinued operational in the consolidated profit or loss.

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised

for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Balance Sheet.

## 1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

## 1.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31<sup>st</sup> March.

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. For the purpose of impairment testing, assets are grouped



# Notes to the Consolidated Financial Statements

together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in the consolidated profit or loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

## 1.9 Borrowing costs

Borrowing costs consist of interest, amortisation of discount, 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, general or specific, that are directly attributable to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Consolidated Profit or Loss.

The Group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset.

## 1.10 Foreign currency translation

### Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date, exchange rates are recognised in the consolidated profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### Group Companies

The financial statements of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date;
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate;
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to consolidated profit or loss and are recognised as part of the gain or loss on disposal.

## 1.11 Inventories

Inventories consist of raw materials and packing materials, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realizable value.

Cost of inventories is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

# Notes to the Consolidated Financial Statements

Raw materials and packing materials are considered at replacement cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consist of consumables, engineering spares (such as machinery spare parts), which are used in operating machines or consumed as indirect materials in the manufacturing process.

## 1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is initially recognised as deferred income at fair value and subsequently are recognised in consolidated profit or loss as other income on a systematic basis over the expected useful life of the related asset.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from government authority are recognised in the consolidated profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Group with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## 1.13 Revenue recognition

As per Ind AS 115 "Revenue from contracts with customers" - A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Group can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Group can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Group expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold and services rendered is net of estimated incentives, returns, chargeback, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

### (i) Sale of products

The majority of customer contracts that the Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. The Group estimates the amount of variable consideration using the expected value method or historical record of performance of similar contracts.

### (ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Group. Control in respect of ownership of generic products are transferred by the Group when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

### (iii) Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. The Group enters into collaborations and out-licensing arrangement of the Group's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Group accounts for IP rights and other associated services separately if they are distinct — i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Group has a present right to payment and risks and rewards of ownership is transferred to the customer.

# Notes to the Consolidated Financial Statements

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Group estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which method the Group expects to better predict the amount of consideration to which it will be entitled.

## (iv) Service fee

Revenue from services rendered is recognised in the consolidated profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

## (v) Profit sharing revenues

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

## (vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future

cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## (vii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

## (viii) Other Income (other than interest and dividend income)

Other Income consists of litigation settlement income, rent income, insurance claim, miscellaneous income and is recognised when it is probable that the economic benefits will flow to the Group and amount of income can be measured reliably.

## (viii) Contract balances

### Contract assets

A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

## 1.14 Employee benefits

### (i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### (ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the consolidated

# Notes to the Consolidated Financial Statements

profit or loss for the year when the contributions to the respective funds accrue. The Group does not have any obligation other than the contribution made.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under provident fund plan are deposited in a government - administered provident fund. Indian subsidiaries have no further obligation to plan beyond its monthly contributions.

In respect of USA subsidiaries, there is a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board. Obligations for contributions to 401(k) plan are recognised as an employee benefits expense in consolidated profit or loss as incurred.

For other foreign subsidiaries, contributions to defined contribution plans are charged to the consolidated profit or loss as and when the services are received from the employees.

## (iii) Defined benefit plans

### a) Employee's provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan is a defined benefit obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by the government-administered provident fund. A part of the Company's contribution is transferred to the government-administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the consolidated profit or loss under "Employee benefits expense".

### b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company and its Indian subsidiaries is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the

effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the consolidated profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit or loss as past service cost.

## (iv) Other benefit plans

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated profit or loss and are not deferred.

## (v) Termination benefits

Termination benefits are recognised in the consolidated profit or loss when:

- the Group has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## (vi) Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

# Notes to the Consolidated Financial Statements

## 1.15 Share based payments

### a) Equity settled share based payment transactions

The Group operates equity-settled share based remuneration plans for its employees.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the consolidated profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options/Employee stock appreciation rights". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share based remuneration is ultimately recognised as an expense in the consolidated profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

### b) Cash settled share based payment transactions

The fair value of the amount payable to employees in respect of share based payment transactions which are settled in cash is recognised as an expense, with a corresponding increase

in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share based payment transaction. Any changes in the liability are recognised in the consolidated profit or loss.

## 1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the consolidated profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

### (i) Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (ii) Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

# Notes to the Consolidated Financial Statements

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

### (iii) Uncertain tax positions

Accruals for uncertain tax positions require management to make judgements of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

## 1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

### (i) Group as a lessee

The Group's lease asset classes primarily consist of leases for land, Plant and equipment's, buildings, vehicle and computers. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the

contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset throughout the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangement in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### (ii) Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

# Notes to the Consolidated Financial Statements

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

## (iii) Arrangements in the nature of lease

The Group enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Group applies the requirements of Ind AS 116 - *Leases* to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 - *Leases*, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

## 1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

## 1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### Provision for onerous contracts

A provision for onerous contracts is recognised in the consolidated profit or loss when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

## 1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 1.21 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets

##### (a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in consolidated profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

##### (b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade

# Notes to the Consolidated Financial Statements

receivables that do not contain a significant financing component are measured at transaction price under Ind AS 115 "Revenue from Contracts with Customers".

#### (c) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments measured at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments measured at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

#### (d) Equity investments

All equity investments in scope of Ind AS 109 - *Financial Instruments* are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to consolidated profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated profit or loss. Transaction cost of financial assets at FVTPL are expensed in the consolidated profit or loss.

#### (e) De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing

involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### (f) Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Losses ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortised cost, e.g. loans and deposits;
- Financial assets that are debt instruments and are measured as at fair value through other comprehensive income (FVTOCI)
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

Expected Credit Losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), if the credit risk on a financial instrument has not increased significantly; or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument), if the credit risk on a financial instrument has increased significantly.

In accordance with Ind AS 109 - *Financial Instruments*, the Group applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - Revenue from Contracts with Customers.

For this purpose, the Group follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

# Notes to the Consolidated Financial Statements

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## (ii) Financial liabilities

### (a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

### (b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

### (c) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 – Financial Instruments. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 – Financial Instruments are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to the profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in consolidated profit or loss. The Group has not designated any financial liability as fair value through profit or loss.

### (d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated profit or loss.

This category generally applies to interest-bearing loans and borrowings.

### (e) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified,

# Notes to the Consolidated Financial Statements

such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated profit or loss.

## (iii) Derivative financial instruments

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

### Fair value hedges:

The Group uses derivative forward contracts to hedge its foreign currency risks. 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 at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated profit or loss.

Hedge accounting is discontinued when the group revokes the hedge relationship, the hedging instrument or hedged item expire or sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

### Cash flow hedge:

The Group classifies its foreign exchange forward and currency options contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss, and is included in the 'Other income/expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated profit or loss in the periods when the hedged item affects consolidated profit or loss, in the same line as the recognised hedged item.

When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time

remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to consolidated profit or loss.

## (iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## (v) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model as per Ind AS 109 – Financial Instruments; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115 – Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

## (vi) Put option

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

In the absence of specific guidance under Ind AS 32 – Financial Instruments: Presentation on accounting of such put option (NCI Put Option), initially, the Group recognises the amount that may become payable under the option on exercise at fair value as financial liability. Subsequently, the Group recognises the change in fair value of the option, with a corresponding charge directly to equity. The Group recognises the cost of writing put options, determined as the excess of the fair value of the options over any consideration received, as a finance cost.

# Notes to the Consolidated Financial Statements

Put option liabilities have been valued based on either:

- Discounted cash flow valuation models; or
- Observable market transactions (e.g., funding rounds and non-controlling interest buy-outs).

In the event that the option expires unexercised, the liability is de-recognised with a corresponding adjustment to equity.

## 1.22 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the consolidated profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

Business Combination involving entities or businesses under common control shall be accounted for using the pooling of interest method.

## 1.23 Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in consolidated profit or loss and in the notes forming part of the consolidated financial statements.

## 1.24 Recent accounting pronouncement

New and amended standards adopted by the Group:

The Group has applied the following amendments for the first time for their annual reporting period commencing 1<sup>st</sup> April, 2022

- Amendment to Ind AS 16, Property, Plant and Equipment's, Accounting for proceeds before intended use
- Amendment to Ind AS 37, Provisions, Contingent liabilities, and Contingent Assets, Clarification on determining costs to fulfil an onerous contract
- Amendment to Ind AS 103, Business Combinations, Reference to the Conceptual Framework for Financial Reporting.
- Amendment to Ind AS 109, Financial Instruments, derecognition of financial liabilities

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### New amendments issued but not effective.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31<sup>st</sup> March, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023. The effective date for adoption of this amendment is annual periods beginning on or after 1<sup>st</sup> April, 2023. These amendments are not expected to have a material impact on the Company or future reporting periods and on foreseeable future transactions.

- Amendment to Ind AS 1 - Presentation of Financial Statements** - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.
- Amendment to Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.
- Amendment to Ind AS 12 - Income Taxes** - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

# Notes to the Consolidated Financial Statements

## Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements.

Sr.	Name of the company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	
<b>a. Subsidiaries (held directly)</b>					
1	Goldencross Pharma Limited	India	100%	100%	14/05/2010
2	Meditab Specialities Limited	India	100%	100%	01/10/2010
3	Cipla Medpro South Africa (Pty) Limited	South Africa	100%	100%	15/07/2013
4	Cipla Holding B.V.	Netherlands	100%	100%	28/08/2013
5	Cipla Pharma and Life Sciences Limited	India	100%	100%	24/07/2014
6	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
7	Saba Investment Limited	UAE	51%	51%	02/10/2014
8	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
9	Cipla Health Limited	India	100%	100%	27/08/2015
10	Cipla Pharmaceuticals Limited	India	100%	100%	19/11/2019
11	Cipla Digital Health Limited <sup>11</sup>	India	100%	100%	25/02/2022
<b>b. Subsidiaries (held indirectly)</b>					
12	Cipla Australia Pty Limited	Australia	100%	100%	04/03/2011
13	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
14	Sitec Labs Limited	India	100%	100%	01/10/2010
15	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
16	Cipla USA Inc.	USA	100%	100%	12/09/2012
17	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
18	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
19	Cipla Europe NV	Belgium	100%	100%	30/09/2013
20	Cipla Quality Chemical Industries Limited	Uganda	51.18%	51.18%	20/11/2013
21	Inyanga Trading 386 (Pty) Limited <sup>1</sup>	South Africa	-	-	15/07/2013
22	Cipla Medpro Holdings (Pty) Limited <sup>2</sup>	South Africa	-	100%	15/07/2013
23	Cipla Dibcare (Pty) Limited <sup>7</sup>	South Africa	100%	100%	15/07/2013
24	Cipla Medpro Manufacturing (Pty) Limited	South Africa	100%	100%	15/07/2013
25	Cipla-Medpro (Pty) Limited	South Africa	100%	100%	15/07/2013
26	Cipla-Medpro Distribution Centre (Pty) Limited	South Africa	100%	100%	15/07/2013
27	Cipla Medpro Botswana (Pty) Limited	Botswana	100%	100%	15/07/2013
28	Cipla Select (Pty) Limited (formerly known as Cipla OLTP (Pty) Limited)	South Africa	100%	100%	15/07/2013
29	Medpro Pharmaceutica (Pty) Limited	South Africa	100%	100%	15/07/2013
30	Breathe Free Lanka (Private) Limited	Sri Lanka	100%	100%	16/06/2014
31	Cipla Medica Pharmaceutical and Chemical Industries Limited	Yemen	50.49%	50.49%	02/10/2014
32	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
33	Cipla Maroc SA	Morocco	60%	60%	08/05/2015
34	Cipla Middle East Pharmaceuticals FZ-LLC	UAE	51%	51%	31/05/2015
35	Cipla Philippines Inc.	Philippines	100%	100%	06/01/2016
36	InvaGen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
37	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
38	Cipla Algérie	Algeria	40%	40%	06/06/2016
39	Cipla Biotec South Africa (Pty) Ltd <sup>3</sup>	South Africa	-	-	10/06/2016
40	Cipla Technologies LLC	USA	100%	100%	13/11/2017
41	Cipla Gulf FZ-LLC	UAE	100%	100%	10/10/2018
42	Mirren (Pty) Limited	South Africa	100%	100%	22/10/2018
43	Madison Pharmaceuticals Inc. <sup>14</sup>	USA	100%	100%	26/10/2018
44	Cipla Colombia SAS	Colombia	100%	100%	25/04/2019
45	Cipla (China) Pharmaceutical Co., Ltd.	China	100%	100%	20/05/2019
46	Cipla (Jiangsu) Pharmaceutical Co., Ltd. <sup>4</sup>	China	88.89%	80%	08/08/2019
47	Cipla Therapeutics Inc.	USA	100%	100%	15/05/2020
48	Aspergen Inc. <sup>15</sup>	USA	60%	-	30/08/2022
<b>c. Associates (held directly)</b>					
49	AMPSolar Power Systems Private Limited	India	26%	26%	12/06/2019

# Notes to the Consolidated Financial Statements

Sr.	Name of the company	Country of Incorporation	% Ownership Interest		With effect from
			As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	
50	GoApptiv Private Limited <sup>5</sup>	India	22.02%	20.61%	27/07/2020
51	AMP Energy Green Eleven Private Limited <sup>8</sup>	India	32.49%	32.49%	08/02/2022
52	Clean Max Auriga Power LLP <sup>10</sup>	India	33%	33%	14/12/2021
53	Achira Labs Private Limited <sup>13</sup>	India	21.05%	-	17/08/2022
<b>d. Associates (held indirectly)</b>					
54	Stempeutics Research Private Limited <sup>6</sup>	India	33.18%	37.44%	01/10/2010
55	Avenue Therapeutics, Inc. <sup>12</sup>	USA	-	25.93%	08/02/2019
56	Brandmed (Pty) Limited	South Africa	30%	30%	24/04/2019
57	Iconphygital Private Limited <sup>9</sup>	India	22.02%	20.61%	03/05/2021
<b>e. Other consolidating entities</b>					
58	Cipla Employee Stock Option Trust (Deregistered)	India	-	100%	09/10/2015
59	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016
60	The Cipla Empowerment Trust <sup>16</sup>	South Africa	100%	-	30/06/2022

- Dissolved w.e.f. 10<sup>th</sup> December, 2021
- Dissolved w.e.f. 25<sup>th</sup> August, 2022
- Deregistered w.e.f. 3<sup>rd</sup> February, 2022
- Change in stake pursuant to amended and restated agreement dated 30<sup>th</sup> August, 2022
- Stake increased from 21.85% to 22.02% w.e.f 20<sup>th</sup> July, 2022 and associate from 27<sup>th</sup> July, 2020
- 33.18% on diluted basis w.e.f. 23<sup>rd</sup> May, 2022
- In process of Liquidation
- Acquisition of 32.49% stake and associate from 8<sup>th</sup> February, 2022
- Wholly owned subsidiary of GoApptiv Private Limited
- Acquisition of 33% stake and associate from 14<sup>th</sup> December, 2021
- Incorporated on 25<sup>th</sup> February, 2022
- Ceased to be an Associate w.e.f 11<sup>th</sup> October, 2022
- Acquisition of 21.05% stake and associate from 17<sup>th</sup> August, 2022
- Dissolved w.e.f 28<sup>th</sup> April, 2023
- Incorporated on 30<sup>th</sup> August, 2022
- Registered w.e.f. 30<sup>th</sup> June, 2022

# Notes to the Consolidated Financial Statements

## Note 2.1: (a) Property, plant and equipment

₹ in crores

Particulars	Freehold land	Leasehold building improvements	Buildings and flats <sup>i</sup>	Plant and Equipment <sup>ii</sup>	Furniture and fixtures	Office equipment	Vehicles	Total
<b>Gross block</b>								
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>74.75</b>	<b>258.34</b>	<b>2,337.09</b>	<b>5,291.47</b>	<b>146.90</b>	<b>92.08</b>	<b>11.45</b>	<b>8,212.08</b>
Additions for the year	8.12	-	179.53	554.48	8.42	7.41	2.65	760.61
Transfer to/from Investment Property (refer note 3)	-	-	64.69	0.77	0.92	1.06	-	67.44
Deletions and adjustments during the year	-	-	(0.19)	(71.84)	(1.25)	(0.79)	(1.13)	(75.20)
Foreign currency translations adjustments	0.36	11.77	12.14	36.26	0.75	(0.61)	0.26	60.93
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>83.23</b>	<b>270.11</b>	<b>2,593.26</b>	<b>5,811.14</b>	<b>155.74</b>	<b>99.15</b>	<b>13.23</b>	<b>9,025.86</b>
Additions for the year	5.33	3.11	59.98	418.37	10.05	13.41	5.13	515.38
Transfer to/from Assets classified as held for sale {refer note 2.3 (a)}	-	-	(60.31)	(184.54)	(2.60)	1.92	(4.36)	(249.89)
Deletions and adjustments during the year	-	(1.87)	(11.49)	(126.30)	(5.25)	(6.31)	(4.45)	(155.67)
Foreign currency translations adjustments	1.10	0.67	16.97	11.44	1.39	1.10	(0.05)	32.62
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>89.66</b>	<b>272.02</b>	<b>2,598.41</b>	<b>5,930.11</b>	<b>159.33</b>	<b>109.27</b>	<b>9.50</b>	<b>9168.30</b>
<b>Depreciation and impairment</b>								
<b>Accumulated balance as at 1<sup>st</sup> April, 2021</b>	<b>-</b>	<b>138.06</b>	<b>434.62</b>	<b>2,860.70</b>	<b>84.29</b>	<b>69.74</b>	<b>6.53</b>	<b>3,593.94</b>
Depreciation charge for the year	-	16.34	81.17	482.90	12.35	7.75	1.28	601.79
Impairment charge for the year <sup>iii</sup>	-	-	1.34	11.51	0.08	0.01	-	12.94
Transfer to/from Investment Property (refer note 3)	-	-	7.20	0.53	0.63	1.00	-	9.36
Deletions and adjustments during the year	-	-	(0.01)	(58.95)	(1.14)	(0.74)	(0.95)	(61.79)
Foreign currency translations adjustments	-	6.96	1.96	22.16	0.19	(0.64)	0.20	30.83
<b>Accumulated balance as at 31<sup>st</sup> March, 2022</b>	<b>-</b>	<b>161.36</b>	<b>526.28</b>	<b>3,318.85</b>	<b>96.40</b>	<b>77.12</b>	<b>7.06</b>	<b>4,187.07</b>
Depreciation charge for the year	-	16.33	87.24	497.72	12.27	7.61	1.88	623.05
Impairment charge for the year <sup>iii</sup>	-	-	0.43	3.83	0.01	-	-	4.27
Transfer to/from Assets classified as held for sale {refer note 2.3 (a)}	-	-	(15.58)	(110.43)	(2.20)	1.90	1.35	(124.96)
Deletions and adjustments during the year	-	(1.87)	(0.01)	(106.33)	(4.63)	(5.50)	(4.31)	(122.65)
Foreign currency translations adjustments	-	(2.96)	5.80	12.97	0.97	1.16	(0.02)	17.92
<b>Accumulated balance as at 31<sup>st</sup> March, 2023</b>	<b>-</b>	<b>172.86</b>	<b>604.16</b>	<b>3,616.61</b>	<b>102.82</b>	<b>82.29</b>	<b>5.96</b>	<b>4,584.70</b>
<b>Net block</b>								
<b>As at 31<sup>st</sup> March, 2023</b>	<b>89.66</b>	<b>99.16</b>	<b>1,994.25</b>	<b>2,313.50</b>	<b>56.51</b>	<b>26.98</b>	<b>3.54</b>	<b>4,583.60</b>
<b>As at 31<sup>st</sup> March, 2022</b>	<b>83.23</b>	<b>108.75</b>	<b>2,066.98</b>	<b>2,492.29</b>	<b>59.34</b>	<b>22.03</b>	<b>6.17</b>	<b>4,838.79</b>

- 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 ₹ 26.48 crores (31<sup>st</sup> March, 2022: ₹ 17.25 crores) used for research and development.
- The impairment charge for the year ₹ 4.27 crores (31<sup>st</sup> March, 2022: ₹ 12.94 crores), includes impairment charge on certain assets that has been assessed as non-usable by the management and has been recorded at scrap value less cost to sell.
- The title deeds of the immovable properties are held in the name of entities included in group, covered under the Act.
- The Group has not revalued its property, plant and equipment.
- A notarial bond over all movable assets of ₹ 600.28 crores (31<sup>st</sup> March, 2022: ₹ 679.25 crores) has been held as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

# Notes to the Consolidated Financial Statements

## Note 2.1: (b) Details of Capital work-in-progress (CWIP)

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>382.90</b>	<b>570.84</b>
Additions during the year	720.73	501.06
Deletions during the year	(0.08)	(0.38)
Capitalised during the year	(404.81)	(699.22)
Impairment during the year <sup>i</sup>	(4.54)	(8.17)
Transfer to/from assets classified as held for sale {refer note 2.3 (a)}	(6.54)	-
Foreign currency translation adjustments	1.51	18.77
<b>Closing balance</b>	<b>689.17</b>	<b>382.90</b>

i. The impairment loss relates to certain capital work-in-progress that has been assessed as non-usable by the management and has been recorded at the scrap value less cost to sell.

### ii. Capital work-in-progress Ageing Schedule

The table below provides details regarding the capital work-in-progress ageing schedule as of 31<sup>st</sup> March, 2023:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	495.27	90.16	69.17	34.57	689.17
Projects temporary suspended	-	-	-	-	-
<b>Total</b>	<b>495.27</b>	<b>90.16</b>	<b>69.17</b>	<b>34.57</b>	<b>689.17</b>

The table below provides details regarding the capital work-in-progress ageing schedule as of 31<sup>st</sup> March, 2022:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	265.07	66.21	20.22	31.40	382.90
Projects temporary suspended	-	-	-	-	-
<b>Total</b>	<b>265.07</b>	<b>66.21</b>	<b>20.22</b>	<b>31.40</b>	<b>382.90</b>

### iii. CWIP completion schedule

There are no capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

iv. For projects which are under legal proceedings as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022- Refer note 45

## Note 2.2: Leases

### Where Group is lessee:

Following are the changes in the carrying value of right-of-use assets:

₹ in crores

Particulars	Category of ROU asset					
	Land	Buildings and Flats	Computers	Plant and Equipment	Vehicles	Total
<b>Balance recognised as at 1<sup>st</sup> April, 2021</b>	<b>119.28</b>	<b>209.62</b>	<b>8.49</b>	<b>-</b>	<b>0.74</b>	<b>338.13</b>
Additions during the year	18.84	70.07	-	-	-	88.91
Deletions, modifications and adjustments during the year	-	(29.14)	-	-	-	(29.14)
Depreciation charge for the year	(4.03)	(68.24)	(7.02)	-	(0.23)	(79.52)
Translation difference	1.74	5.45	-	-	0.04	7.23
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>135.83</b>	<b>187.76</b>	<b>1.47</b>	<b>-</b>	<b>0.55</b>	<b>325.61</b>

# Notes to the Consolidated Financial Statements

## Note 2.2: Leases (Contd..)

₹ in crores

Particulars	Category of ROU asset					
	Land	Buildings and Flats	Computers	Plant and Equipment	Vehicles	Total
Additions during the year	42.08	145.79	-	0.42	-	188.29
Deletions, modifications and adjustments during the year	(8.25)	(16.37)	-	-	-	(24.62)
Depreciation charge for the year	(4.34)	(74.91)	(1.34)	(0.02)	-	(80.61)
Translation difference	0.17	3.47	-	-	-	3.64
Transfer to/from assets classified as held for sale {refer note 2.3 (a)}	(4.58)	-	-	-	(0.55)	(5.13)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>160.91</b>	<b>245.74</b>	<b>0.13</b>	<b>0.40</b>	<b>-</b>	<b>407.18</b>

i. The lease agreements for immovable properties where the entities included in group is the lessee, are duly executed in favour of entities included in group, covered under the Act.

ii. The Group has not revalued its Right-of-use assets.

iii. The weighted average incremental borrowing rate applied to lease liabilities is in the range of 4% to 14% (31<sup>st</sup> March, 2022: 4% to 12%).

The following is the break-up of current and non-current lease liabilities :

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Current lease liabilities	73.94	73.36
Non-current lease liabilities	208.82	158.28
<b>Total</b>	<b>282.76</b>	<b>231.64</b>

The following is the movement in lease liabilities:

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>231.64</b>	<b>258.85</b>
Additions during the year	181.91	88.91
Deletions, modifications and adjustments during the year	(0.93)	(23.41)
Finance cost accrued during the year	19.29	18.26
Payment of lease liabilities (outflow)	(152.98)	(110.36)
Transfer to Liabilities directly associated with assets classified as held for sale/ disposal group {refer note 2.3 (a)}	(0.26)	-
Translation difference	4.09	(0.61)
<b>Closing balance</b>	<b>282.76</b>	<b>231.64</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Less than one year	83.44	85.08
One to five years	169.89	148.13
More than five years	121.96	57.74
<b>Sub-total</b>	<b>375.29</b>	<b>290.95</b>
Less: Financial component	(92.53)	(59.31)
<b>Total</b>	<b>282.76</b>	<b>231.64</b>

Right-of-use assets	Range of remaining term	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Land	7 to 96 years	8 to 97 years
Buildings and Flats	1 to 11 years	0 to 8 years
Computers	1 year	1 to 2 years
Plant and Equipments	10 years	-
Vehicle	0 to 1 year	1 to 2 years

Rental expense recorded for short-term leases was ₹ 86.86 crores for the year ended 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: ₹ 78.18 crores).

The aggregate depreciation on Right-of-use assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

### Where Group is lessor -

The Group has given certain premises under operating lease or leave and license agreement. The Group retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in profit or loss under 'Rent' in Note 32 - Other income.

## Note 2.3: (a) Assets classified as held for sale/ disposal group

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Property, plant and equipment*	140.59	15.66
Right-of-use assets*	5.19	0.06
Intangible assets*	1.97	0.00



# Notes to the Consolidated Financial Statements

## Note 2.3: (a) Assets classified as held for sale/disposal group (Contd..)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital work-in-progress	6.59	0.05
Goodwill	17.99	-
Inventories	143.95	-
Trade Receivables (net)	97.30	-
Cash and cash equivalents	23.57	-
Income tax assets (net)	4.48	-
Other Assets	28.26	0.94
<b>Total [refer note (i) and (ii)]</b>	<b>469.89</b>	<b>16.71</b>

\* net of accumulated depreciation and amortisation

## Note 2.3: (b) Liabilities directly associated with assets classified as held for sale/disposal group

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Current Borrowings	11.78	-
Trade payables	25.11	-
Deferred tax liabilities	11.15	-
Lease liabilities	0.26	-
Other liabilities	28.10	0.34
<b>Total [refer note (i) and (ii)]</b>	<b>76.40</b>	<b>0.34</b>

i. During the earlier years, the Board of directors of the Meditab Specialities Limited ("Meditab"), a wholly owned subsidiary of the company, had approved the plan for selling Meditab's manufacturing units. The plan involves transferring all the tangible and intangible assets, contracts, permission, consents, rights, registrations, employees, other assets and liabilities on a slump sale basis to the prospective buyers.

Further, as at 31<sup>st</sup> March 2023, the Management has decided not to proceed with transfer of one of the business unit, considering change in business plan. Hence, the Group has reclassified assets and liabilities, directly attributable to such business unit, from held for sale to respective financial line items in the Balance Sheet as per Ind AS 105 "Non-current assets held for sale and discontinued operations".

During the previous year, the group has sold one of the manufacturing unit and power plant unit for a lump sum consideration of ₹ 15.29 crores as against carrying value of ₹ 9.34 crores. The group has recognized ₹ 5.95 crores as gain on sale of assets classified as held for sale.

ii. On 13<sup>th</sup> March 2023, the Company and its wholly owned subsidiaries, Cipla (EU) Limited and Meditab Holdings Limited, have entered into a Share Purchase Agreement ("SPA") for sale of 51.18% stake held in Cipla Quality Chemical Industries Limited (CQCIL), Uganda ("Disposal Group"), with expected closing date by end of May 2023. Accordingly, assets and liabilities of CQCIL are classified as "held for sale/disposal group" as per the provisions of "Ind AS 105 - Non-current assets held for sale and discontinued operations" at fair value and recognized goodwill impairment loss of ₹ 39.44 crores.

Refer note 22 for standalone financial information of Disposal group (CQCIL).

## Note 3: Investment properties

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Gross Block</b>		
<b>Opening balance</b>	<b>72.06</b>	<b>139.50</b>
Transfer to property, plant and equipment (refer note 2.1)	-	(67.44)
Disposals and other adjustment during the period	(0.23)	-
<b>Closing balance</b>	<b>71.83</b>	<b>72.06</b>
<b>Accumulated depreciation</b>		
<b>Opening balance</b>	<b>10.64</b>	<b>17.75</b>
Transfer to property, plant and equipment	-	(9.36)
Depreciation for the year (refer note 38)	1.36	2.25
<b>Closing balance</b>	<b>12.00</b>	<b>10.64</b>
<b>Net block</b>	<b>59.83</b>	<b>61.42</b>
<b>Fair value</b>	<b>87.36</b>	<b>89.88</b>

Rental income recognised in profit or loss for investment properties aggregates to ₹ 7.88 crores (31<sup>st</sup> March, 2022: ₹ 11.36 crores). Total direct operating expenses from property that generated rental income and that did not generated rental income aggregates to ₹ 0.35 crores (31<sup>st</sup> March, 2022: ₹ 0.35 crores)

### Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement is categorised in level 3 fair value hierarchy (refer note 42).

Minimum lease payments receivable on leases of investment properties are as follows:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Less than one year	1.21	7.27
One to five years	-	1.21
More than five years	-	-
<b>Total</b>	<b>1.21</b>	<b>8.48</b>

## Note 4: Goodwill

Movement in Goodwill during the year ended:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>3,137.93</b>	<b>3,007.29</b>
Impairment loss (refer note 39(b))	(182.42)	-
Assets classified as held for sale/disposal group (refer note 2.3)	(17.99)	-
Foreign currency translation adjustments	46.34	130.64
<b>Closing balance</b>	<b>2,983.86</b>	<b>3,137.93</b>

# Notes to the Consolidated Financial Statements

## Note 4: Goodwill (Contd..)

For impairment testing, goodwill is allocated to the cash generating units (CGUs) which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Goodwill acquired in business combination, is allocated to the following CGUs that are expected to benefit from that business combination:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
United States of America	1,988.21	1,833.90
South Africa	917.35	1,038.04
Yemen (refer note below)	-	131.88
India	75.46	75.46
Uganda (refer note below)	17.99	55.83
Others	2.84	2.82
	<b>3,001.85</b>	<b>3,137.93</b>
Less: Transfer to assets classified as held for sale/disposal group (refer note 2.3 (a))	(17.99)	-
<b>Total</b>	<b>2,983.86</b>	<b>3,137.93</b>

The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. On 13<sup>th</sup> March, 2023, the Holding Company and its wholly owned subsidiaries, Cipla (EU) Limited and Meditab Holdings Limited, have entered into a Share Purchase Agreement ("SPA") for sale of 51.18% stake held in Cipla Quality Chemical Industries Limited (CQCIL), Uganda ("Disposal Group"), with expected closing date by the end of May 2023. Accordingly, assets and liabilities of CQCIL are classified as 'held for sale' as per the provisions of "Ind AS 105 - Non-Current Assets Held for Sale and Discontinued Operations" at fair value and recognized goodwill impairment loss of ₹ 39.44 crores in the Consolidated Financial statements under "Exceptional Item".

Further, as a part of impairment assessment, the Group has identified that, in respect of Yemen Cash Generating Unit, on account of change in local regulations, business model change and market dynamics, the current recoverable amount would be less than the current carrying amount and hence, recognized goodwill impairment loss of ₹ 142.98 crores in the Consolidated Financial statements under "Exceptional Item".

The recoverable amounts of the above cash generating units have been assessed using a value in use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a

## Note 5: Intangible assets

Particulars	₹ in crores						
	Software	Marketing intangibles	Technical know-how	Trademarks	Licences, Patents and Copyrights	Brands	Total
<b>Gross block</b>							
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>263.68</b>	<b>3,054.50</b>	<b>8.57</b>	<b>645.15</b>	<b>19.40</b>	<b>98.25</b>	<b>4,089.55</b>
Additions for the year (refer note 5.2)	11.52	143.91	-	13.51	-	-	168.94
Deletions and adjustments for the year	(3.58)	(0.77)	-	-	-	-	(4.35)
Foreign currency translations adjustments	2.65	121.98	0.14	25.43	1.15	1.17	152.52
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>274.27</b>	<b>3,319.62</b>	<b>8.71</b>	<b>684.09</b>	<b>20.55</b>	<b>99.42</b>	<b>4,406.66</b>
Additions for the year (refer note 5.2)	16.40	205.57	6.05	75.80	0.98	0.11	304.91
Deletions and adjustments for the year	(1.31)	(27.23)	-	(0.39)	-	-	(28.93)
Foreign currency translations adjustments	(1.78)	99.02	0.34	(55.91)	(1.15)	2.77	43.29
Transfer to asset held for sale {refer note 2.3 (a)}	(15.88)	(219.02)	-	-	-	-	(234.90)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>271.70</b>	<b>3,377.96</b>	<b>15.10</b>	<b>703.59</b>	<b>20.38</b>	<b>102.30</b>	<b>4,491.03</b>

## Note 4: Goodwill (Contd..)

terminal value of the cash generating unit to which the goodwill is allocated. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

### Key assumptions upon which the Group has based its determinations of value in use includes:

- The Group prepares its cash flow forecast for five years based on management's projections.
- A terminal value is arrived at by extrapolating the last forecasted year cashflows to perpetuity, using a constant long-term growth rate ranging from 0% to 5%.
- Growth rates**  
The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 0% to 36% as at 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: 0% to 33%)

### d) Discount rates

Management estimates discount rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 11% to 26% as at 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: 11% to 22%).

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating units.

### e) Sensitivity

Reasonable sensitivities in key assumptions consequent to the change in estimated growth rate and discount rate is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

# Notes to the Consolidated Financial Statements

## Note 5: Intangible assets (Contd..)

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences, Patents and Copyrights	Brands	Total
<b>Amortisation and impairment</b>							
<b>Balance as at 1<sup>st</sup> April, 2021</b>	<b>208.28</b>	<b>2,111.28</b>	<b>8.57</b>	<b>290.07</b>	<b>17.08</b>	<b>24.06</b>	<b>2,659.34</b>
Amortisation charge for the year	33.96	206.88	-	49.97	-	15.71	306.52
Impairment charge for the year (refer note 5.1)	-	22.66	-	-	-	-	22.66
Deletions and adjustments for the year	(3.54)	(0.06)	-	-	-	-	(3.60)
Foreign currency translations adjustments	1.47	83.71	0.14	15.17	1.55	0.12	102.16
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>240.17</b>	<b>2,424.47</b>	<b>8.71</b>	<b>355.21</b>	<b>18.63</b>	<b>39.89</b>	<b>3,087.08</b>
Amortisation charge for the year	27.38	219.46	0.79	50.49	0.13	15.92	314.17
Impairment charge for the year (refer note 5.1)	-	103.81	-	1.31	-	-	105.12
Deletions and adjustments for the year	(0.94)	(8.79)	-	(0.07)	-	-	(9.80)
Foreign currency translations adjustments	(1.21)	136.08	0.33	(34.08)	(0.73)	0.99	101.38
Transfer to asset held for sale {refer note 2.3 (a)}	(13.91)	(219.02)	-	-	-	-	(232.93)
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>251.49</b>	<b>2656.01</b>	<b>9.83</b>	<b>372.86</b>	<b>18.03</b>	<b>56.80</b>	<b>3,365.02</b>
<b>Net block</b>							
<b>As at 31<sup>st</sup> March, 2023</b>	<b>20.21</b>	<b>721.95</b>	<b>5.27</b>	<b>330.73</b>	<b>2.35</b>	<b>45.50</b>	<b>1,126.01</b>
<b>As at 31<sup>st</sup> March, 2022</b>	<b>34.10</b>	<b>895.15</b>	<b>-</b>	<b>328.88</b>	<b>1.92</b>	<b>59.53</b>	<b>1,319.58</b>

i. The Group has not revalued its intangible assets.

## Intangible assets under development

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Opening balance</b>	<b>383.28</b>	<b>398.05</b>
Additions during the year (refer note 5.2)	224.69	131.36
Capitalised during the year	(186.53)	(136.23)
Deletions during the year	-	(3.03)
Impairment charge during the year (refer note 5.1)	(38.99)	(18.10)
Foreign currency translations adjustments	21.68	11.23
<b>Closing balance</b>	<b>404.13</b>	<b>383.28</b>

## Note 5.1: Impairment charge during the year

Due to change in market conditions and dynamics for certain products, the carrying amount of certain intangible assets and intangible assets under development relating to US generics, Emerging market and Europe business, the Group has recorded an impairment charge of ₹ 144.11 crores (31<sup>st</sup> March, 2022: ₹ 40.76 crores) in consolidated profit or loss.

## Note 5.2: Acquisition/capitalisation of intangibles

### a) Significant acquisitions/capitalisation during current year

Product	Group Entity	Date of agreement/ completion/launch date	₹ in crores	Type of deal
Leuprolide	Cipla USA Inc.	30 <sup>th</sup> November, 2022	100.71	Acquisition of Distribution rights for US Market
Endura Mass	Cipla Health Limited	13 <sup>th</sup> July, 2022	78.51	Acquisition of Brand - Endura Mass

### b) Significant acquisitions/capitalisation during previous year

Product	Group Entity	Date of agreement/ completion/launch date	₹ in crores	Type of deal
Lanreotide	Cipla USA Inc.	17 <sup>th</sup> December, 2021	84.48	Acquisition of Distribution rights

# Notes to the Consolidated Financial Statements

## Note 5.2: Acquisition/capitalisation of intangibles (Contd..)

The Group has recorded the acquired assets as Intangible assets under Ind AS 38 - *Intangible Assets* on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the group and future economic benefits are probable.

### Contingent consideration (on achievement of sale target as per agreement)

As at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

## Note 5.3: Intangible assets under development ageing

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2023:

₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	62.33	42.45	20.45	278.90	404.13
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>62.33</b>	<b>42.45</b>	<b>20.45</b>	<b>278.90</b>	<b>404.13</b>

The table below provides details regarding the Intangible assets under development ageing schedule as of 31<sup>st</sup> March, 2022:

₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	47.97	49.26	203.06	82.99	383.28
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>47.97</b>	<b>49.26</b>	<b>203.06</b>	<b>82.99</b>	<b>383.28</b>

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

**Note:** During the previous year, Cipla Technologies LLC ('Ciptec'), a subsidiary company had received an anticipatory material breach notice under Development and Commercialisation Agreement with Pulmatrix on co-development of Pulmazole. Ciptec has renegotiated the terms of the agreement mutually with Pulmatrix and have entered into an amended agreement with respect to co-development.

## Note 6: Investment in associates<sup>i</sup>

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023 No's/%	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022 No's/%	As at 31 <sup>st</sup> March, 2022
<b>I. Carrying amount determined using equity method of accounting</b>				
<b>A. Investments in unquoted equity instruments</b>				
Equity shares of Brandmed (Pty) Limited, fully paid	375	22.09	375	26.97
Equity shares of Stempeutics Research Private Limited of ₹ 10 each, fully paid <sup>®</sup>	2,05,02,525	-	2,05,02,525	-
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>®</sup>	11,545	11.94	6,927	3.54
Equity shares of Achira Labs Private Limited <sup>®</sup>	1,04,074	1.02	-	-
<b>B. Investments in quoted equity instruments</b>				
Equity shares of Avenue Therapeutics, Inc. of USD 0.001 each, fully paid	-	-	58,33,333	-
<b>C. Investments in compulsory convertible preference shares (CCPS)</b>				
0.001% CCPS of GoApptiv Private Limited of ₹ 10 each, fully paid <sup>®</sup>	37,595	24.85	27,706	7.20
CCPS of Achira Labs Private Limited of ₹ 10 each, fully paid <sup>®</sup>	10,32,949	23.00	-	-
<b>II. Carrying amount determined using amortised cost method</b>				
<b>A. Investments in unquoted equity instruments</b>				
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid <sup>®</sup>	1,01,800	0.01	1,01,800	0.01
Equity shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid <sup>®</sup>	7,50,000	0.07	7,50,000	0.06

# Notes to the Consolidated Financial Statements

## Note 6: Investment in associates<sup>1</sup> (Contd..)

₹ in crores

Particulars	As at	As at	As at	As at
	31 <sup>st</sup> March, 2023 No's/%	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022 No's/%	31 <sup>st</sup> March, 2022
<b>B. Investments in debentures</b>				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid <sup>o</sup>	1,00,742	0.89	1,00,742	0.79
0.01% Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid <sup>o</sup>	67,500	0.62	67,500	0.56
<b>C. Investment in Limited Liability Partnership (LLP)</b>				
Clean Max Auriga Power LLP <sup>*</sup>	33%	6.41	33%	6.68
		<b>90.90</b>		<b>45.81</b>
Aggregate amount of quoted investments and market value thereof		-		21.29
Aggregate amount of unquoted investments		90.90		45.81
Aggregate amount of impairment in value of investments		-		182.12

i. For details of material associates - refer note 44

### Notes for changes in current year:

& On 17<sup>th</sup> June, 2022, Cipla Limited, the Holding company has entered into a definitive agreement for acquisition of 21.05% stake on fully diluted basis for a total consideration of ₹ 25 crores

§ On 27<sup>th</sup> June, 2022, Cipla Limited has entered into a definitive agreement for acquisition of additional stake for total consideration of ₹25.90 crores leading to cumulative holding of 22.02% stake on fully diluted basis.

% As mentioned in the accounting policies for associate, the Group's share of losses of the Company (an associate) exceeds its interest in the Company and hence the Group has discontinued recognising its share of further losses.

### Notes for changes in previous year:

\* Pursuant to Limited Liability Partnership Agreement ("LLP Agreement") dated 14<sup>th</sup> December, 2021 and amendments thereof, the Cipla Limited, Holding Company has acquired 33% stake in Clean Max Auriga Power LLP ("Clean Max") for a total consideration of ₹ 6.75 crores. Further, the Holding Company has also entered in a Power Purchase Agreement ("PPA") with Clean Max to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in the PPA. Further, in the event of termination of the contracts or completion of the PPA term, the Holding Company will receive fair market value of its investment on the date of termination/completion. Accordingly, the investment amount will be amortised over a period of 25 years. As the Holding Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures. However, the equity pick up will not be considered in consolidated financial statements.

# Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 4<sup>th</sup> February, 2022, the Cipla Limited, Holding Company has acquired 32.49% stake on fully diluted basis in AMP Energy Green Eleven Private Limited, representing 750,000 equity shares of ₹ 10 each and 67,500, 0.01% Compulsory Convertible debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each for a total consideration of ₹ 7.50 crores. Further, the Holding Company also entered in a Power Purchase Agreement ("PPA") with AMP Energy Green Eleven Private Limited to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in agreement. As per the SPSSA, in the event of termination of the contracts or completion of the PPA term, the Holding Company will receive nominal value of its investment without any share of profit/loss in the associate. Accordingly, the investment amount has been amortised to give the effect of expected fixed return on such investment. As the Holding Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures. However, the equity pick up will not be considered in consolidated financial statements.

@ Pursuant to Amended Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 23<sup>rd</sup> May, 2019 & amendments thereof, the Cipla Limited, Holding Company has further invested ₹ 1.17 crores in AMPSolar Power Systems Private Limited, representing 11,800 equity shares of ₹ 10 each and 11,642, 0.01% Compulsory Convertible Debenture of ₹ 1,000 each. Further, there has been no change in the stake and has been accounted in the same manner as it was accounted at the time of initial investment.

## Note 7: Non-current financial assets - other investments

₹ in crores

Particulars	Face value	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
		Percentage	Percentage	No's	No's	No's	No's
<b>Unquoted investments</b>							
<b>A. Investments at fair value through OCI</b>							
Equity interest in Shanghai Desano Pharmaceuticals Co., Ltd.	₹ 1	16.50%	16.50%	9,55,00,000	9,55,00,000	287.74	251.99
Equity interest in Wellthy Therapeutics Private Limited	₹ 10	9.93%	9.93%	Equity shares-10 SSE CCPS- 5,32,121	Equity shares-10 SSE CCPS- 5,32,121	17.17	17.53
Equity interest in Swasth Digital Health Foundation <sup>*</sup>	₹ 100	4.00%	4.00%	5,000	5,000	0.05	0.05
Equity interest in Ethris GmbH <sup>*</sup>	€ 1	10.35%	0.00%	9,939	-	136.03	-

# Notes to the Consolidated Financial Statements

## Note 7: Non-current financial assets - other investments (Contd..)

₹ in crores

Particulars	Face value	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
		Percentage	Percentage	No's	No's	No's	No's
<b>B. Investments in Limited Liability Partnership (unquoted) at fair value through OCI</b>							
Share in profit/loss of ABCD Technologies LLP		6.45%	6.45%			40.63	40.25
<b>C. Investment carried at fair value through profit or loss</b>							
Equity shares of Saraswat Co-operative Bank Limited, fully paid ₹ 10,000 (31 <sup>st</sup> March, 2022: ₹ 10,000)	₹ 10			1,000	1,000	0.00	0.00
<b>D. Investment in government securities carried at amortised cost</b>							
National saving certificates ₹ 41,000 (31 <sup>st</sup> March, 2022: ₹ 41,000)						0.00	0.00
						<b>481.62</b>	<b>309.82</b>
Aggregate amount of unquoted investments <sup>*</sup>						481.62	309.82

# During the previous year, pursuant to the Board resolutions passed on 5<sup>th</sup> August, 2021, the Cipla Limited, Holding Company invested ₹ 0.05 crores and acquired 5,000 equity shares of Swasth Digital Health Foundation of ₹ 100 each. Swasth Digital Health Foundation is a Not-for-Profit initiative (registered under Section 8 of the Companies Act, 2013) that aims to leveraging digital technologies to improve healthcare outcomes and increase healthcare inclusion in India. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with "Ind AS 109 - Financial Instruments".

+During the year, Cipla (EU) Limited, wholly owned subsidiary of Cipla Limited, has acquired a stake of 10.35% of the registered share capital of Ethris GmbH for a total consideration of EUR 15 Million pursuant to Investment agreement dated 21<sup>st</sup> January, 2022. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Group's election in accordance with Ind AS 109 - Financial Instruments.

\*Refer Note 42 for information on fair value of investments.

## Note 8: Non-current financial assets - loans

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
	<b>(Unsecured, considered good, except otherwise stated)</b>	
<b>(Carried at amortised cost, except otherwise stated)</b>		
Other loans and advances	-	0.04
	<b>-</b>	<b>0.04</b>

## Note 9: Non-current financial assets - others

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
	<b>(Carried at amortised cost, except otherwise stated)</b>	
Margin deposits <sup>*</sup>	4.35	5.97
Fixed deposit (having remaining maturity more than 12 months)	1.02	323.15
Capital subsidy receivable	30.26	30.26
Security deposit	56.04	50.62
Amount recoverable from supplier	7.65	7.04
	<b>99.32</b>	<b>417.04</b>

\*Amount held as margin money under lien to tax authority and electricity department.

## Note 10: Income taxes

The major components of income tax expense for the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 are:

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
	<b>(A) Profit or loss section</b>	
Current income tax charge	1,264.77	1,136.90
MAT credit utilisation/entitlement	0.98	(0.64)
Adjustment in respect of deferred tax charge of previous year	12.73	12.74
Deferred tax credit/reversal on account of temporary differences	(75.62)	(215.20)
	<b>1,202.86</b>	<b>933.80</b>
<b>(B) Other comprehensive income section</b>		
Income tax relating to re-measurements on defined benefit plans	3.51	(4.43)
Income tax relating to changes in fair value of equity instruments	(1.44)	(11.05)
Income tax relating to cash flow hedge	(2.36)	(0.62)
	<b>(0.29)</b>	<b>(16.10)</b>

# Notes to the Consolidated Financial Statements

## Note 10: Income taxes (Contd..)

### Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Profit before tax</b>	4,038.35	3,493.27
At Income tax rates applicable to respective tax jurisdiction	1,031.26	915.11
<b>Effect for:</b>		
Prior year adjustments to deferred tax	12.73	12.74
Impairment of Goodwill (refer note 4)	41.90	-
Non-deductible expenses for tax purposes	104.56	76.15
Deferred tax not recognised (net)	-	2.24
Utilisation of previously un-recognised DTA and MAT credit	(25.53)	(84.10)
Reversal of previously recognised deferred tax asset (refer note 2 below)	76.00	-
Impairment of Investment in Associate	(5.83)	38.01
Others	(32.23)	(26.35)
<b>Income tax expense reported in the profit or loss</b>	<b>1,202.86</b>	<b>933.80</b>
<b>Effective income tax rate</b>	<b>29.79%</b>	<b>26.73%</b>

There are unused tax losses (including capital losses and MAT Credit) for which no deferred tax asset has been recognised as the Group believes that availability of taxable profit against which such temporary difference can be utilised, is not probable.

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Unabsorbed depreciation and business loss	623.68	307.21
Capital loss	390.74	390.25
MAT credit not recognised (refer below note 3)	13.95	13.95
<b>Total</b>	<b>1,028.37</b>	<b>711.41</b>

In respect of certain foreign subsidiaries, business losses can be carried forward indefinitely unless there is a substantial change in the ownership.

Unrecognised deferred tax assets relate primarily to business losses and tax credit entitlements which do not qualify for recognition as per the applicable accounting standards. These unexpired business losses will expire based on the year of origination as follows:

## Note 10: Income taxes (Contd..)

### Details of expiration of unused tax losses as at 31<sup>st</sup> March, 2023

Financial Year	₹ in crores	
		Tax losses
2023-24		89.34
2024-25		175.22
2025-26		120.11
2026-27		65.31
2027-28		38.87
Thereafter		539.52
<b>Total</b>		<b>1,028.37</b>

### Details of expiration of unused tax losses as at 31<sup>st</sup> March, 2022

Financial Year	₹ in crores	
		Tax losses
2022-23		33.98
2023-24		46.35
2024-25		46.33
2025-26		112.76
2026-27		42.31
Thereafter		429.68
<b>Total</b>		<b>711.41</b>

### Uncertain tax position:

The Group is subject to income taxes in India and numerous foreign jurisdictions including US and South Africa as other major jurisdictions. The Group has ongoing disputes which includes demands, notices and inquiries from income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Group has disclosed amount of ₹ 20.52 crores (31<sup>st</sup> March, 2022: ₹ 22.18 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Group has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

### Deferred tax on undistributed earnings:

Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹ 2,537.47 crores (31<sup>st</sup> March, 2022: ₹ 2,082.58 crores).

# Notes to the Consolidated Financial Statements

## Note 10: Income taxes (Contd..)

### Deferred tax:

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2023:

Particulars	₹ in crores					
	As at 31 <sup>st</sup> March, 2022	Profit or loss	Other comprehensive income	Transfer to Held for sale/disposal group (refer note 2.3)	Foreign currency translation	As at 31 <sup>st</sup> March, 2023
Property, plant and equipment and intangible assets	(613.28)	75.97	-	15.33	19.69	(502.29)
Employee benefits expense	79.84	(3.47)	3.51	(1.24)	(0.06)	78.58
Others*	272.77	31.64	(3.80)	4.69	(13.61)	291.69
Allowance for credit loss	48.30	(8.11)	-	(7.66)	0.04	32.57
Deferred revenue	11.67	(1.78)	-	-	-	9.89
Provision for right of return, discounts and others	200.19	49.41	-	0.03	9.92	259.55
Losses available for offsetting against future taxable income (refer note below)	201.38	(80.77)	-	-	(0.36)	120.25
MAT credit entitlement/utilised	4.00	(0.98)	-	-	-	3.02
<b>Deferred tax assets/(liabilities) (net)</b>	<b>204.87</b>	<b>61.91</b>	<b>(0.29)</b>	<b>11.15</b>	<b>15.62</b>	<b>293.26</b>
Deferred tax assets	448.83					456.54
Deferred tax liabilities	(243.96)					(163.28)
<b>Total</b>	<b>204.87</b>					<b>293.26</b>

\*Others includes unrealised margins, provision for claims – DPCO, Hedge reserve, etc.

#### Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March, 2022:

Particulars	₹ in crores					
	As at 31 <sup>st</sup> March, 2021	Profit or loss	Other comprehensive income	Transfer to Held for sale/disposal group (refer note 2.3)	Foreign currency translation	As at 31 <sup>st</sup> March, 2022
Property, plant and equipment and intangible assets	(657.55)	39.06	-	-	5.21	(613.28)
Employee benefits expense	83.47	(0.99)	(4.43)	-	1.79	79.84
Others*	253.67	45.94	(11.67)	-	(15.17)	272.77
Allowance for credit loss	60.59	(14.65)	-	-	2.36	48.30
Deferred revenue	13.97	(2.30)	-	-	-	11.67
Provision for right of return, discounts and others	163.90	32.29	-	-	4.00	200.19
Losses available for offsetting against future taxable income (refer note below)	96.69	103.11	-	-	1.58	201.38
MAT credit entitlement/utilised	3.34	0.64	-	-	0.02	4.00
<b>Deferred tax assets/(liabilities) (net)</b>	<b>18.08</b>	<b>203.10</b>	<b>(16.10)</b>	<b>-</b>	<b>(0.21)</b>	<b>204.87</b>
Deferred tax assets	314.69					448.83
Deferred tax liabilities	(296.61)					(243.96)
<b>Total</b>	<b>18.08</b>					<b>204.87</b>

\*Others includes unrealised margins, provision for claims – DPCO, Hedge reserve, etc.

### Note:

- Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiaries of the Group has estimated that future taxable income will be sufficient to absorb carried forward unabsorbed depreciation and business losses, which management believes is probable, and accordingly CHL has recognised deferred tax assets on aforesaid losses aggregating to ₹ 82.07 crores as at 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: ₹ 93.50 crores)
- During the previous year, the Group has recognised deferred tax assets of ₹ 76.00 crores on operating tax losses and timing differences, pertaining to Cipla Pharma and Life Sciences Limited (CPLS) (formerly known as 'Cipla Biotech Limited') pursuant to planned restructuring activity between the group companies ("proposed transfer"). However, further the Board at its meeting held on 4<sup>th</sup> November, 2022, decided not to proceed with the proposed transfer, considering various factors including the current operating environment, accordingly the deferred tax assets recognised previously has been de-recognised in the current year.
- During the previous year, based on the reasonable evidence available for a year, Goldencross Limited, a wholly owned subsidiary has recognised ₹ 4.37 crores of unrecognised MAT credit.

# Notes to the Consolidated Financial Statements

## Note 10: Income taxes (Contd..)

### Tax assets and liabilities :

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Income tax assets (net)	548.00	483.62
Income tax liabilities (net)	16.58	20.62

## Note 11: Other non-current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good, except otherwise stated)</b>		
<b>Capital advances</b>		
Secured, considered good*	0.69	0.89
Unsecured, considered good	201.98	153.28
<b>Others</b>		
Prepaid expenses	24.75	23.84
VAT receivable	30.75	40.90
	<b>258.17</b>	<b>218.91</b>

\* Secured against bank guarantees

## Note 12: Inventories

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Lower of cost or net realisable value)</b>		
Raw materials and packing materials	1,684.92	1,855.37
Work-in-progress	863.62	851.71
Finished goods	1,598.73	1,497.65
Stock-in-trade	1,045.31	1,062.30
Stores, spares and consumables	107.80	83.21
Less: Transfer to assets classified as held for sale/disposal group {refer note 2.3 (a)}	(143.95)	-
	<b>5,156.43</b>	<b>5,350.24</b>

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Goods-in-transit(including assets classified as held for sale) included above</b>		
Raw materials and packing materials	69.09	154.18
Work-in-progress	31.88	29.86
Finished goods	228.16	144.85
Stock-in-trade	239.10	105.74
Stores, spares and consumables	0.82	0.11
	<b>569.05</b>	<b>434.74</b>

The Group recorded inventory write down (net) of ₹ 390.97 crores (31<sup>st</sup> March, 2022: ₹ 576.42 crores) on account of inventory obsolescence. This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

## Note 12: Inventories (Contd..)

As indicated in note 23, a notarial bond over all movable assets of ₹ 600.28 crores (31<sup>st</sup> March, 2022: ₹ 679.25 crores) has been held as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

## Note 13: Current investments

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at fair value through profit or loss)</b>		
Investment in mutual funds (quoted)	<b>3,089.86</b>	<b>2,194.97</b>
Aggregate amount of quoted investments	<b>3,089.86</b>	<b>2,194.97</b>
Aggregate market value of quoted investments	<b>3,089.86</b>	<b>2,194.97</b>

## Note 14: Trade receivables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unsecured, considered good	4,117.92	3,473.53
Unsecured, credit impaired	64.38	131.62
<b>Total</b>	<b>4,182.30</b>	<b>3,605.15</b>
Less: Allowance for expected credit loss (refer note 42)	(125.30)	(180.71)
	<b>4,057.00</b>	<b>3,424.44</b>

- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- There are no trade receivables (except which are already being provided) having significant increase in credit risk and which are credit impaired.
- The Group entered into an arrangement with a bank for sale of trade receivables. Under the arrangement, the Group sold to the Bank certain of its trade receivables on a non-recourse basis. The receivables sold were mutually agreed with the Bank after considering the credit worthiness of the customers and also other contractual terms with the customer including any gross to net adjustments due to rebates, discounts, etc. from the contracted amounts, such that the receivables sold are generally lower than the net amount receivables from trade receivables. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the Bank and accordingly, the same are de-recognised in the statement of financial position. As on 31<sup>st</sup> March, 2023, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹ 121.24 crores (31<sup>st</sup> March, 2022: ₹ 460.27 crores).

- As indicated in note 23, trade receivables of ₹ 587.59 crores (31<sup>st</sup> March, 2022: ₹ 654.20 crores) have been ceded to the bank (maximum to the extent of outstanding borrowings) as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

# Notes to the Consolidated Financial Statements

## Note 14: Trade receivables (Contd..)

- There are no debts due by Directors or other Officers of the Group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any Director is a Partner or a Director or a Member.

### Trade Receivables Ageing Schedule

Ageing for trade receivables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2023 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>a. Undisputed trade receivables</b>								
- considered good	-	3,223.98	676.44	67.37	85.87	50.07	14.19	4,117.92
- credit impaired	-	-	0.65	0.08	0.66	1.49	11.18	14.06
<b>b. Disputed trade receivables</b>								
- considered good	-	-	-	-	-	-	-	-
- credit impaired	-	-	0.40	0.45	2.47	6.01	40.99	50.32
	<b>-</b>	<b>3,223.98</b>	<b>677.49</b>	<b>67.90</b>	<b>89.00</b>	<b>57.57</b>	<b>66.36</b>	<b>4,182.30</b>

Ageing for trade receivables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>a. Undisputed Trade Receivables</b>								
- considered good	4.87	2,454.87	825.86	59.04	100.86	8.71	16.94	3,471.15
- credit impaired	-	-	0.56	1.31	7.61	54.03	16.00	79.51
<b>b. Disputed trade receivables</b>								
- considered good	-	0.00	0.05	0.01	2.28	0.01	0.03	2.38
- credit impaired	-	-	0.25	2.23	3.02	33.97	12.64	52.11
	<b>4.87</b>	<b>2,454.87</b>	<b>826.72</b>	<b>62.59</b>	<b>113.77</b>	<b>96.72</b>	<b>45.61</b>	<b>3,605.15</b>

## Note 15: Cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Balances with banks		
-In Current accounts	530.85	469.96
-In EEFC accounts	7.80	132.37
-In fixed deposits (original maturity less than 3 months)	83.73	65.39
Remittance in transit*	4.49	9.02
Cash on hand	0.76	1.00
<b>Cash and cash equivalents in the balance sheet</b>	<b>627.63</b>	<b>677.74</b>
Add :Transfer to assets classified as held for sale/disposal group {refer note 2.3 (a)}	23.57	-
Less: Bank overdraft used for cash management purpose	(89.87)	(19.63)
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>561.33</b>	<b>658.11</b>

There are no other repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period.

\* Remittance in transit from Group entities.

# Notes to the Consolidated Financial Statements

## Note 16: Bank balance other than cash and cash equivalents

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Fixed deposits with banks (original maturity between 3 months and 12 months)	923.34	1,234.82
Amount held as margin money to Government authority	2.51	4.01
Balances earmarked for unclaimed dividend*	11.14	11.91
	<b>936.99</b>	<b>1,250.74</b>

\* The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 17: Current financial assets - loans

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good except otherwise stated)</b> <b>(Carried at amortised cost, except otherwise stated)</b>		
Loans to employees and others	7.59	3.57
	<b>7.59</b>	<b>3.57</b>

### Notes -

- In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10<sup>th</sup> March, 2015, loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
- There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:
  - repayable on demand; or
  - without specifying any terms or period of repayment
- There are no loans which have significant increase in credit risk and which are credit impaired.

## Note 18: Current financial assets - others

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good except otherwise stated)</b> <b>(Carried at amortised cost, except otherwise stated)</b>		
Incentives/benefits receivable from Government	180.97	109.93
Security deposits	14.30	0.74
Deposits #	188.61	178.05
Derivatives not designated as hedges - carried at FVTPL*		
Forward contracts	1.23	17.73
Derivative designated as hedges - carried at FVOCI*		
Forward contracts	7.98	0.41
Options	-	0.34
Advance gratuity	0.01	9.30
Fixed deposit interest receivable	43.36	23.61
Fixed deposits with banks (having remaining maturity less than 12 months)	1,622.23	524.14
Amount held as margin money to Government authority	1.62	0.01
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	20.26	34.13
Considered doubtful	4.13	2.45
Less: Allowance for expected credit loss	(4.13)	(2.45)
	<b>2,080.57</b>	<b>898.39</b>

\*Refer note 42 for information about fair value measurement and effects of hedge accounting.

# Includes ₹ 175.08 crores as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 in respect of DPCO matter explained in note 45B.

# Notes to the Consolidated Financial Statements

## Note 19: Other current assets

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Unsecured, considered good except otherwise stated)</b>		
Advance to suppliers	211.46	192.72
Prepaid expenses	112.90	110.61
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	517.34	598.61
Other advances	7.29	8.80
	<b>848.99</b>	<b>910.74</b>

## Note 20: Equity share capital

Particulars	Numbers	₹ in crores	
		As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Authorised</b>			
Equity shares of ₹ 2/- each	87,50,00,000	175.00	175.00
		<b>175.00</b>	<b>175.00</b>
<b>Issued</b>			
Equity shares of ₹ 2/- each	80,71,50,593	161.43	161.36
		<b>161.43</b>	<b>161.36</b>
<b>Subscribed and paid-up</b>			
Equity shares of ₹ 2/- each, fully paid up	80,71,50,593	161.43	161.36
		<b>161.43</b>	<b>161.36</b>

## Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Number of shares outstanding at the beginning of the period	80,68,14,036	80,64,63,279
Add: Allotment of equity shares on exercise of employee stock options (ESOS) and Employee Stock Appreciation Rights (ESAR) (refer note 47)	3,36,557	3,50,757
<b>Number of shares outstanding at the end of the period</b>	<b>80,71,50,593</b>	<b>80,68,14,036</b>

## Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

## Details of shares held by promoters in the Company

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022		% Change
	No. of shares	% of total shares	No. of shares	% of total shares	
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.23%	(0.01%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.41%</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>(0.02%)</b>

# Notes to the Consolidated Financial Statements

## Note 20: Equity share capital (Contd..)

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021		% Change
	No. of shares	% of total shares	No. of shares	% of total shares	
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%	(1.67%)
M K Hamied	2,78,44,320	3.45%	3,45,67,572	4.29%	(0.84%)
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.23%	98,86,500	1.23%	0.00%
MN Rajkumar Garments LLP	-	0.00%	53,76,852	0.67%	(0.67%)
Alps Remedies Private Limited	-	0.00%	4,92,985	0.06%	(0.06%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
<b>Total</b>	<b>26,96,35,378</b>	<b>33.43%</b>	<b>29,56,74,971</b>	<b>36.67%</b>	<b>(3.24%)</b>

### Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

### Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

### Equity shares reserved for issue under employee stock options and share appreciation rights.

For number of stock options against which equity shares are to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR holders as per the relevant schemes (refer note 47).

## Note 21: Other equity\*

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Capital reserve	(167.04)	(167.04)
Securities premium reserve	1,652.77	1,631.69
General reserve	3,144.92	3,144.80
Employee stock options/ESAR	61.82	43.98
Retained earnings	18,057.03	15,669.07
Foreign currency translation reserve	380.51	261.09
Financial instruments fair value through other comprehensive income	112.87	99.77
Hedge reserve	3.47	(3.03)
<b>Total Other equity</b>	<b>23,246.35</b>	<b>20,680.33</b>

\* For movement in other equity, refer Statement of Changes in Equity

### Nature and purpose of reserves:-

#### Capital reserve

Capital reserve represents gain arising from business combination and loss/(gain) on account of acquisition/divestment of non-controlling interest and profit or loss on sale, issue, purchase or cancellation of the Company's own equity instrument or purchase of ESOPs rights relating to subsidiary.

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

#### General reserve

The general reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

#### Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS (refer note 47).

#### Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

#### Foreign currency translation reserve

Foreign currency translation reserve represents the unrealised gains and losses on account of translation of reporting currency for foreign subsidiaries into the Company's presentation currency.

#### Financial instruments fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are derecognised/disposed off.

#### Hedge reserve

The hedging reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments (i.e., forward contracts and interest rate swap). Upon derecognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow.

# Notes to the Consolidated Financial Statements

## Note 22: Non-controlling interest (NCI)

Standalone financial information of subsidiaries that have material non-controlling interests is provided below:

### A. Proportion of ownership interest held by non-controlling interest:

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Cipla Quality Chemical Industries Limited (refer note 39(b))	48.82%	48.82%
Saba Investment Limited (Group)	49.00%	49.00%
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Maroc SA	40.00%	40.00%
Aspergen Inc.*	40.00%	-
Cipla (Jiangsu) Pharmaceutical Co., Ltd [refer note 24 (a)]#	11.11%	20.00%

\* During the current year, the Cipla (EU) Limited, subsidiary company of the group, have entered into a Joint venture agreement with Kemwell Biopharma Private Limited for development of biosimilars and invested ₹ 22.12 crores for acquiring 60% stake in the Joint Venture company. As the control stays with the group, the same has been classified as subsidiary as per "Ind AS 110- Consolidated Financial statements" and accordingly, 40% of the stake held by Kemwell has been classified as NCI.

# NCI Stake changed to 11.11% pursuant to amended and restated agreement dated 30<sup>th</sup> August, 2022

For movement in NCI, refer Statement of Changes in Equity.

### B. Information regarding non-controlling interest:

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Accumulated balances of material non-controlling interest:</b>		
Cipla Quality Chemical Industries Limited	180.67	163.17
Saba Investment Limited (Group)	34.72	28.67
Jay Precision Pharmaceuticals Private Limited	64.86	59.36
Cipla Maroc SA	25.88	24.49
Aspergen Inc.	(0.36)	-
<b>Accumulated balances of immaterial non-controlling interest</b>	<b>(0.01)</b>	<b>-</b>
<b>Total</b>	<b>305.76</b>	<b>275.69</b>

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Profit/(loss) allocated to material non-controlling interest:</b>		
Cipla Quality Chemical Industries Limited	19.44	22.36
Saba Investment Limited (Group)	3.21	(7.55)
Jay Precision Pharmaceuticals Private Limited	15.45	12.00
Cipla Maroc SA	6.36	3.09
Aspergen Inc.	(13.47)	-
<b>Profit/(loss) allocated to immaterial non-controlling interest</b>	<b>(0.01)</b>	<b>-</b>
<b>Total</b>	<b>30.98</b>	<b>29.90</b>

### Summarised profit or loss of material non-controlling interest for the year ended 31<sup>st</sup> March, 2023

Particulars	₹ in crores				
	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Revenue from operations	476.51	160.97	146.61	184.42	-
Profit for the year/period	39.84	9.02	38.87	16.46	(33.66)
Other comprehensive income	-	-	(0.03)	-	-
<b>Total comprehensive income</b>	<b>39.84</b>	<b>9.02</b>	<b>38.84</b>	<b>16.46</b>	<b>(33.66)</b>
Dividends paid to non-controlling interests	(7.56)	-	(9.94)	(5.71)	-

# Notes to the Consolidated Financial Statements

## Note 22: Non-controlling interest (Contd..)

### Summarised profit or loss of material non-controlling interest for the year ended 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Revenue from operations	561.43	186.19	128.94	147.09	-
Profit for the year/period	48.28	(8.74)	30.25	8.57	-
Other comprehensive income	-	-	0.08	-	-
<b>Total comprehensive income</b>	<b>48.28</b>	<b>(8.74)</b>	<b>30.33</b>	<b>8.57</b>	<b>-</b>
Dividends to non-controlling interests	-	-	(9.95)	(10.19)	-

### Summarised balance sheet of material non-controlling interest as at 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Non-current assets	161.24	45.39	99.51	13.50	6.78
Non-current liabilities	7.45	-	5.74	-	-
<b>Net non-current assets</b>	<b>153.79</b>	<b>45.39</b>	<b>93.77</b>	<b>13.50</b>	<b>6.78</b>
Current assets	301.45	126.00	77.97	107.91	17.04
Current liabilities	86.41	123.61	8.16	38.10	24.73
<b>Net current assets</b>	<b>215.04</b>	<b>2.39</b>	<b>69.81</b>	<b>69.81</b>	<b>(7.69)</b>
<b>Total equity</b>	<b>368.83</b>	<b>47.78</b>	<b>163.58</b>	<b>83.31</b>	<b>(0.91)</b>

### Summarised balance sheet of material non-controlling interest as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Non-current assets	163.31	48.76	97.87	41.82	-
Non-current liabilities	45.16	-	4.86	-	-
<b>Net non-current assets</b>	<b>118.15</b>	<b>48.76</b>	<b>93.01</b>	<b>41.82</b>	<b>-</b>
Current assets	367.61	192.24	68.44	84.54	-
Current liabilities	151.95	205.96	11.86	56.06	-
<b>Net current assets</b>	<b>215.66</b>	<b>(13.72)</b>	<b>56.58</b>	<b>28.48</b>	<b>-</b>
<b>Total equity</b>	<b>333.81</b>	<b>35.04</b>	<b>149.59</b>	<b>70.30</b>	<b>-</b>

### Summarised cash flow information of material non-controlling interest as at 31<sup>st</sup> March, 2023

₹ in crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Operating activities	91.21	16.28	32.23	(8.20)	(9.05)
Investing activities	(23.19)	(2.41)	(6.59)	0.20	(6.78)
Financing activities	(62.95)	(0.37)	(24.86)	-	32.87
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5.07</b>	<b>13.50</b>	<b>0.78</b>	<b>(8.00)</b>	<b>17.04</b>

# Notes to the Consolidated Financial Statements

## Note 22: Non-controlling interest (Contd..)

### Summarised cash flow information of material non-controlling interest as at 31<sup>st</sup> March, 2022

₹ in crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Operating activities	33.31	(14.45)	35.88	(8.00)	-
Investing activities	(16.81)	(4.23)	(5.75)	0.19	-
Financing activities	(14.72)	(3.36)	(24.86)	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1.78</b>	<b>(22.04)</b>	<b>5.27</b>	<b>(7.81)</b>	<b>-</b>

## Note 23: Financial liabilities: borrowings

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(a) Non-current (refer note 42)</b>		
<b>(Carried at amortised cost, except otherwise stated)</b>		
<b>Secured loans:</b>		
Term loan from banks *	332.46	376.20
<b>Unsecured loans:</b>		
Term loan from banks **	11.78	54.60
<b>Total non-current borrowings</b>	<b>344.24</b>	<b>430.80</b>
<b>Less : Current maturities of non-current borrowings (classified as short-term borrowing)</b>	<b>344.24</b>	<b>14.56</b>
<b>Net non-current borrowings</b>	<b>-</b>	<b>416.24</b>
<b>(b) Current (refer note 42)</b>		
<b>(Carried at amortised cost, except otherwise stated)</b>		
<b>Secured loans:</b>		
<b>Loans repayable on demand</b>		
Loan from bank #	96.97	-
<b>Unsecured loans:</b>		
<b>Loans repayable on demand</b>		
Bank overdraft <sup>§</sup>	89.87	19.63
Working capital line of credit <sup>**</sup>	-	371.38
Other loans <sup>***</sup>	1.06	2.33
<b>Current maturities of non-current borrowings (unsecured)</b>		
Term loan from banks (Secured)	332.46	-
Term loan from banks (Unsecured)	11.78	14.56
Less: Transfer to Liabilities directly associated with assets classified as held for sale/disposal group {refer note 2.3 (a)}	11.78	-
<b>Total current borrowings</b>	<b>520.36</b>	<b>407.90</b>

Note: Borrowings obtained during the year have been used for the purpose for which they have been obtained.

### \* Term loan from banks (Secured)

Term loan of ₹ 332.46 crores (31<sup>st</sup> March, 2022: ₹ 376.20 crores) is obtained by Cipla Medpro South Africa (Pty) Limited (Group). This loan bears interest at rates linked to the Johannesburg Interbank Average Rate ("JIBAR rate"). The loan is repayable in full in ZAR 720 million on 30<sup>th</sup> June, 2023. (31<sup>st</sup> March 2022: ZAR 300 million and ZAR 420 million on 07<sup>th</sup> May, 2023 and 30<sup>th</sup> June, 2023 respectively). This loan is secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and Cipla Medpro South Africa Proprietary Limited. There is a cession of trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited. There is no requirement for submission of quarterly returns or statement of current assets to banks for the secured loan.

### \*\* Term loan from banks (Unsecured)

Includes loan of ₹ 11.78 crores (31<sup>st</sup> March, 2022: ₹ 54.60 crores) taken by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited. The term loan is repayable in equal quarterly instalments of USD 475,000 per quarter. This loan carries an interest at 3.5 % above 3 months SOFR/alternate reference rate p.a.

### # Loan repayable on demand (Secured)

Includes loan repayable on Demand of ₹ 96.97 crores obtained by Cipla Medpro South Africa (Pty) Limited (Group). This loan bears interest at rates linked to the JIBAR rate. The loan is secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and Cipla Medpro South Africa Proprietary Limited. There is a cession of trade receivables, receivables insurances and claims of Cipla Medpro South Africa Proprietary Limited and Medpro Pharmaceutica Proprietary Limited. There is no requirement for submission of quarterly returns or statement of current assets to banks for the secured loan.



# Notes to the Consolidated Financial Statements

## Note 23: Financial liabilities: borrowings (Contd..)

### \$ Bank overdraft

₹ in crores

Bank	Entity	Interest Rate	As at	As at
			31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
HSBC Continental Europe	Cipla Europe NV	Main Refinancing Operations rate published by the European Central Bank ("ECB") + 1.25%	33.02	15.94
HSBC Bank Plc.	Cipla (EU) Limited	Relevant Base Rate + 1.3% per annum	56.85	3.69
<b>Total</b>			<b>89.87</b>	<b>19.63</b>

### ## Working capital line of credit

During the previous year, working capital line of credit constituted of following:

₹ in crores

Bank	Entity	Interest Rate	As at	As at
			31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
HDFC Bank Ltd.	Cipla USA. Inc.	31 <sup>st</sup> March, 2022: 1.30% to 1.45% p.a.	-	144.00
HSBC Bank USA, National Association	Cipla USA. Inc.	31 <sup>st</sup> March, 2022: 1.43% to 1.82% p.a.	-	227.38
<b>Total</b>			<b>-</b>	<b>371.38</b>

### ### Other loans

Other borrowings consist of loans obtained by Cipla Maroc SA of ₹ 1.06 crores (31<sup>st</sup> March, 2022: ₹ 2.33 crores) which is repayable on demand carries interest rate of 5.01% p.a. (31<sup>st</sup> March, 2022: 5.01% p.a.)

### Reconciliation of borrowings

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Opening balance</b>		
Non-current borrowings	416.24	1,202.75
Current borrowings	388.27	549.95
	<b>804.51</b>	<b>1,752.70</b>
<b>Movement of borrowings</b>		
Repayment of non-current borrowings	(43.90)	(1,041.21)
(Repayments)/proceed of current borrowings (net)	(308.00)	34.98
Foreign exchange movement	(10.34)	52.89
Transfer to Liabilities directly associated with assets classified as held for sale/diposal group {refer note 2.3 (a)}	(11.78)	-
Other non-cash items	-	5.15
	<b>(374.02)</b>	<b>(948.19)</b>
<b>Closing balance</b>		
Non-current borrowings	-	416.24
Current borrowings	430.49	388.27
	<b>430.49</b>	<b>804.51</b>
Add: Bank overdraft	89.87	19.63
<b>Total</b>	<b>520.36</b>	<b>824.14</b>

### Note 24: Other financial liabilities - non-current

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Security deposits	54.05	53.12
Deferred consideration	20.41	12.50
Put option liability - Fair value through profit or loss {refer note (a) below}	39.24	34.75
	<b>113.70</b>	<b>100.37</b>

### (a) Cipla (Jiangsu) Pharmaceutical Co., Ltd

Cipla (Jiangsu) Pharmaceutical Co., Ltd ('Cipla Jiangsu') is a less than wholly-owned subsidiary of the Company. The investment agreement between Cipla (EU) Limited, Cipla Jiangsu and Non-Controlling Interest ('NCI') shareholders of Cipla Jiangsu sets out that the NCI shareholders of Cipla Jiangsu shall be entitled to an exit option after expiry of lock-in-period at a price as defined in investment agreement. A liability is recognised for such put option issued by the Group over the equity of Cipla Jiangsu at the gross amount payable aggregating ₹ 39.24 crores (including ₹ 14.43 crores for interest accrued) [31<sup>st</sup> March, 2022: ₹ 34.75 crores (including ₹ 9.96 crores for interest accrued)]. Such amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology enunciated in the investment agreement.

# Notes to the Consolidated Financial Statements

## Note 25: Provisions

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Non-current</b>		
Provision for employee benefits (refer note 46)	102.16	100.22
	<b>102.16</b>	<b>100.22</b>
<b>Current</b>		
Provision for employee benefits (refer note 46)	266.04	265.43
Provision for Claims - DPCO (refer note below and note 45B)	125.38	118.49
Provision for anticipated claims on pricing	35.28	29.40
Provision for right of return/refund liabilities/discounts and others (refer note below)	849.93	803.47
Provision for amount payable to partner	10.04	4.21
	<b>1,286.67</b>	<b>1,221.00</b>

Provision is made for right of return/refund liabilities/discounts and others in respect of products sold as per the contractual terms and conditions. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior year.

### Movement of provisions for Claims - DPCO, Provision for anticipated claims on pricing and provision for right of return/refund liabilities/discounts and others:

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Provision for Claims - DPCO (refer note 45B)</b>		
<b>Balance at the beginning of the year</b>	<b>118.49</b>	<b>111.15</b>
Provided during the year	6.89	7.34
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>125.38</b>	<b>118.49</b>
<b>Provision for anticipated claims on pricing</b>		
<b>Balance at the beginning of the year</b>	<b>29.40</b>	<b>24.98</b>
Provided during the year	5.88	4.42
Utilised/reversed/payout during the year	-	-
<b>Balance at the end of the year</b>	<b>35.28</b>	<b>29.40</b>
<b>Provision for right of return/refund liabilities/discounts and others</b>		
<b>Balance at the beginning of the year</b>	<b>803.47</b>	<b>656.23</b>
Provided during the year	1,017.43	937.59
Utilised/reversed/payout during the year	(1,004.74)	(798.55)
Foreign currency translation	33.77	8.20
<b>Balance at the end of the year</b>	<b>849.93</b>	<b>803.47</b>

### Note 26: Other non-current liabilities

₹ in crores

Particulars	As at	As at
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Deferred government grant	1.96	6.83
Deferred revenue	49.48	44.38
Deferred lease income	0.67	0.25
	<b>52.11</b>	<b>51.46</b>

# Notes to the Consolidated Financial Statements

## Note 27: Trade payables

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Total outstanding dues of micro enterprises and small enterprises (MSME)	225.91	175.12
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,231.14	2,332.98
	<b>2,457.05</b>	<b>2,508.10</b>

The above amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
A. (i) Principal amount remaining unpaid	225.91	175.12
A. (ii) Interest amount remaining unpaid	-	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
D. Interest accrued and remaining unpaid	-	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Note: Identification of micro and small enterprises is basis intimation received from vendors

## Trade Payables Ageing Schedule

Ageing for trade payables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2023 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
			₹ in crores				
<b>a. Undisputed trade payables</b>							
-MSME	-	225.91	-	-	-	-	225.91
-Others	-	1,712.65	370.47	31.50	78.68	26.63	2,219.93
<b>b. Disputed trade payables</b>							
-MSME	-	-	-	-	-	-	-
-Others	-	-	-	-	0.57	10.64	11.21
	-	<b>1,938.56</b>	<b>370.47</b>	<b>31.50</b>	<b>79.25</b>	<b>37.27</b>	<b>2,457.05</b>

# Notes to the Consolidated Financial Statements

## Note 27: Trade payables (Contd..)

Ageing for trade payables from the due date of payment for each of the category is as at 31<sup>st</sup> March, 2022 as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
			₹ in crores				
<b>a. Undisputed trade payables</b>							
-MSME	-	175.12	-	-	-	-	175.12
-Others	-	1,789.40	461.45	38.81	2.98	22.23	2,314.87
<b>b. Disputed trade payables</b>							
-MSME	-	-	-	-	-	-	-
-Others	-	11.18	-	5.53	1.40	-	18.11
	-	<b>1,975.70</b>	<b>461.45</b>	<b>44.34</b>	<b>4.38</b>	<b>22.23</b>	<b>2,508.10</b>

## Note 28: Other financial liabilities - current

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Unclaimed dividend *	11.14	11.91
Security deposits	2.63	2.76
Capital creditors	111.21	82.92
Employee dues	130.14	118.02
Derivative designated as hedge - carried at FVOCI (refer note 42)		
Forward contracts	-	13.81
Options	3.34	-
Derivative not designated as hedge - carried at FVTPL (refer note 42)	2.40	-
Import advance licences	22.92	17.10
Deferred consideration	29.38	29.05
Accrued expenses	81.38	95.26
	<b>394.54</b>	<b>370.83</b>

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 29: Other current liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance from customers	36.83	61.44
Amount refundable/adjustable to customers	25.81	12.48
Income received in advance	1.00	3.01
Other payables:		
Statutory dues	189.54	217.02
Deferred government grant	0.25	0.36
Deferred revenue	8.54	16.52
Others (Price protection)	22.16	0.23
	<b>284.13</b>	<b>311.06</b>

## Note 30: Revenue from sale of products

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Sale of products (refer note below)	22,473.18	21,623.36
	<b>22,473.18</b>	<b>21,623.36</b>

## Ind AS 115 - Disclosures

### (i) Disaggregation of revenue

The Group's revenue disaggregated by business unit is as follows:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Sale of products</b>		
(1) India - Trade and Branded Generics	9,876.70	9,827.21
(2) North America (USA)	5,892.11	4,413.30
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,166.04	3,677.20
(4) Emerging Markets (EM)	1,938.09	1,983.77
(5) Europe	1,081.27	880.68
(6) Active Pharmaceutical Ingredient (API) and Others	518.97	841.20
	<b>22,473.18</b>	<b>21,623.36</b>

### (ii) Reconciliation of revenue from sale of products with the contracted price

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Contracted price	30,657.71	29,579.21
Less: trade discounts, chargeback, sales and expiry return, Medicaid, Co-pay, etc.	(8,184.53)	(7,955.85)
<b>Sale of products</b>	<b>22,473.18</b>	<b>21,623.36</b>

# Notes to the Consolidated Financial Statements

## Note 30: Revenue from sale of products (Contd..)

### (iii) Contract assets

The Group recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Group updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31<sup>st</sup> March, 2023, the Group has ₹ 28.48 crores (31<sup>st</sup> March, 2022: ₹ 23.25 crores) as contract asset.

### (iv) Contract liabilities from contracts with customers

The Group records a contract liability when payments are received or amount is due in advance of its performance.

#### Contract liabilities

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Advance from customers	36.83	61.44
Amount refundable/adjustable to customers	25.81	12.48
Deferred revenue	58.02	60.90

#### Deferred revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Balance at the beginning of the year</b>	<b>60.90</b>	<b>179.65</b>
Revenue recognised during the year	(8.32)	(122.68)
Milestone payment received during the year	5.54	3.93
Variable consideration	-	-
<b>Balance at the end of the year</b>	<b>58.02</b>	<b>60.90</b>
<b>Current</b>	<b>8.54</b>	<b>16.52</b>
<b>Non-Current</b>	<b>49.48</b>	<b>44.38</b>

### (v) Information about major customer

No single external customer represents 10% or more of the Group's total revenue for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

## Note 31: Other operating revenue

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Rendering of services	7.62	9.40
Export incentives	48.57	37.55
Technical know-how and licensing fees	11.94	16.47
Scrap sales	45.23	33.65

## Note 31: Other operating revenue (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Sale of marketing and product license	14.34	13.80
Goods and service tax area based incentive	29.68	21.85
Production linked incentive (PLI)	118.96	-
Miscellaneous income*	3.60	7.26
	<b>279.94</b>	<b>139.98</b>

\* Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

## Note 32: Other income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Interest income		
Bank deposit	126.64	54.78
Income tax refund	28.62	17.75
Others	6.98	7.09
Dividend income	-	0.01
Other non-operating income:		
Government grants <sup>§</sup>	1.01	1.36
Net gain on foreign currency transaction and translation	65.07	21.62
Net gain on sale of current investment carried at FVTPL	122.39	77.22
Net gain on disposal of property, plant and equipments	1.58	8.68
Fair value gain on financial instruments carried at FVTPL	20.68	2.02
Sundry balances written back	9.08	6.37
Insurance claim <sup>~</sup>	19.88	27.48
Rent income	7.88	11.36
Litigation settlement income	-	2.67
Income from vendor settlement	2.00	12.39
Reversal of impairment of investment in associate (refer note 44)	25.77	-
Miscellaneous income <sup>#</sup>	37.87	30.11
	<b>475.45</b>	<b>280.91</b>

<sup>§</sup> Government grants pertain to subsidy of property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

<sup>#</sup> Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

#### Note:

<sup>~</sup> During the previous year, Cipla Medpro South Africa (Proprietary) Limited (CMSA), a Subsidiary Company having its manufacturing facility in Durban, South Africa, faced civil unrest. CMSA implemented adequate contingency measures to ensure continuity of medicine supply and managed to restore the manufacturing facility within 4 weeks. CMSA recovered ₹ 62.23 crores as the insurance claim out of which claim amounting to ₹ 42.80 crores have been offset against respective expenses heads and ₹ 19.43 crores has been accounted as other income in the statement of profit or loss.

# Notes to the Consolidated Financial Statements

## Note 33: Cost of materials consumed

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Cost of materials consumed	5,519.62	5,533.13
	<b>5,519.62</b>	<b>5,533.13</b>

## Note 34: Purchases of stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Purchases of stock-in-trade	2,828.66	3,687.16
	<b>2,828.66</b>	<b>3,687.16</b>

## Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Opening Stock		
Work-in-progress	851.71	846.55
Finished goods	1,497.65	1,172.92
Stock-in-trade	1,062.30	667.50
	<b>3,411.66</b>	<b>2,686.97</b>
Less: Closing Stock (refer note 12)		
Work-in-progress	863.62	851.71
Finished goods	1,598.73	1,497.65
Stock-in-trade	1,045.31	1,062.30
	<b>3,507.66</b>	<b>3,411.66</b>
<b>Increase</b>	<b>(96.00)</b>	<b>(724.69)</b>

## Note 36: Employee benefits expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Salaries and wages	3,407.52	3,163.06
Contribution to provident and other funds (refer note 46)	163.81	164.14
Share based payments expense (refer note 47)	39.04	24.12
Staff welfare expenses	219.71	178.59
	<b>3,830.08</b>	<b>3,529.91</b>

## Note 37: Finance costs

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Interest expense on long-term and short-term borrowings	54.25	67.38
Interest on Lease Liabilities (refer note 2.2)	19.29	18.26
Interest on discounting of trade receivables	23.10	7.85
Interest on provision for claims - DPCO	6.89	7.34
Interest on put option liability	4.02	4.02
Other finance cost (including interest on taxes)	1.99	1.50
	<b>109.54</b>	<b>106.35</b>

## Note 38: Depreciation, impairment and amortisation expense

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Depreciation on property, plant and equipment [refer note 2.1 (a)]	623.05	601.79
Impairment of property, plant and equipment [refer note 2.1 (a)]	4.27	12.94
Impairment of capital work-in-progress [refer note 2.1 (b)]	4.54	8.17
Depreciation on right-of-use assets [refer note 2.2]	80.61	79.52
Depreciation on investment properties (refer note 3)	1.36	2.25
Amortisation of intangible assets (refer note 5)	314.17	306.52
Impairment of intangibles (refer note 5)	105.12	22.66
Impairment of intangible assets under development (refer note 5)	38.99	18.10
	<b>1,172.11</b>	<b>1,051.95</b>

## Note 39 (a): Other expenses

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Manufacturing expenses	577.20	601.16
Stores and spares	131.15	132.96
Repairs and maintenance:		
Buildings	36.72	39.20
Plant and equipment	166.17	155.41
Insurance	79.65	73.65
Rent (refer note 2.2)	86.86	78.18
Rates and taxes	104.64	100.27
Power and fuel	353.61	331.03

# Notes to the Consolidated Financial Statements

## Note 39(a): Other expenses (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Travelling and conveyance	290.94	203.32
Sales promotion expenses	1,098.18	1,058.83
Commission on sales	243.55	260.33
Freight and forwarding	352.57	350.84
Allowance for credit loss (net) (refer note 42)	(36.68)	(40.82)
Contractual services	293.27	258.81
Non-executive directors remuneration (refer note 48)	12.65	12.33
Courier and telephone expenses	38.44	34.03
Legal and professional fees	803.73	698.81
Payment to auditors (refer note ii below)	6.32	5.48
Corporate social responsibility (CSR) expenditure (refer note 49)	64.93	55.76
Donations*	35.02	34.52
Research - clinical trials, samples and grants	385.39	265.68
Miscellaneous expenses	519.48	475.27
	<b>5,643.79</b>	<b>5,185.05</b>

\*Includes ₹ 24.20 crores towards donation to Electoral fund (31<sup>st</sup> March, 2022 NIL).

i Expense below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

ii Payment to auditors include:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Audit fees	4.47	4.01
Tax audit fees	0.46	0.35
For other services (includes consolidation fees, certifications, etc.)	1.15	1.04
Reimbursement of expenses	0.24	0.08
	<b>6.32</b>	<b>5.48</b>

Revenue expenditure aggregating to ₹ 1,292.23 crores (31<sup>st</sup> March, 2022: ₹ 1,080.18 crores) on research and development activities to the in-house research of new products has been charged through natural heads of accounts.

## Note 39 (b): Exceptional item

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Impairment of goodwill (refer note 4)	182.42	-
Impairment of Investment in Associate (refer note 44)	-	182.12
	<b>182.42</b>	<b>182.12</b>

## Note 40: Other comprehensive income

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (attributable to owners of the company) [refer note 46 (d)]	(13.96)	17.57
(ii) Re-measurements of post-employment benefit obligation (Non-controlling interest) [refer note 46 (d)]	(0.01)	0.03
(iii) Changes in fair value of FVTOCI financial instruments	14.54	109.42
	<b>0.57</b>	<b>127.02</b>
(2) Income tax relating to items that will not be reclassified to profit or loss		
(i) Income tax relating to re-measurements of post-employment benefit obligation	3.51	(4.43)
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(1.44)	(11.05)
	<b>2.07</b>	<b>(15.48)</b>
	<b>2.64</b>	<b>111.54</b>
B. (1) Items that will be reclassified to profit or loss		
(i) Exchange difference on translation of foreign operations (attributable to owners of the company)	119.42	258.39
(ii) Exchange difference on translation of foreign operations (Non-controlling interest)	9.07	6.84
(iii) Cash flow hedge (refer note 42)	8.86	7.52
	<b>137.35</b>	<b>272.75</b>
(2) Income tax relating to items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge	(2.36)	(0.62)
	<b>(2.36)</b>	<b>(0.62)</b>
	<b>134.99</b>	<b>272.13</b>
	<b>137.63</b>	<b>383.67</b>

# Notes to the Consolidated Financial Statements

## Note 41: Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Dilutive potential equity shares are deemed to have been converted at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Basic Earnings per share</b>		
Profit after tax attributable to equity shareholders as per profit or loss (₹ in crores)	2,801.91	2,516.75
Basic weighted average number of equity shares outstanding	80,70,07,965	80,66,68,279
Basic earnings per share of par value ₹ 2/- per share	34.72	31.20
<b>Dilutive Earnings per share</b>		
Weighted average number of equity shares outstanding	80,70,07,965	80,66,68,279
Add: Dilutive impact of employee stock options/ESAR	6,19,768	7,72,668
Diluted weighted average number of equity shares outstanding	<b>80,76,27,733</b>	<b>80,74,40,947</b>
Diluted earnings per share of par value ₹ 2/- per share	34.69	31.17

## Note 42: Financial Instrument

### A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, margin deposit, security deposit, incentives/benefits receivable from Government, cash and cash equivalents, other bank balances and other receivables as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 are considered to be the same as their fair values, due to their short term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

**Level 1** - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quoted price (unadjusted) in an active market.

**Level 2** - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of Group's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

**Level 3** - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2023 were as follows:

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets:</b>				
<b>Financial assets at amortised cost</b>				
Investment properties (refer note 3)	59.83	-	-	87.36
Investment in associates (refer note 6)	8.00	-	-	8.00
Investment in National saving certificates (refer note 7)	0.00	-	-	0.00
<b>Financial assets at fair value through profit or loss</b>				
Investments in mutual funds (refer note 13)	3,089.86	3,089.86	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	0.00
Derivative not designated as hedge (refer note 18)	1.23	-	1.23	-
<b>Financial assets at fair value through other comprehensive income</b>				
Investments in equity instrument (refer note 7)	440.99	-	-	440.99
Investment in limited liability partnership firm (refer note 7)	40.63	-	-	40.63
Derivative designated as hedge (refer note 18)	7.98	-	7.98	-
<b>Financial liabilities:</b>				
<b>Financial liabilities at amortised cost</b>				
Lease liabilities (refer note 2.2)	282.76	-	-	282.76
Borrowings (refer note 23)	520.36	-	-	520.36
<b>Financial liabilities at fair value through profit and loss</b>				
Put option liability (refer note 24)	39.24	-	-	39.24
Derivative not designated as hedge (refer note 28)	2.40	-	2.40	-
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivative designated as hedge (refer note 28)	3.34	-	3.34	-

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March, 2022 were as follows:

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial assets:</b>				
<b>Financial assets at amortised cost</b>				
Investment properties (refer note 3)	61.42	-	-	89.88
Investment in associates (refer note 6)	8.10	-	-	8.10
Investment in National saving certificates (refer note 7)	0.00	-	-	0.00
<b>Financial assets at fair value through profit or loss</b>				
Investments in mutual funds (refer note 13)	2,194.97	2,194.97	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	0.00
Derivative not designated as hedge (refer note 18)	17.73	-	17.73	-
<b>Financial assets at fair value through other comprehensive income</b>				
Investments in equity instrument (refer note 7)	269.57	-	-	269.57
Investment in limited liability partnership firm (refer note 7)	40.25	-	-	40.25
Derivative designated as hedge (refer note 18)	0.75	-	0.75	-
<b>Financial liabilities:</b>				
<b>Financial liabilities at amortised cost</b>				
Lease liabilities (refer note 2.2)	231.64	-	-	231.64
Borrowings (refer note 23)	824.14	-	-	824.14
<b>Financial liabilities at fair value through profit and loss</b>				
Put option liability (refer note 24)	34.75	-	-	34.75
<b>Financial liabilities at fair value through other comprehensive income</b>				
Derivative designated as hedge (refer note 28)	13.81	-	13.81	-

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

### B. Financial risk management objectives and policies

The Group's activities expose to a various financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance

The Group's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposit, loan and advances etc., arises from its operation.

The Group has constituted a Risk Management Committee consisting of a majority of directors and senior managerial personnel. The Group has implemented a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Group's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Group level.

The Audit Committee of the Board periodically reviews the risk management framework.

#### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and

prices. The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- other price risk; and
- interest rate risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

#### (a) Currency risk:

The Group operates internationally and a major portion of the business is transacted in multiple currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Group also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected as the Rupee (INR) fluctuate against US Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR), Australian Dollar (AUD) and other currencies.

#### Foreign exchange risk

##### (i) Foreign exchange derivatives and exposures outstanding at the year end:

₹ in crores

Nature of Instrument	Currency	Cross currency	As at	
			31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Forward contracts - Sold	USD	INR	3,752.94	3,154.40
Foreign exchange currency option contracts - sold and bought	USD	INR	1,092.86	272.85
Forward contracts - Sold	ZAR	INR	514.09	444.06
Forward contracts - Sold	AUD	INR	164.49	104.86
Forward contracts - Sold	GBP	INR	80.91	133.57
Forward contracts - Sold	EUR	INR	17.89	138.12
Forward contracts - Bought	USD	ZAR	83.27	260.41
Forward contracts - Bought	EUR	ZAR	42.16	34.35
Forward contracts - Bought	GBP	ZAR	3.70	-
<b>Unhedged foreign exchange exposures:</b>				
- Trade and other receivables			446.51	502.40
- Cash and cash equivalents			35.67	179.68
- Trade and other payables			(546.76)	(477.91)
- Borrowings			(56.85)	(57.69)

Note: The Group uses foreign exchange forward and currency option contracts for hedging purposes.

##### (ii) Foreign currency risk from financial instruments:

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023					
	US dollars	Euro	GBP	ZAR	Other	Total
Trade and other receivables	291.67	24.72	69.32	24.61	36.19	446.51
Cash and cash equivalents	17.31	6.85	-	-	11.51	35.67
Trade and other payables	(364.10)	(142.48)	(12.23)	(3.22)	(24.73)	(546.76)

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023					
	US dollars	Euro	GBP	ZAR	Other	Total
Borrowings	-	-	(56.85)	-	-	(56.85)
<b>Net assets/(liabilities)</b>	<b>(55.12)</b>	<b>(110.91)</b>	<b>0.24</b>	<b>21.39</b>	<b>22.97</b>	<b>(121.43)</b>

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2022					
	US dollars	Euro	GBP	ZAR	Other	Total
Trade and other receivables	410.07	4.42	63.59	0.02	24.30	502.40
Cash and cash equivalents	160.53	13.04	5.98	-	0.13	179.68
Trade and other payables	(291.76)	(77.77)	(42.72)	(27.52)	(38.14)	(477.91)
Borrowings	(54.00)	-	(3.69)	-	-	(57.69)
<b>Net assets/(liabilities)</b>	<b>224.84</b>	<b>(60.31)</b>	<b>23.16</b>	<b>(27.50)</b>	<b>(13.71)</b>	<b>146.48</b>

### (iii) Sensitivity analysis

For the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, 5% strengthening of the Indian rupee (INR) against foreign currencies for the above mentioned financial assets/liabilities would (decrease)/increase the equity and profit or loss by the amounts shown below. A 5% weakening of the Indian rupee (INR) and the respective currencies would lead to an equal but opposite effect. This analysis assumes that all other variables remain constant.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Movement in exchange rate (Strengthening of INR)</b>		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%
<b>Impact on profit/loss</b>		
USD - INR	(2.76)	11.24
EUR - INR	(5.55)	(3.02)
GBP - INR	0.29	1.16
ZAR - INR	1.07	(1.38)
Other currency	1.15	(0.69)

### (b) Other price risk

The Group is mainly exposed to the other price risk due to its investment in mutual funds. The other price risk arises due to uncertainties about the future market values of these investments. At 31<sup>st</sup> March, 2023, the investments in mutual funds amounts to ₹ 3,089.86 crores (31<sup>st</sup> March, 2022: ₹ 2,194.97 crores). These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. A 1% increase/decrease in prices would increase/(decrease) the profit or loss by the amounts shown below.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Impact on profit/loss</b>		
Increase by 1%	30.90	21.95
Decrease by 1%	(30.90)	(21.95)

### (c) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates if such assets/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 borrowings will fluctuate because of fluctuations in the interest rates.

The Group's interest rate risk mainly arises from borrowings with variable rates and investments in short term deposits. Considering the short term nature, there is no significant interest rate risk pertaining to short term deposit.

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

### Exposure to interest rate risk

The borrowings profile of the Group's interest-bearing financial instruments as reported to the Management of the Group is as follows:

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Variable rate instruments</b>		
Financial liabilities	520.36	824.14

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023			As at 31 <sup>st</sup> March, 2022		
	Weighted average interest cost	Balance	% of total loans	Weighted average interest cost	Balance	% of total loans
Borrowings (Net exposure to cash flow interest rate risk)	6.51%	520.36	100%	4.32%	824.14	100%

### 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 increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Impact on profit/loss</b>		
Increase	(2.60)	(4.12)
Decrease	2.60	4.12

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 year.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 from such receivables on account of business continuity.

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

### Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Details of financial assets – not due, past due and impaired

None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31<sup>st</sup> March, 2023.

### For ageing analysis of the receivables (gross of provision) - Refer note 14

### Expected credit loss:

In accordance with Ind AS 109 - *Financial Instruments*, the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

factors and historical data of credit losses from various customers. The default in collection as a percentage to total receivable is low.

The details of changes in allowance for credit losses during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 for trade receivables are as follows:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Opening Balance</b>	<b>180.71</b>	<b>231.54</b>
Provided during the year	31.61	27.28
Reversal of provision during the year	(68.29)	(68.10)
Written off/back during the year	0.71	(16.06)
Effects of changes in foreign exchange rate	6.34	6.05
Transfer to Assets classified as held for sale /disposal group (refer note 2.3)	(25.78)	-
<b>Closing Balance</b>	<b>125.30</b>	<b>180.71</b>

## Note 42: Financial Instrument (Contd..)

### Liquidity risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2023:

Particulars	₹ in crores			
	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative :</b>				
Borrowings				
Current borrowings	187.90	-	-	187.90
Current maturities of non-current borrowings	332.46	-	-	332.46
Trade payables	2,457.05	-	-	2,457.05
Other financial liabilities	394.54	113.70	-	508.24
Lease liabilities	83.44	169.89	121.96	375.29
<b>Derivative:</b>				
Derivative designated as hedge	3.34	-	-	3.34
Derivative not designated as hedge	2.40	-	-	2.40
	<b>3461.13</b>	<b>283.59</b>	<b>121.96</b>	<b>3866.68</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31<sup>st</sup> March, 2022:

Particulars	₹ in crores			
	Less than 1 year	1-5 years	Above 5 years	Total
<b>Non-derivative :</b>				
Borrowings				
Current borrowings	393.34	-	-	393.34
Current maturities of non-current borrowings	14.56	-	-	14.56
Non-current borrowings	-	416.24	-	416.24
Trade payables	2,508.10	-	-	2,508.10
Other financial liabilities	370.83	50.37	50.00	471.20
Lease liabilities	85.08	148.13	57.74	290.95
<b>Derivative:</b>				
Derivative designated as hedge	13.81	-	-	13.81
	<b>3,385.72</b>	<b>614.74</b>	<b>107.74</b>	<b>4,108.20</b>

### Impact of hedging

The Group uses foreign exchange forward/options contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR and ZAR sales. Such derivative financial instruments are governed by the Group's policies approved by the Board of Directors, which provide written principles

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

on the use of such instruments consistent with the Group's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established. Further, the Group has taken interest rate swap to hedge its term loan from banks which are at variable interest rates.

### a) Disclosure of effects of hedge accounting in Group's balance sheet

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
<b>31<sup>st</sup> March, 2023</b>						
<b>Cash flow hedge</b>						
<b>Foreign exchange risk</b>						
Foreign exchange forward contracts (refer note 18 and 28)	129.13	1.23	0.23	April 2023 - March 2024	1:1	USD 1 = ZAR 17.95 EUR 1 = ZAR 18.82 GBP 1 = ZAR 21.85
Foreign exchange forward contracts (refer note 28)	2,961.33	-	2.17	April 2023 - March 2024	1:1	USD 1 = ₹ 82.54 ZAR 1 = ₹ 4.80 AUD 1 = ₹ 57.42
Foreign exchange currency options contracts - Sold (refer note 28)	1,092.86	-	16.30	April 2023 - March 2024	1:1	USD 1 = ₹ 83.17
Foreign exchange currency options contracts - Bought (refer note 28)	1,092.86	-	(12.96)	April 2023 - March 2024	1:1	USD 1 = ₹ 82.22
<b>Fair value hedge</b>						
<b>Foreign exchange risk</b>						
Foreign exchange forward contracts (refer note 18)	1,568.99	7.98	-	April 2023 - March 2024	1:1	USD 1 = ₹ 83.80 ZAR 1 = ₹ 4.64 AUD 1 = ₹ 56.80 GBP 1 = ₹ 101.39 EUR 1 = ₹ 90.12

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
<b>31<sup>st</sup> March, 2022</b>						
<b>Cash flow hedge</b>						
<b>Foreign exchange risk</b>						
Foreign exchange forward contracts (refer note 28)	294.75	-	13.81	April 2022 - March 2023	1:1	USD 1 = ZAR 15.66 EUR 1 = ZAR 17.36
Foreign exchange forward contracts (refer note 18)	2,893.87	0.41	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.46 ZAR 1 = ₹ 5.05 AUD 1 = ₹ 58.43
Foreign exchange currency options contracts - Sold (refer note 18)	272.85	(1.46)	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.32
Foreign exchange currency options contracts - Bought (refer note 18)	272.85	1.80	-	April 2022 - March 2023	1:1	USD 1 = ₹ 77.61
<b>Fair value hedge</b>						
<b>Foreign exchange risk</b>						
Foreign exchange forward contracts (refer note 18)	1,081.13	17.73	-	April 2022 - March 2023	1:1	USD 1 = ₹ 76.78 ZAR 1 = ₹ 4.85 AUD 1 = ₹ 56.64 GBP 1 = ₹ 102.36 EUR 1 = ₹ 86.94

\* The foreign currency forward contracts and currency option contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

# Notes to the Consolidated Financial Statements

## Note 42: Financial Instrument (Contd..)

### b) Disclosure of effects of hedge accounting in Group's profit or loss and other comprehensive income

₹ in crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit and loss
<b>31<sup>st</sup> March, 2023</b>			
<b>Cash flow hedge</b>			
i) Foreign exchange risk contracts (refer note 40)	(48.11)	-	56.97
<b>31<sup>st</sup> March, 2022</b>			
<b>Cash flow hedge</b>			
i) Foreign exchange risk contracts (refer note 40)	41.65	-	(52.99)
ii) Interest rate swap (refer note 40)	8.42	-	10.44

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationships exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

### c) Movement in cash flow hedge reserve and cost of hedge reserve

₹ in crores

Derivative Instruments	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve
<b>Cash flow hedging reserve</b>						
<b>Opening balance</b>	(3.03)	-	(3.03)	5.39	(15.32)	(9.93)
Add: Changes in fair value	(48.11)	-	(48.11)	41.65	8.42	50.07
Less: Amount reclassified to profit or loss	56.97	-	56.97	(52.99)	10.44	(42.55)
Less: Deferred tax relating to above (net)	(2.36)	-	(2.36)	2.92	(3.54)	(0.62)
<b>Closing balance</b>	<b>3.47</b>	<b>-</b>	<b>3.47</b>	<b>(3.03)</b>	<b>-</b>	<b>(3.03)</b>

## Note 43: Capital Management

### (A) Risk Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in industry, the Group monitors capital on the basis of the following gearing ratio: (net debt divided by total 'equity').

Net debt = Total borrowings (including lease liabilities) less (Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments).

Total 'equity' as shown in the balance sheet, including non-controlling interest.

₹ in crores

Particulars	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Total debt	803.12	1,055.78
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months.	4,643.34	4,111.54
<b>Net debt (A)</b>	<b>(3,840.22)</b>	<b>(3,055.76)</b>
Total equity (B)	23,713.54	21,117.38
<b>Net debt to equity ratio (A/B)</b>	<b>(0.16)</b>	<b>(0.14)</b>

# Notes to the Consolidated Financial Statements

## Note 43: Capital Management (Contd..)

### (B) Loan covenants

The Group has complied with all the financial covenants throughout the reporting periods.

### (C) Dividend on equity share

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>(a) Dividend on equity shares paid during the year</b>		
Final dividend for the year	403.50	403.35
[FY 2021-22: ₹ 5.00 (FY 2020-21: ₹ 5.00) per equity share of ₹ 2.00 each]		
	<b>403.50</b>	<b>403.35</b>
<b>(b) Proposed dividend on equity share not recognised as liability</b>		
	<b>686.08</b>	<b>403.41</b>

The Board of Directors of the Company at the meeting held on 12<sup>th</sup> May, 2023 has recommended a final dividend of ₹ 8.50 per equity share (face value of ₹ 2.00 each) which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

## Note 44: Investment in an Associate

₹ in crores

Name of entity	Place of Business	% of Ownership interest		Accounting Method	Quoted fair value		Carrying value	
		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Material associates :</b>								
Avenue Therapeutics, Inc. <sup>1</sup>	USA	-	25.93%	Equity	-	21.29	-	-
GoApptiv Private Limited <sup>2</sup>	India	22.02%	20.61%	Equity	-*	-*	36.79	10.74
<b>Other immaterial associates (refer note below)</b>							54.11	35.07
							<b>90.90</b>	<b>45.81</b>

\* Unlisted entity- no quoted price available.

- Avenue Therapeutics Inc. ("Avenue") is a specialty pharmaceutical company whose mission is to develop IV tramadol, a potential alternative that could reduce the use of conventional opioids, for patients suffering from acute pain in the U.S.
- Goapptiv Private Limited is an India based start-up providing end to end business solutions for healthcare companies to commercialise and improve access of healthcare product reach in tier 2-6 geographies through engagement with all stakeholders in the value chain leveraging proprietary technology platforms and physical reach.



# Notes to the Consolidated Financial Statements

## Note 44: Investment in an Associate (Contd..)

### Movement of investment in associates

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Opening balance	35.07	28.42
Addition/unwinding during the year	24.88	7.48
Profit/(loss) for the year	(2.75)	(2.35)
Translation adjustment arising out of translation of foreign currency balances	(3.09)	1.52
<b>Aggregate carrying amount of individually immaterial associates</b>	<b>54.11</b>	<b>35.07</b>
Opening balance	10.74	199.96
Addition during the year	25.90	-
Deletion during the year	(24.40)	-
Profit/(loss) for the year	0.15	(10.47)
Translation adjustment arising out of translation of foreign currency balances	(1.37)	3.37
Reversal of impairment/(impairment charge)	25.77	(182.12)
<b>Aggregate carrying amount of individually material associates</b>	<b>36.79</b>	<b>10.74</b>

#### A) Avenue Therapeutics, Inc.

During the previous year, Avenue Therapeutics, Inc. ('Avenue') an associate company of the Group, based on the second Complete Response Letter dated 14<sup>th</sup> June, 2021 from the US FDA and appeal denial letter from the USFDA's Office of New Drugs dated 15<sup>th</sup> February, 2022 regarding Avenue's formal dispute resolution request for Tramadol IV NDA and change in the market dynamics for Tramadol IV NDA, the management identified trigger for impairment assessment of the investment in Avenue and had recorded an impairment charge amounting to ₹ 182.12 crores as an exceptional item in consolidated financial statements for the year ended 31<sup>st</sup> March, 2022.

Further, On 25<sup>th</sup> July, 2022, InvaGen Pharmaceuticals Inc. (Invagen), wholly owned step-down subsidiary of the Company in USA has entered into a Share Repurchase Agreement with Avenue Therapeutics, Inc. ('Avenue') and Fortress Biotech, Inc., for sale of 5,833,333 shares representing 25.93% of equity stake held in Avenue for a consideration of USD 3 million and additional consideration up to USD 4 million. Pursuant to Share Repurchase Agreement, Invagen received ₹ 25.77 crores, for sale of 25.93% of equity stake held in Avenue. Accordingly, the impairment loss amounting to ₹ 25.77 crores recorded in the previous year has been reversed and included under "other income" in the current year.

## Note 44: Investment in an Associate (Contd..)

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Current assets	-	14.83
Intangible assets under development (Refer note below)	-	-
Current liabilities	-	(5.51)
Non-current liabilities	-	-
<b>Equity</b>	<b>-</b>	<b>9.32</b>
Group ownership	-	25.93%
Equity proportion of the Group ownership	-	2.42
Translation adjustment arising out of translation of foreign currency balances	-	3.36
Carrying amount of the investment	-	-

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Revenue from operations	-	-
Profit/(loss) for the year	-	(44.63)
Total comprehensive income for the year	-	(44.63)
<b>Group's share of profit/(loss) for the year</b>	<b>-</b>	<b>(11.57)</b>

#### B) GoApptiv Private Limited

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
Current assets	267.75	60.41
Non-current assets	7.42	6.62
Current liabilities	(149.65)	(46.31)
Non-current liabilities	(0.39)	(0.92)
<b>Equity</b>	<b>125.13</b>	<b>19.80</b>
Group ownership	22.02%	20.61%
Equity proportion of the Group ownership	27.55	4.08
Goodwill	9.24	6.66
Translation adjustment arising out of translation of foreign currency balances	-	-
Carrying amount of the investment	36.79	10.74

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Revenue from operations	866.81	131.86
Profit/(loss) for the year	7.93	5.34
<b>Total comprehensive income for the year</b>	<b>7.93</b>	<b>5.34</b>
Group's share of profit/(loss) for the year	0.15	1.10

# Notes to the Consolidated Financial Statements

## Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for)

### A. Details of contingent liabilities and commitments

Particulars	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
<b>Contingent liabilities</b>		
Claims against the Group not acknowledged as debt <sup>1</sup>	156.11	218.58
Guarantees excluding financial guarantees	235.68	239.46
Letters of credit	15.84	76.81
Income tax on account of disallowances/additions	20.52	22.18
Excise duty/service tax on account of valuation/cenvat credit	132.02	131.78
Sales tax on account of credit/classification	6.38	54.03
	<b>566.55</b>	<b>742.84</b>
<b>Commitments</b>		
Estimated amount of contracts unexecuted on capital account	529.32	548.40

#### Note:

- Claims against the Group not acknowledged as debt include claims related to pricing, commission, etc.
- 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.
- The Group does not expect any reimbursements in respect of the above contingent liabilities.
- The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all our pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in our financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on the financial statements.
- There has been a judgement by the Honourable Supreme Court of India dated 28<sup>th</sup> February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, 1952 ("EPF"). In view of the interpretative aspects related to the judgement including the effective date of application, the Group has been advised to await further developments in this matter. The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.
- During the previous year, the Cipla Health Limited (CHL), a Subsidiary Company has received ex-parte Show Cause Notice (SCN) Orders in FORM DRC-07 for a total tax demand along-with interest and penalty of ₹ 45.56 crores for the years 2017-18 to 2020-21. The

## Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

Adjudicating Authority passed the Orders without providing the material facts viz. specific allegations against CHL and granting the subsidiary any opportunity of being heard. During the current year, the Honourable High Court of Delhi has quashed the said order as the ex-parte orders were passed by the Adjudicating Authority in gross violation of principles of natural justice.

### 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 crores along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.
- The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,703.40 crores.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgement of 1<sup>st</sup> August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgement. On the Union of India filing transfer petitions, the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20<sup>th</sup> July, 2016 the Honourable Supreme Court recalled its transfer order and remanded the petitions to Honourable Bombay High Court for hearing. While remanding the matter to Honourable Bombay High Court, the Honourable Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1<sup>st</sup> August, 2003 which at that point of time was ₹ 350.15 crores. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount

# Notes to the Consolidated Financial Statements

## Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

of ₹ 175.08 crores which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court vide its Order and Judgement dated 21<sup>st</sup> October, 2016, allowed the Appeals filed by the Government against the Judgement and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

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

The Company had filed amendment applications before the Honourable Bombay High Court to incorporate the effect of a ruling by the Honourable Supreme Court to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. The said amendment also places certain additional grounds on record. The Honourable Bombay High Court issued notice to Union of India and NPPA on the amendment applications and set 25<sup>th</sup> January, 2021 for further hearing but the case was not listed due to the COVID-19 lockdown and the next date is awaited.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Honourable Supreme Court. Although, the decision of Honourable Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 crores. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 3,281.31 crores (after adjusting deposit of ₹ 175.08 crores), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 crores.

In addition, Company had made provision of ₹ 125.38 crores as of 31<sup>st</sup> March, 2023 (₹ 118.49 crores as of 31<sup>st</sup> March, 2022) for products not part of the referenced writ proceedings. Further, no new recovery notices were received by the Company during the

## Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

(iii) In March 2006, the Meditab Specialities Limited, (the Subsidiary Company) acquired on lease, land admeasuring 1,232,000 sq. m. in Kerim Industrial Estate at But Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for the setting up and development of a Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, the Subsidiary Company entered into sub-lease of this land with a SEZ occupier with an undertaking to provide infrastructural facilities. Following public agitation, the State Government of Goa brought about changes in policy regarding SEZ in the State of Goa which had the effect of the Subsidiary Company not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. The Subsidiary Company's writ petition on the challenge to the show cause was disposed by the Honourable Bombay High Court stating that the State Government of Goa was competent to alter the SEZ policy. It was also held that the Subsidiary Company may apply for re-allotment of the same land to be utilised for purpose other than SEZ. The Subsidiary Company filed a Special Leave Petition before the Honourable Supreme Court and in which parties were directed to maintain status quo. Also by order dated 18<sup>th</sup> October, 2013 the Honourable Supreme Court has granted the Special Leave to Appeal to the Subsidiary Company and the interim orders continue till the appeal is finally heard. Vide a GO dated 30<sup>th</sup> July, 2018, issued by the Goa Government, it was resolved that the lands which were allotted to 7 SEZ land owners (including the Subsidiary Company) would be taken back and their monies refunded. In pursuance of the said GO, the Honourable Supreme Court vide its order dated 31<sup>st</sup> July, 2018 disposed the appeals of 6 SEZ owners and the Subsidiary Company is the sole continuing litigant. Further, vide order dated 22<sup>nd</sup> October, 2018, the Honourable Supreme Court has ordered that, the appeal filed by the Subsidiary Company shall be listed for hearing in due course.

The Subsidiary Company has been legally advised that it has good case both on facts and on law succeeding in its appeal. The Subsidiary Company is therefore of the view that no provision is required to be made on the amount incurred towards cost of land and on the development of SEZ amounting to ₹ 10.48 crores as at 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: ₹ 10.48 crores)

## Note 46: Employee Benefits

Employee benefit expense of the Group includes various short term employee expenses, defined benefits expenses, expenses toward defined contribution on plans and other long-term employee benefits. Total employee benefits, including share-based payments, incurred during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 amounted to ₹ 3,830.08 crores and ₹ 3,529.91 crores respectively.

# Notes to the Consolidated Financial Statements

## Disclosure in respect of contributions to provident and other funds as follows-

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Defined contribution plans</b>		
Employees' pension scheme	46.37	50.28
Provident fund	19.60	18.03
Contribution for 401(k) fund*	18.25	16.42
Others - ESIS, Labour welfare fund, etc.	15.48	17.27
	<b>99.70</b>	<b>102.00</b>
<b>Defined benefit plans</b>		
Gratuity (refer table 1 below)	21.13	23.62
Provident fund (refer table 2 below)	42.98	38.52
	<b>64.11</b>	<b>62.14</b>
<b>Total contribution to provident fund and other fund</b>	<b>163.81</b>	<b>164.14</b>

\*The Group maintains a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contribution are equal to 100% of employee contribution.

## Disclosure in respect of defined benefit plan :

### a. Description of the plans:

Retirement benefit plans of the Group include gratuity for the Holding Company, certain Indian subsidiaries and provident fund for the Holding Company which are funded. Also, in respect of certain Indian subsidiaries, the gratuity liability is unfunded. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and certain Indian subsidiaries make contributions to the Gratuity Fund. Provident Fund is managed by the Holding Company through trust Employees Provident Fund (the "Provident Fund").

d. Table 1: Disclosures for defined benefit plans based on actuarial reports

Particulars	₹ in crores					
	Year ended 31 <sup>st</sup> March, 2023			Year ended 31 <sup>st</sup> March, 2022		
	Gratuity (Funded)	Gratuity (Unfunded)	Total	Gratuity (Funded)	Gratuity (Unfunded)	Total
<b>i. Change in defined benefit obligation</b>						
Opening defined benefit obligation	176.66	1.30	177.96	184.62	1.22	185.84
Liability - transferred in / (out)	0.05	-	0.05	(1.14)	-	(1.14)
Interest cost	12.23	0.09	12.32	12.25	0.08	12.33
Current service cost	21.80	0.28	22.08	23.43	0.14	23.57
Actuarial changes arising from changes in demographic assumptions	-	-	-	(0.01)	(0.00)	(0.01)
Actuarial changes arising from changes in financial assumptions	(4.58)	(0.02)	(4.60)	(4.95)	(0.02)	(4.97)
Actuarial changes arising from changes in experience assumptions	14.99	0.05	15.04	(7.05)	(0.09)	(7.14)
Benefits paid	(24.51)	(0.05)	(24.56)	(30.49)	(0.03)	(30.52)
<b>Liability at the end of the year</b>	<b>196.64</b>	<b>1.65</b>	<b>198.29</b>	<b>176.66</b>	<b>1.30</b>	<b>177.96</b>
<b>ii. Change in fair value of assets</b>						
Opening fair value of plan assets	184.34	-	184.34	178.75	-	178.75
Assets transferred Out/Divestments	0.05	-	0.05	(1.14)	-	(1.14)
Expected return on plan assets	13.27	-	13.27	12.29	-	12.29
Return on plan assets excluding interest income	(3.53)	-	(3.53)	5.48	-	5.48
Contributions by employer	23.29	-	23.29	21.66	-	21.66
Benefits paid	(24.82)	-	(24.82)	(32.70)	-	(32.70)

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd..)

₹ in crores

Particulars	Year ended 31 <sup>st</sup> March, 2023			Year ended 31 <sup>st</sup> March, 2022		
	Gratuity (Funded)	Gratuity (Unfunded)	Total	Gratuity (Funded)	Gratuity (Unfunded)	Total
<b>Closing fair value of plan assets</b>	<b>192.60</b>	<b>-</b>	<b>192.60</b>	<b>184.34</b>	<b>-</b>	<b>184.34</b>
<b>iii. Amount recognised in balance sheet</b>						
Present value of obligations as at year end	(196.62)	(1.67)	(198.29)	(176.66)	(1.30)	(177.96)
Fair value of plan assets as at year end	192.60	-	192.60	184.34	-	184.34
<b>Net asset/(liability) recognised</b>	<b>(4.02)</b>	<b>(1.67)</b>	<b>(5.69)</b>	<b>7.68</b>	<b>(1.30)</b>	<b>6.38</b>
<b>iv. Expenses recognised in profit or loss</b>						
Current service cost	21.80	0.28	22.08	23.43	0.14	23.57
Past service cost	-	-	-	-	-	-
Interest on defined benefit obligation	12.23	0.09	12.32	12.26	0.08	12.34
Expected return on plan assets (Interest income only)	(13.27)	-	(13.27)	(12.29)	-	(12.29)
<b>Total expense recognised in profit or loss</b>	<b>20.76</b>	<b>0.37</b>	<b>21.13</b>	<b>23.40</b>	<b>0.22</b>	<b>23.62</b>
<b>v. Expenses recognised in other comprehensive income</b>						
Actuarial changes arising from changes in demographic assumptions	-	-	-	(0.01)	(0.00)	(0.01)
Actuarial changes arising from changes in financial assumptions	(4.58)	(0.02)	(4.60)	(4.95)	(0.02)	(4.97)
Actuarial changes arising from changes in experience assumptions	14.99	0.05	15.04	(7.05)	(0.09)	(7.14)
Actuarial (gain)/loss return on plan assets, excluding interest income	3.53	-	3.53	(5.48)	-	(5.48)
<b>Net (income)/expense for the period recognised in OCI</b>	<b>13.94</b>	<b>0.03</b>	<b>13.97</b>	<b>(17.49)</b>	<b>(0.11)</b>	<b>(17.60)</b>
<b>vi. Actual return on plan assets</b>						
Expected return on plan assets	13.27	-	13.27	12.29	-	12.29
Actuarial gain/(loss) on plan assets	(3.53)	-	(3.53)	5.48	-	5.48
<b>Actual return on plan assets</b>	<b>9.74</b>	<b>-</b>	<b>9.74</b>	<b>17.77</b>	<b>-</b>	<b>17.77</b>
<b>vii. Asset information</b>						
Insurer managed funds	100%	-	100%	-	-	-
<b>viii. Expected employer's contribution for the next year</b>	<b>22.10</b>	<b>-</b>	<b>22.10</b>	<b>22.19</b>	<b>-</b>	<b>22.19</b>

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences [refer note 46(f)] are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Principal actuarial assumptions used	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Financial assumptions:</b>		
Discounted rate (per annum)	7.46% to 7.60%	6.82% to 7.21%
Expected rate of return on plan assets	7.46% to 7.60%	6.82% to 7.21%
Expected rate of future salary increase		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> /3 <sup>rd</sup> year	5.00%	5.00%
<b>Demographic assumptions:</b>		
Mortality rate (Holding Company)	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Mortality rate (Indian Domestic Subsidiaries)	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	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 reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Discount rate (1% movement increase)	(15.71)	(14.50)
Discount rate (1% movement decrease)	18.35	16.70
Future salary growth (1% movement increase)	19.69	17.05
Future salary growth (1% movement decrease)	(16.81)	(14.76)
Attrition rate (1% movement increase)	3.24	2.60
Attrition rate (1% movement decrease)	(3.65)	(2.94)

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd..)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## Note 46: Employee Benefits (Contd..)

### Maturity analysis of the benefit payments from the fund:

₹ in crores

Projected benefits payable in future years from the date of reporting	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1 <sup>st</sup> following year	15.38	14.43
2 <sup>nd</sup> following year	19.74	12.98
3 <sup>rd</sup> following year	15.37	17.37
4 <sup>th</sup> following year	17.95	13.45
5 <sup>th</sup> following year	16.41	16.79
Sum of years 6 to 10	80.66	69.45
Sum of years 11 and above	278.59	245.78

Average estimated future working life is 8 to 12 years (31<sup>st</sup> March, 2022: 8 to 12 years)

**e. Table 2: The details of the Group's defined benefit plans in respect of the owned provident fund trust for the Holding Company based on actuarial report**

₹ in crores

Particulars	31 <sup>st</sup> March, 2023 Provident Fund (Funded Plan)	31 <sup>st</sup> March, 2022 Provident Fund (Funded Plan)
<b>i. Change in defined benefit obligation</b>		
Opening defined benefit obligation	1,252.79	1,215.17
Interest cost	100.91	101.88
Current service cost	42.98	38.52
Employee contribution	102.91	90.33
Liability transferred in	34.17	25.60
Benefits paid	(193.96)	(187.68)
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	2.20	(24.21)
Actuarial changes arising from changes in experience assumptions	(37.18)	(6.82)
<b>Liability at the end of the year</b>	<b>1,304.82</b>	<b>1,252.79</b>
<b>ii. Change in fair value of assets</b>		
Opening fair value of plan assets	1,279.35	1,232.23
Expected return on plan assets	100.91	101.88
Actuarial (loss)/gain	(34.98)	(31.03)
Contributions by employer	145.89	128.85
Transfer of plan assets	34.17	25.60
Benefits paid	(193.96)	(187.68)
Other adjustments	(23.70)	9.50
<b>Closing fair value of plan assets</b>	<b>1,307.68</b>	<b>1,279.35</b>
<b>iii. Amount recognised in balance sheet</b>		
Present value of obligations as at year end	(1,304.82)	(1,252.79)
Fair value of plan assets as at year end	1,307.68	1,279.35
Funded status	(2.86)	(26.56)
<b>Net asset/(liability) recognised</b>	<b>-</b>	<b>-</b>
<b>iv. Expenses recognised in profit or loss</b>		
Current service cost	42.98	38.52
Past service cost	-	-
Interest cost	100.91	101.88
Expected return on plan assets	(100.91)	(101.88)
<b>Total expense recognised in profit or loss</b>	<b>42.98</b>	<b>38.52</b>
<b>v. Actual return on plan assets</b>		
Expected return on plan assets	100.91	101.88
Actuarial (loss)/gain on plan assets	(34.98)	(31.03)
<b>Actual return on plan assets</b>	<b>65.93</b>	<b>70.85</b>
<b>vi. Asset information</b>		
Investment in PSU bonds	493.16	515.31
Investment in government securities	617.14	581.17
Bank special deposit	15.58	15.58
Investment in other securities	56.94	46.01
Short term debt instruments and related investments	-	0.01
Equity/insurer managed funds/mutual funds	124.86	121.27
<b>Total assets at the end of the year</b>	<b>1,307.68</b>	<b>1,279.35</b>
<b>vii. Expected employer's contribution for the next year</b>	<b>45.99</b>	<b>41.22</b>

# Notes to the Consolidated Financial Statements

## Note 46: Employee Benefits (Contd..)

Particulars	₹ in crores	
	31 <sup>st</sup> March, 2023 Provident Fund (Funded Plan)	31 <sup>st</sup> March, 2022 Provident Fund (Funded Plan)
<b>viii. Principal actuarial assumptions used</b>		
Discounted rate (per annum)	7.48%	7.21%
Expected rate of return on plan assets (per annum)	8.15%	8.10%
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2 <sup>nd</sup> year	5.00%	5.00%

### Demographic assumptions:

Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	
	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	5.00%

### Sensitivity Analysis

Particulars	₹ in crores			
	31 <sup>st</sup> March, 2023		31 <sup>st</sup> March, 2022	
<b>Discount rate</b>	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	(32.04)	68.41	(46.71)	83.55
<b>Interest rate guarantee</b>	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	63.39	(32.01)	76.20	(45.94)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Maturity analysis of the benefit payments from the fund

Projected benefits payable in future years from the date of reporting	₹ in crores	
	As at 31 <sup>st</sup> March, 2023	As at 31 <sup>st</sup> March, 2022
1 <sup>st</sup> following year	95.41	89.34
2 <sup>nd</sup> following year	88.23	82.55
3 <sup>rd</sup> following year	84.68	79.17
4 <sup>th</sup> following year	85.95	80.30
5 <sup>th</sup> following year	93.45	87.24
Sum of years 6 <sup>th</sup> to 10 <sup>th</sup>	474.57	442.07

### f. There are no amounts included in the Fair Value of Plan Assets (Gratuity and Provident fund):

- Company's own financial instrument
- Property occupied by or other assets used by the Company

### g. Compensated absences note:

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Group towards this obligation was ₹ 133.31 crores and ₹ 135.69 crores as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, respectively.

### h. Cash settled share based payment:

Certain employees of the Group are eligible for share based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's share price at the time of vesting. As of 31<sup>st</sup> March, 2023, there was ₹ 11.68 crores (31<sup>st</sup> March, 2022: ₹ 6.62 crores) of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1 year.

This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments

### 1. Parent Company

#### Cipla Limited

The expense recognised for employee services received during the year is shown in the following table:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	23.47	19.68

#### A. Employee stock option scheme ('ESOS')

The Company has implemented Employee Stock Option Scheme 2013-A ('ESOS 2013 - A') as approved by the shareholders on 22<sup>nd</sup> August, 2013. The ESOS 2013-A Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers the ESOS 2013-A Scheme and grants stock options to eligible employees.

Details of the options granted during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 under the Scheme are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	14 <sup>th</sup> May, 2021	1,38,144	2.00	2 year	5 years from vesting date
ESOS 2013 - A	14 <sup>th</sup> May, 2021	25,095	2.00	1 year	Within same calendar year of vesting
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	2 year	5 years from vesting date
ESOS 2013 - A	26 <sup>th</sup> October, 2021	9,752	2.00	1 year	5 years from vesting date
ESOS 2013 - A	10 <sup>th</sup> May, 2022	1,18,916	2.00	2 years	5 years from vesting date
ESOS 2013 - A	10 <sup>th</sup> May, 2022	24,031	2.00	1 year	Within same calendar year of vesting
ESOS 2013 - A	4 <sup>th</sup> November, 2022	8,613	2.00	2 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 (₹)	1018.03

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2023 is set out below:

#### ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Granted during the year	1,51,560	2.00	2.00	-
Forfeited/cancelled during the year	(5,435)	2.00	2.00	-
Lapsed during the year	(1,466)	2.00	2.00	-
Exercised during the year	(3,33,889)	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>4,24,447</b>	<b>2.00</b>	<b>2.00</b>	<b>4.29</b>
Exercisable at the end of the year	1,63,582	2.00	2.00	2.83

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

#### ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>8,32,207</b>	<b>2.00</b>	<b>2.00</b>	<b>4.79</b>
Granted during the year	1,82,743	2.00	2.00	-
Forfeited/cancelled during the year	(50,330)	2.00	2.00	-
Lapsed during the year	(186)	2.00	2.00	-
Exercised during the year	(3,50,757)	2.00	2.00	-
<b>Outstanding at the end of the year</b>	<b>6,13,677</b>	<b>2.00</b>	<b>2.00</b>	<b>4.45</b>
Exercisable at the end of the year	2,56,349	2.00	2.00	2.91

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd..)

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

ESOS 2013 - A	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0.52%	0.35%
Expected volatility	27.95%	29.40%
Risk-free interest rate	6.77%	5.34%
Weighted average share price (₹)	951.08	898.95
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.00	4.02
Weighted average fair value of options (₹)	929.85	884.67

### B. Employee Stock Appreciation Rights ("ESAR") Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021/the Scheme') as approved by the shareholders by postal ballot on 25<sup>th</sup> March, 2021. The Scheme covers the employees who are in permanent employment, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Details of the ESAR granted during the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022 under the Scheme are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	14 <sup>th</sup> May, 2021	2,71,329	2.00	3 years graded vesting	248.90	5 years from vesting date
ESAR 2021	14 <sup>th</sup> May, 2021	90,398	2.00	1 year	286.62	5 years from vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	37,041	2.00	1 year	236.90	5 years from vesting date
ESAR 2021	26 <sup>th</sup> October, 2021	31,970	2.00	3 years graded vesting	274.48	5 years from vesting date
ESAR 2021	10 <sup>th</sup> May, 2022	2,47,126	2.00	3 years graded vesting	304.80	5 years from vesting date
ESAR 2021	10 <sup>th</sup> May, 2022	86,277	2.00	1 year	260.77	5 years from vesting date
ESAR 2021	4 <sup>th</sup> November, 2022	23,805	2.00	3 years graded vesting	420.08	5 years from vesting date

### Weighted average share price for ESAR exercised during the year:

Particulars	ESAR - 2021
Weighted average share price (₹)	1,133.26

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2023 is set out below:

### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	3,98,376	916.87	913.38 - 933.54	5.97
Granted during the year	3,57,208	994.98	984.67-1,139.34	-
Forfeited/cancelled during the year	(11,247)	939.96	913.38-984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(43,582)	917.82	913.38-933.54	-
<b>Outstanding at the end of the year</b>	7,00,755	956.17	913.38-1,139.34	5.38
Exercisable at the end of the year	1,86,157	917.38	913.38-933.54	4.21

\*Number of shares are issued against option exercised based formula as defined in ESAR scheme 2021.

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd..)

Stock option activity under the scheme(s) for the year ended 31<sup>st</sup> March, 2022 is set out below:

### ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	-	-	-	-
Granted during the year	4,30,738	916.61	913.38 - 933.54	-
Forfeited/cancelled during the year	(32,362)	913.38	913.38	-
<b>Outstanding at the end of the year</b>	3,98,376	916.87	913.38 - 933.54	5.97
Exercisable at the end of the year	-	-	-	-

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0.52%	0.37%
Expected volatility	28.48%	28.71%
Risk-free interest rate	6.89%	5.41%
Weighted average share price (₹)	953.02	899.12
Exercise price (₹)	994.98	916.61
Expected life of options granted in years	4.27	4.21
Weighted average fair value of options (₹)	301.85	273.53

## 2. Subsidiary Company

### Cipla Health Limited

The expense recognised for employee services received during the year is shown in the following table:

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	15.57	4.44

₹ in crores

### A. Employee stock option scheme ('ESOS')

The Subsidiary Company had implemented "ESOS 2016", as approved by the Shareholders on 22<sup>nd</sup> March, 2016. During the previous year, the Subsidiary company has cancelled this scheme on 25<sup>th</sup> November, 2021 and no new options were granted during this year.

The carrying amount of the liability relating to the ESOS at 31<sup>st</sup> March, 2023 is ₹ Nil (31<sup>st</sup> March, 2022: ₹ Nil)

The options were granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 10 each.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Number	WAEP	Number	WAEP
<b>Outstanding at the beginning of the year</b>	-	-	20,297	10.00
Granted during the year	-	-	-	10.00
Forfeited/Cancelled during the year	-	-	(16,355)	10.00
Extinguishment of rights during the year*	-	-	(3,942)	10.00
<b>Outstanding at the end of the year</b>	-	-	-	10.00
Exercisable at the end of the year	-	-	-	10.00

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd..)

\*During the previous year ended 31<sup>st</sup> March, 2022, based on a tripartite agreement entered by ESOP Holders with the Holding Company and Cipla Health Limited, a Subsidiary Company wherein they agreed to extinguish their right of exercise of ESOPs vested against the total payment of ₹ 4.78 crores from the Holding Company. On account of this ESOP reserve amounting to ₹ 3.69 crores was reversed and differential amount of ₹ 1.09 crores has been booked as capital reserve. Further payment made has been classified as part of financing activity in the Consolidated Cash Flow Statement.

### B. Employee Stock Appreciation Rights ('ESAR') Scheme

The Subsidiary Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme') as approved by the shareholders on 1<sup>st</sup> September, 2021. The Scheme covers all the employees who are in permanent employment, including director(s) other than independent directors of the Company and employee who is a Promoter or a person who belongs to the Promoter Group [collectively "eligible employees"]. The Nomination and Remuneration Committee of the Board ('NRC') administers this scheme and grants ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights ('ESARs') that may be granted under the Scheme shall not exceed 1,02,800 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 60,700 of ₹ 10 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR can be settled by the issue of shares or through cash. Based on management estimate these have been accounted as equity settled. NRC is entitled to determine the vesting schedule for ESAR as the NRC deems fit. ESARs that are not exercised within the applicable exercise period will automatically lapse.

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR Scheme 2021	01 <sup>st</sup> September 2021	28,344.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	01 <sup>st</sup> March 2022	301.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	4 <sup>th</sup> May, 2022	336.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	29 <sup>th</sup> November, 2022	700.00	10.00	1 to 4 Years	9,521.43	At time of liquidity event
ESAR Scheme 2021	30 <sup>th</sup> November, 2022	46,908.00	10.00	3 to 4 Years	12,344.88	At time of liquidity event

Particulars	As at 31 <sup>st</sup> March, 2023			
	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>25,931</b>	<b>16,316.00</b>	<b>16,316.00</b>	<b>1.77</b>
Granted during the year	47,944	22,101.00	22,101.00	-
Forfeited/Cancelled during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>73,875</b>	<b>20,070.40</b>	<b>20,070.40</b>	<b>2.50</b>
Exercisable at the end of the year	-	-	-	-

Particulars	As at 31 <sup>st</sup> March, 2022			
	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
<b>Outstanding at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Granted during the year	28,645	16,316.00	16,316.00	-
Forfeited/Cancelled during the year	(2,714)	16,316.00	16,316.00	-
<b>Outstanding at the end of the year</b>	<b>25,931</b>	<b>16,316.00</b>	<b>16,316.00</b>	<b>1.77</b>
Exercisable at the end of the year	-	-	-	-

The following table lists the inputs to the models used for the years ended 31<sup>st</sup> March, 2023.

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Expected dividend yield (%)	0%	0%
Expected volatility (%)	69.93%	65.00%
Risk free investment rate (%)	7.00%	5.14%
Exercise price at date of grant	₹ 22,101.00	₹ 16,316.00
Share price at date of grant	₹ 12,303.37	₹ 8,334.25
Vesting period	3.61 years	3.58 years
Exercise period	At time of liquidity event	At time of liquidity event
Model used	Black Scholes	Black Scholes

# Notes to the Consolidated Financial Statements

## Note 47: Share based payments (Contd..)

The effect of share-based payment transactions on the entity's profit for the period and earnings per share is presented below:

Particulars	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
Profit after tax as reported (₹ in crores)	2,801.91	2,516.75
Share based payment expense (₹ in crores)	39.04	24.12
<b>Earnings per share adjusted</b>		
Basic (₹)	35.20	31.50
Diluted (₹)	35.18	31.47

## Note 48: Related party disclosures

Information on related party transactions as required by Ind AS 24 - *Related Party Disclosures* for the year ended 31<sup>st</sup> March, 2023

### A. Associates

Stempeutics Research Private Limited  
Avenue Therapeutics Inc.(ceased to be an associate w.e.f. 11<sup>th</sup> October, 2022)  
Brandmed (Pty) Limited  
AMPSolar Power Systems Private Limited  
GoApptiv Private Limited  
Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)  
Clean Max Auriga Power LLP (acquired 33% stake effective from 14<sup>th</sup> December, 2021)  
AMP Energy Green Eleven Private Limited (acquired 32.49% on fully diluted basis w.e.f. 8<sup>th</sup> February, 2022)  
Achira Labs Private Limited (acquired 21.05% on fully diluted basis from 17<sup>th</sup> August, 2022)

### B. Key Management personnel (KMP)

Samina Hamied - Executive Vice-Chairperson  
Umang Vohra - Managing Director and Global Chief Executive Officer  
Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3<sup>rd</sup> May, 2022)  
Ashish Adukia - Global Chief Financial Officer (w.e.f. 16<sup>th</sup> August, 2022)  
Dinesh Jain - Interim Global Chief Financial Officer ( w.e.f. 10<sup>th</sup> May, 2022 till 16<sup>th</sup> August, 2022)

### C. Non-executive Chairman and Non-executive Vice Chairman

Dr Y K Hamied, Chairman  
M K Hamied, Vice Chairman

### D. Non executive Directors

Ashok Sinha  
Adil Zainulbhai  
Punita Lal

## Note 48: Related party disclosures (Contd..)

Dr Peter Mugyenyi  
S Radhakrishnan  
Robert Stewart (w.e.f. 14<sup>th</sup> May, 2021)  
P R Ramesh (w.e.f. 1<sup>st</sup> July, 2021)  
Mandar Vaidya (w.e.f. 29<sup>th</sup> July, 2022)  
Naina Lal Kidwai (Resigned w.e.f. close of business hours on 31<sup>st</sup> March, 2022)

### E. Entities over which the Company is able to exercise significant influence/control

Cipla Employees Stock Option Trust (De-registered)  
Cipla Health Employees Stock Option Trust  
The Cipla Empowerment Trust (w.e.f. 30<sup>th</sup> June, 2022)  
The Cipla Foundation (SA)

### F. Entities over which the KMP or their relatives is able to exercise significant influence/control

Chest Research Foundation (formerly known as Hamied Foundation)  
Cipla Foundation  
Cipla Cancer & AIDS Foundation

### G. Post-employment benefit trusts

Cipla Limited Employees Provident Fund  
Cipla Limited Employees Gratuity Fund  
Goldencross Pharma Private Limited Employees Group Gratuity Fund  
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme  
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme  
Cipla Biotech Private Limited Employees Gratuity Fund  
Sitec Labs Private Limited Employees Group Gratuity Scheme  
Cipla Health Limited Employees Gratuity Scheme  
Jay Precision Pharmaceuticals Employees Group Gratuity Trust

# Notes to the Consolidated Financial Statements

## Note 48: Related party disclosures (Contd..)

### Disclosure in respect of related parties

During the year, the following transactions were carried out with the related parties in the ordinary course of business:

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>A. Investment in equity shares of Associates</b>		
AMPSolar Power Systems Private Limited (refer note 6)	-	0.01
GoApptiv Private Limited (refer note 6)	8.25	-
Clean Max Auriga Power LLP	-	6.75
AMP Energy Green Eleven Private Limited	-	0.75
Achira Labs Private Limited	2.00	-
	<b>10.25</b>	<b>7.51</b>
<b>B. Investment in Compulsory Convertible Debentures of Associates</b>		
AMP Energy Green Eleven Private Limited	-	6.75
	<b>-</b>	<b>6.75</b>
<b>C. Investment in Compulsory Convertible Preference Share of Associates</b>		
GoApptiv Private Limited (refer note 6)	17.65	-
AMPSolar Power Systems Private Limited	-	1.16
Achira Labs Private Limited	23.00	-
	<b>40.65</b>	<b>1.16</b>
<b>D. Remuneration to Key Management Personnel and Directors*</b>		
Short-term employee benefits**	45.04	40.88
Post-employment benefits*	0.81	0.51
Other long-term benefits	0.65	-
Employee share based payments	2.33	4.47
	<b>48.83</b>	<b>45.86</b>

\*\* Includes remuneration to Non-executive directors amounting to ₹ 12.65 crores (31<sup>st</sup> March, 2022: ₹ 12.33 crores)

\* Expenses towards gratuity, compensated absences and premium paid for Group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

\* Remuneration reported pertains to the amount paid during the period including variable pay of previous year, ESOP/ESAR exercised during the year ended 31<sup>st</sup> March, 2023 but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102, etc.

## Note 48: Related party disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>E. Contribution to provident fund and other fund</b>		
Cipla Health Limited Employees Gratuity Scheme	0.08	0.38
Cipla Limited Employees Gratuity Fund	23.50	20.00
Cipla Limited Employees Provident Fund	42.98	38.52
	<b>66.56</b>	<b>58.90</b>
<b>F. Service Charges and reimbursement paid</b>		
GoApptiv Private Limited	33.59	37.90
Stempeutics Research Private Limited	1.26	1.05
	<b>34.85</b>	<b>38.95</b>
<b>G. Donations given</b>		
Cipla foundation	63.22	55.76
The Cipla Foundation (SA)	9.19	-
	<b>72.41</b>	<b>55.76</b>
<b>H. Rent Received</b>		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
<b>I. Interest Income</b>		
Brandmed (Pty) Limited	0.33	0.02
	<b>0.33</b>	<b>0.02</b>
<b>J. Freight charges paid</b>		
Stempeutics Research Private Limited	-	0.02
	<b>-</b>	<b>0.02</b>
<b>K. Electricity charges paid</b>		
AMPSolar Power Systems Private Limited	13.83	15.93
AMP Energy Green Eleven Private Limited	3.67	-
Clean Max Auriga Power LLP	5.19	-
	<b>22.69</b>	<b>15.93</b>
<b>L. Payable to Key Management Personnel and Directors</b>	<b>9.79</b>	<b>22.16</b>
<b>M. Dividend Paid to Key Management Personnel and Directors</b>	<b>98.42</b>	<b>108.49</b>
<b>N. Contribution payable to provident/gratuity fund</b>		
Cipla Limited Employees Provident fund	12.42	10.95
Cipla Health Limited Employees Gratuity Scheme	1.50	0.96
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	0.52	0.22
Cipla Limited Employees Gratuity fund	0.32	-
Sitec Labs Private Limited Employees Group Gratuity Scheme	0.85	0.13
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.46	0.21

# Notes to the Consolidated Financial Statements

## Note 48: Related party disclosures (Contd..)

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	0.38	0.10
	<b>16.45</b>	<b>12.57</b>
<b>O. Advances receivable from gratuity fund</b>		
Cipla Limited Employees Gratuity fund	-	9.30
Cipla Biotech Private Limited Employees Gratuity Fund	0.01	0.01
	<b>0.01</b>	<b>9.31</b>
<b>P. Payable to associates and others</b>		
GoApptiv Private Limited	3.34	1.70
Stempeutics Research Private Limited	1.25	0.52
Cipla Foundation	-	0.33
Clean Max Auriga Power LLP	0.84	-
AMP Energy Green Eleven Private Limited	0.40	-
	<b>5.83</b>	<b>2.55</b>
<b>Q. Purchase of goods</b>		
Brandmed (Pty) Limited	-	0.77
Stempeutics Research Private Limited	2.33	0.46
	<b>2.33</b>	<b>1.23</b>
<b>R. Loan given</b>		
Brandmed (Pty) Limited	4.72	2.61
	<b>4.72</b>	<b>2.61</b>
<b>S. Outstanding receivables</b>		
Cipla Foundation	0.07	-
The Cipla Foundation (SA)	0.49	1.68
Brandmed (Pty) Limited	7.27	2.61
	<b>7.83</b>	<b>4.29</b>
<b>T. Purchase of Fixed Assets</b>		
Stempeutics Research Private Limited	2.00	-
	<b>2.00</b>	<b>-</b>

### Note

- Amount mentioned as "0.00" denotes value less than ₹ 1 lakh.
- All related party transactions entered during the year were in ordinary course of the business and on arms length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash

## Note 49: Corporate social responsibility (CSR) expenditure

The Group meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Group. The Group spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilized through the year on the activities which are specified in Schedule VII of the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development

## Note 49: Corporate social responsibility (CSR) expenditure (Contd..)

projects, Research and Development and any other activity permissible under Schedule VII of the Act.

Particulars	₹ in crores	
	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
A) Amount required to be spent by the Group during the year*	64.63	55.43
B) Amount of expenditure incurred on construction/acquisition of assets	-	-
C) Amount of expenditure incurred on purposes other than (B) above*	65.09	55.76
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions*	63.22	55.76
G) Balance carry forward:		
Opening balance	0.33	-
Addition during the year	65.09	55.76
Utilised during the year (including excess spend of previous year)	(64.63)	(55.43)
Closing balance	<b>0.79</b>	<b>0.33</b>

\*This includes contribution to Cipla Foundation which is a trust, with the main objective of working across focus areas of Health, Education, Skilling, Environmental Sustainability & Disaster Response and COVID-19 relief projects.

\*includes the surplus of ₹ 0.16 crores arising out of the CSR Projects of the previous financial year.

The Group does not have any ongoing projects as at 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022.

The Group will be setting off the excess spend of ₹ 0.79 crores (31<sup>st</sup> March, 2022: ₹ 0.33 crores) during the year 2023-24 against the next year's CSR obligation.

## Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable. The impact of such reclassification/regrouping is not material to the consolidated financial statements.

## Note 51: Subsequent events

Subsequent to year end, the Company has signed a perpetual license agreement with Novartis Pharma AG on 10<sup>th</sup> April, 2023 to manufacture and market Galvus and combination brands, used in the treatment of type 2 diabetes from 1<sup>st</sup> January, 2026. The agreement is subject to satisfaction of certain conditions precedent. Other than as disclosed, there are no other subsequent events that occurred after the reporting date.

## Note 52: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

# Notes to the Consolidated Financial Statements

## Note 53: Restructuring operations

The Board at its meeting held on 25<sup>th</sup> January, 2022 had approved the restructuring/transfer of:

- the India based US business undertaking to Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited), a wholly owned subsidiary of the Company; and
- The Consumer Business Undertaking to Cipla Health Limited ("CHL"), a wholly owned subsidiary of the Company, as a going concern on a slump sale basis through a Business Transfer Agreement ("BTA").

In respect of Consumer Business Undertaking, Company and CHL have successfully completed business transfer as agreed under BTA with closing date of 31<sup>st</sup> August, 2022. Since the transactions are with parties under common control, there is no impact on the consolidated financial statement and all the comparative periods presented.

In respect of transfer of the India based US business undertaking, the Board at its meeting held on 4<sup>th</sup> November, 2022, decided not to proceed with the proposed transfer, considering various factors including the current operating environment.

## Note 54: Unforeseeable losses

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

## Note 55: Additional disclosure with respect to amendment to Schedule III

- The entities included in group, covered under the Act, do not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.

## Note 55: Additional disclosure with respect to amendment to Schedule III (Contd..)

- The entities included in group, covered under the Act, do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The entities included in group, covered under the Act, has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- The entities included in group, covered under the Act, do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- The entities included in group, covered under the Act, have not traded or invested in crypto currency or virtual currency during the financial year.
- The entities included in group, covered under the Act, has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- The entities included in group, covered under the Act, have not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.
- The entities included in group, covered under the Act, have complied with the number of layers prescribed under the Companies Act, 2013.

- Details of transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as of and for the year ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March 2022:

₹ in crores

Sr. no.	Name of Struck off Company Transactions	Nature of transactions	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022		Relationship with the Struck off company
			Transactions during the year	Balance outstanding	Transactions during the year	Balance outstanding	
1	FEMTO I CARE PVT LTD	Professional fee	-	-	0.00*	-	Vendor- Non Related

\* Denote transaction amount less than ₹ 1 lac

- The entities included in group, covered under the Act, has not invested or advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

# Notes to the Consolidated Financial Statements

## Note 56: Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. The Group's reportable segments are as follows:

- Pharmaceuticals - This segment develops, manufactures, sells and distributes generic or branded generic medicines as well as Active Pharmaceutical Ingredients ("API").
- New ventures - This includes the operations of the Company, a consumer healthcare, Biosimilars and speciality business.

The CODM reviews revenue and gross profit as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

₹ in crores

Particulars	For the year ended 31 <sup>st</sup> March, 2023	For the year ended 31 <sup>st</sup> March, 2022
<b>Segment wise revenue and results</b>		
<b>Segment revenues:</b>		
a) Pharmaceuticals	21,999.43	21,351.27
b) New ventures	1,054.84	531.51
<b>Total</b>	<b>23,054.27</b>	<b>21,882.78</b>
Less: Inter segment revenue	301.15	119.44
<b>Total Income from Operations</b>	<b>22,753.12</b>	<b>21,763.34</b>
<b>Segment results:</b>		
Profit/(loss) before tax and interest from each segment		
a) Pharmaceuticals	4,383.14	3,943.73
b) New ventures	(52.83)	(161.99)
<b>Total</b>	<b>4,330.31</b>	<b>3,781.74</b>
Less: Finance cost	109.54	106.35
<b>Profit (+)/loss (-) before exceptional items and tax</b>	<b>4,220.77</b>	<b>3,675.39</b>
Less: Exceptional items - New ventures (refer note 39(b))	-	182.12
Less: Exceptional items - Pharmaceuticals (refer note 39(b))	182.42	-
<b>Total profit/(loss) before tax</b>	<b>4,038.35</b>	<b>3,493.27</b>

## Segment assets and liabilities

As certain assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The Management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

- India
- United States of America
- South Africa
- 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.



# Notes to the Consolidated Financial Statements

## Note 56: Segment Information (Contd..)

### Analysis of Revenue (including other operating revenue) (by customer's location)

₹ in crores

Year	India	United States of America	South Africa	Rest of the World	Total
2023	9,868.67	5,908.66	2,335.07	4,640.72	22,753.12
2022	9,827.54	4,431.35	2,632.95	4,871.50	21,763.34

### Analysis of non-current assets (excluding investment in associates, income tax and deferred tax assets and financial assets) (by assets location)

₹ in crores

Year	India	United States of America	South Africa	Rest of the World	Total
2023	5,023.37	3,158.86	1,771.43	558.29	10,511.95
2022	4,779.92	2,957.11	2,027.46	903.93	10,668.42

### Information about major customer

No single external customer represents 10% or more of the Group's total revenue for the years ended 31<sup>st</sup> March, 2023 and 31<sup>st</sup> March, 2022, respectively.

## Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates

₹ in crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent Company</b>								
Cipla Limited	105.26%	24,638.09	89.71%	2,513.47	(6.98%)	(8.97)	85.46%	2,504.50
<b>Subsidiaries</b>								
<b>Indian</b>								
Goldencross Pharma Limited	0.80%	187.24	0.44%	12.36	(0.12%)	(0.16)	0.42%	12.20
Meditab Specialities Limited	1.65%	386.14	0.11%	3.10	(0.02%)	(0.03)	0.10%	3.07
Jay Precision Pharmaceuticals Private Limited	0.70%	163.57	1.39%	38.87	(0.02%)	(0.03)	1.33%	38.84
Medispray Laboratories Private Limited	1.01%	236.77	1.66%	46.56	0.20%	0.26	1.60%	46.82
Sitec Labs Limited	0.53%	123.23	0.48%	13.47	(0.10%)	(0.13)	0.46%	13.34
Cipla Pharma and Life Sciences Limited	0.42%	97.67	(2.52%)	(70.71)	0.01%	0.01	(2.41%)	(70.70)
Cipla Health Limited	0.71%	167.33	3.02%	84.59	(0.19%)	(0.25)	2.88%	84.34
Cipla Digital Health Limited	0.01%	3.49	(0.35%)	(9.81)	0.00%	-	(0.33%)	(9.81)
Cipla Pharmaceuticals Limited	0.34%	80.68	(0.03%)	(0.92)	0.00%	-	(0.03%)	(0.92)
<b>Foreign</b>								
Cipla Medpro South Africa (Pty) Limited	0.28%	65.61	6.45%	180.68	4.08%	5.24	6.34%	185.92
Cipla Kenya Limited	0.01%	2.71	0.01%	0.30	0.00%	-	0.01%	0.30
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla-Medpro (Pty) Limited	1.85%	432.90	0.17%	4.82	0.00%	-	0.16%	4.82
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(2.71)	(0.01%)	(0.23)	0.00%	-	(0.01%)	(0.23)
Cipla Medpro Botswana (Pty) Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-

# Notes to the Consolidated Financial Statements

## Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)

₹ in crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Cipla Select (Pty) Limited	(0.00%)	(0.86)	0.28%	7.71	0.00%	-	0.26%	7.71
Medpro Pharmaceutica (Pty) Limited	1.26%	295.23	1.24%	34.87	0.00%	-	1.19%	34.87
Mirren (Pty) Limited	0.10%	23.64	0.19%	5.24	0.00%	-	0.18%	5.24
Cipla Medpro Manufacturing (Pty) Limited	0.89%	207.51	(0.16%)	(4.57)	0.00%	-	(0.16%)	(4.57)
Cipla Holding BV	0.41%	95.45	0.06%	1.72	0.00%	-	0.06%	1.72
Cipla (EU) Limited	25.61%	5,994.44	1.51%	42.40	0.00%	-	1.45%	42.40
Saba Investment Limited	1.24%	289.15	(0.02%)	(0.54)	0.00%	-	(0.02%)	(0.54)
Cipla Australia Pty Ltd	0.11%	26.38	(0.51%)	(14.39)	0.00%	-	(0.49%)	(14.39)
Meditab Holdings Limited	2.38%	557.89	0.35%	9.93	10.17%	13.08	0.79%	23.01
Cipla USA Inc.	2.56%	600.08	10.46%	293.21	0.00%	-	10.01%	293.21
Aspergen Inc	(0.00%)	(0.91)	(1.20%)	(33.66)	0.00%	-	(1.15%)	(33.66)
Cipla Malaysia Sdn. Bhd.	0.02%	4.47	0.01%	0.27	0.00%	-	0.01%	0.27
Cipla Europe NV	0.27%	64.32	(0.27%)	(7.69)	0.00%	-	(0.26%)	(7.69)
Cipla Quality Chemical Industries Limited	1.58%	368.83	1.42%	39.84	0.00%	-	1.36%	39.84
Breathe Free Lanka (Private) Limited	0.05%	12.26	0.12%	3.32	0.00%	-	0.11%	3.32
Cipla Medica Pharmaceutical and Chemical Industries Limited	(0.11%)	(25.10)	(0.44%)	(12.20)	0.00%	-	(0.42%)	(12.20)
Cipla Gulf FZ-LLC	0.10%	23.71	(0.08%)	(2.36)	0.00%	-	(0.08%)	(2.36)
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.09%	20.10	0.03%	0.88	0.00%	-	0.03%	0.88
Cipla Maroc SA	0.36%	83.31	0.59%	16.46	0.00%	-	0.56%	16.46
InvaGen Pharmaceuticals Inc.	14.08%	3,295.91	(3.65%)	(102.22)	0.00%	-	(3.49%)	(102.22)
Cipla Middle East Pharmaceuticals FZ-LLC	0.09%	21.27	0.54%	15.20	0.00%	-	0.52%	15.20
Cipla Philippines Inc.	0.00%	0.41	(0.00%)	(0.12)	0.00%	-	(0.00%)	(0.12)
Cipla Algérie	(0.00%)	(0.01)	(0.00%)	(0.01)	0.00%	-	(0.00%)	(0.01)
Cipla Colombia SAS	0.02%	4.65	(0.04%)	(1.09)	0.00%	-	(0.04%)	(1.09)
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.65%	151.20	(1.75%)	(49.16)	0.00%	-	(1.68%)	(49.16)
Cipla (China) Pharmaceutical Co., Ltd	0.06%	13.71	0.01%	0.19	0.00%	-	0.01%	0.19
Exelan Pharmaceuticals Inc.	0.88%	207.06	2.79%	78.22	0.00%	-	2.67%	78.22
Cipla Technologies LLC	0.90%	210.75	(1.27%)	(35.72)	0.00%	-	(1.22%)	(35.72)
Madison Pharmaceuticals Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Therapeutics Inc.	0.04%	9.94	(0.96%)	(27.01)	0.00%	-	(0.92%)	(27.01)
Cipla Health Employees Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
The Cipla Empowerment Trust	(0.00%)	(1.09)	(0.04%)	(1.12)	0.00%	-	(0.04%)	(1.12)
<b>Subtotal</b>		<b>39,136.42</b>		<b>3,074.15</b>		<b>9.02</b>		<b>3,083.17</b>

# Notes to the Consolidated Financial Statements

**Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)**

₹ in crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Inter-company Elimination and Consolidation Adjustments	(68.89%)	(16,125.29)	(8.52%)	(238.66)	100.03%	128.61	(3.76%)	(110.05)
Non-controlling Interest in Subsidiaries	1.31%	305.76	(1.11%)	(30.98)	(7.05%)	(9.06)	(1.37%)	(40.04)
<b>Associates</b>								
AMPSolar Power Systems Private Limited	0.00%	0.90	0.00%	-	0.00%	-	0.00%	-
Brandmed (Pty) Limited	0.09%	22.09	(0.06%)	(1.77)	0.00%	-	(0.06%)	(1.77)
GoApptiv Private Limited	0.16%	36.79	0.01%	0.15	0.00%	-	0.01%	0.15
AMP Energy Green Eleven Private Limited	0.00%	0.69	0.00%	-	0.00%	-	0.00%	-
Achira Labs Private Limited	0.10%	24.02	(0.03%)	(0.98)	0.00%	-	(0.03%)	(0.98)
Clean Max Auriga Power LLP	0.03%	6.40	0.00%	-	0.00%	-	0.00%	-
Stempeutics Research Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Grand Total</b>		<b>23,407.78</b>		<b>2,801.91</b>		<b>128.57</b>		<b>2,930.48</b>

**Note:** Net assets and share in profit or loss for the parent company, subsidiaries, associates and other consolidating entities are as per the standalone financial statements of the respective entities.

## Note 58: Income Tax Search and Survey

The Income Tax Department ("the Department") conducted a Survey & Search under Section 132 of the Income Tax Act ("the Search") on the Holding Company in February 2023. The Holding Company at the time of search and subsequently has co-operated with the department and responded to the clarifications, data and details sought by the Department. No assets of the Holding Company were seized by the Department as part of the Search. The Holding Company after considering all available records, facts known to it and legal advice as of date, has not identified any adjustments to the current or prior period consolidated financial statement at this stage. Pending outcome of the proceedings in this matter, the holding company will re-evaluate the adjustment to the financial statement if needed at a future date as appropriate.

## Note 59: Authorisation of financial statements

The Consolidated financial statements for the year ended 31<sup>st</sup> March, 2023 were approved by the Board of Directors on 12<sup>th</sup> May, 2023.

As per our report of even date attached

For and on behalf of the **Board of Directors**

For **Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Reg. No. 001076N/N500013

**Umang Vohra**  
Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

**Samina Hamied**  
Executive  
Vice-Chairperson  
DIN: 00027923

**Ashish Gupta**  
Partner  
Membership No. 504662

**Ashish Adukia**  
Global Chief Financial Officer

**Rajendra Chopra**  
Company Secretary

New Delhi, 12<sup>th</sup> May, 2023

Mumbai, 12<sup>th</sup> May, 2023

# 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	Date since when subsidiary was acquired	Reporting currency	Reporting period	Exchange rate as on 31 <sup>st</sup> March 2023	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 *	Dividend Proposed	% of Share Holding	Country of Incorporation
1	Jay Precision Pharmaceuticals Private Limited	26 <sup>th</sup> February, 2015	INR	April - March	1.0000	4.01	159.56	177.48	13.91	-	146.61	52.24	13.37	38.87	-	60%	India
2	MediTab Specialities Limited	01 <sup>st</sup> October, 2010	INR	April - March	1.0000	0.71	385.43	445.82	59.69	18.78	24.58	4.26	1.16	3.10	-	100%	India
3	Medispray Laboratories Private Limited	01 <sup>st</sup> October, 2010	INR	April - March	1.0000	0.05	236.72	298.05	61.28	73.23	342.80	62.78	16.23	46.56	-	100%	India
4	Goldencross Pharma Limited	14 <sup>th</sup> May, 2010	INR	April - March	1.0000	0.05	187.19	200.37	13.14	44.59	185.71	15.99	3.63	12.36	-	100%	India
5	Steez Labs Limited	01 <sup>st</sup> October, 2010	INR	April - March	1.0000	0.02	123.21	141.30	18.07	-	120.51	18.45	4.97	13.47	-	100%	India
6	Cipla Health Limited	27 <sup>th</sup> August, 2015	INR	April - March	1.0000	2.33	165.00	540.82	373.49	92.40	992.60	113.06	28.47	84.59	-	100%	India
7	Cipla Pharma and Life Sciences Limited (Formerly known as Cipla Biotech Limited)	24 <sup>th</sup> July, 2014	INR	April - March	1.0000	258.71	(161.04)	100.16	2.49	59.51	14.73	5.29	76.00	(70.71)	-	100%	India
8	Cipla Pharmaceuticals Limited	19 <sup>th</sup> November, 2019	INR	April - March	1.0000	60.81	19.88	83.60	2.92	42.33	-	(0.71)	0.21	(0.92)	-	100%	India
9	Cipla Digital Health Limited	25 <sup>th</sup> February, 2022	INR	April - March	1.0000	13.50	(10.01)	6.31	2.82	4.75	-	(9.81)	-	(9.81)	-	100%	India
10	Cipla Medpro South Africa (Pty) Limited	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.21	65.40	660.80	595.19	-	531.24	178.45	(2.24)	180.68	-	100%	South Africa
11	Cipla Quality Chemical Industries Limited	20 <sup>th</sup> November, 2013	USD	April - March	0.0218	95.44	273.39	462.69	93.86	-	476.51	67.26	27.42	39.84	-	51.18%	Uganda
12	MediTab Holdings Limited	01 <sup>st</sup> October, 2010	USD	April - March	82.1700	278.88	279.01	558.09	0.20	287.74	-	11.13	1.20	9.93	-	100%	Mauritius
13	Cipla Algérie	06 <sup>th</sup> June, 2016	DZD	January - December	0.6018	0.06	(0.07)	0.07	0.08	-	-	(0.00)	0.01	(0.01)	-	40%	Algeria
14	Cipla Europe NV	30 <sup>th</sup> September, 2013	EUR	April - March	89.4425	4770	16.62	251.54	187.21	-	178.40	(16.72)	(9.03)	(7.69)	-	100%	Belgium
15	Cipla Holding B.V.	28 <sup>th</sup> August, 2013	EUR	April - March	89.4425	49.52	45.93	98.54	3.09	-	20.90	2.00	0.27	1.72	-	100%	Netherlands
16	Saba Investment Limited	02 <sup>nd</sup> October, 2014	USD	April - March	82.1700	218.45	70.71	290.07	0.92	-	-	(0.54)	-	(0.54)	-	51%	UAE
17	Cipla Medica Pharmaceutical and Chemical Industries Limited	2 <sup>nd</sup> October, 2014	USD	April - March	82.1700	2.49	(27.58)	254.67	279.77	-	77.50	(12.20)	-	(12.20)	-	50.49%	Yemen
18	Cipla Middle East Pharmaceuticals FZ-LLC	31 <sup>st</sup> May, 2015	USD	April - March	82.1700	0.27	21.01	98.27	76.99	-	118.01	15.20	-	15.20	-	51%	UAE
19	Cipla Gulf FZ - LLC	10 <sup>th</sup> October, 2018	USD	April - March	82.1700	36.70	(33.00)	95.05	74.35	-	98.47	(2.36)	-	(2.36)	-	100%	UAE
20	Cipla Malaysia Sdn. Bhd.	20 <sup>th</sup> March, 2013	MYR	April - March	18.6225	0.98	3.50	5.36	0.89	-	7.61	0.36	0.09	0.27	-	100%	Malaysia
21	Breath Free Lanka (Private) Limited	16 <sup>th</sup> June, 2014	LKR	April - March	0.2505	6.07	6.19	103.98	91.72	-	206.04	5.52	2.21	3.32	-	100%	Sri Lanka
22	Cipla Maroc SA	08 <sup>th</sup> May, 2015	MAD	April - March	8.0212	100.82	(17.51)	121.40	38.10	-	184.42	33.61	17.15	16.46	-	60%	Morocco
23	Cipla Australia Pty Limited	04 <sup>th</sup> March, 2011	AUD	April - March	55.0250	91.64	(65.25)	159.78	133.40	-	180.25	(20.38)	(5.99)	(4.39)	-	100%	Australia
24	Cipla Brasil Importadora e Distribuidora De Medicamentos Ltda	11 <sup>th</sup> May, 2015	BRL	January - December	18.2250	25.13	(5.02)	26.43	6.33	-	1.48	0.92	0.04	0.88	-	100%	Brazil
25	Cipla (EU) Limited	27 <sup>th</sup> January, 2011	USD	April - March	82.1700	5,926.87	67.58	6,247.14	252.70	136.03	294.20	33.38	(9.02)	42.40	-	100%	United Kingdom
26	Cipla Philippines, Inc.	06 <sup>th</sup> January, 2016	PHP	April - March	1.5135	1.23	(0.82)	0.43	0.02	-	-	(0.12)	(0.00)	(0.12)	-	100%	Philippines
27	Cipla Colombia SAS	25 <sup>th</sup> April, 2019	COP	January - December	0.0176	12.47	(7.82)	54.67	50.02	-	53.97	1.62	2.71	(1.09)	-	100%	Colombia
28	Cipla (Jiangsu) Pharmaceutical Co., Ltd	08 <sup>th</sup> August, 2019	CNY	January - December	11.9475	203.10	(51.91)	376.69	225.49	-	-	(49.16)	-	(49.16)	-	88.89%	China
29	Cipla (China) Pharmaceutical Co., Ltd	20 <sup>th</sup> May, 2019	CNY	January - December	11.9475	11.26	2.45	14.30	0.59	-	4.46	0.20	0.01	0.19	-	100%	China
30	Cipla USA Inc.	12 <sup>th</sup> September, 2012	USD	April - March	82.1700	15.87	584.21	2,946.69	2,345.61	-	4,687.69	384.79	91.57	293.21	-	100%	USA
31	Invacem Pharmaceuticals Inc.	17 <sup>th</sup> February, 2016	USD	April - March	82.1700	4,328.06	(1,032.15)	3,844.88	5,48.97	-	1,357.91	(164.72)	(62.50)	(102.22)	-	100%	USA
32	Exelan Pharmaceuticals Inc.	17 <sup>th</sup> February, 2016	USD	April - March	82.1700	3.31	203.75	616.04	408.97	-	911.06	82.46	4.25	78.22	-	100%	USA
33	Cipla Technologies LLC	13 <sup>th</sup> November, 2017	USD	April - March	82.1700	351.95	(41.20)	225.95	15.20	-	-	(45.21)	(9.49)	(35.72)	-	100%	USA
34	Madison Pharmaceuticals Inc.	26 <sup>th</sup> October, 2018	USD	April - March	82.1700	0.00	0.00	0.00	-	-	-	-	-	-	-	100%	USA
35	Cipla Kenya Limited	08 <sup>th</sup> October, 2012	KES	April - March	0.6197	0.01	2.71	53.09	50.38	-	49.64	1.32	1.02	0.30	-	100%	Kenya

# 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 (Contd..)

Sr. No.	Name of the subsidiary company	Date since when subsidiary was acquired	Reporting currency	Reporting period	Exchange rate as on 31 <sup>st</sup> March 2023	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover*	Profit before Taxation*	Provision for Taxation*	Profit after Taxation*	Proposed Dividend	% of Share Holding	Country of Incorporation
36	Cipla Therapeutics Inc	15 <sup>th</sup> May, 2020	USD	April - March	82.1700	66.97	(57.03)	32.96	23.01	-	-	(35.70)	(8.69)	(27.01)	-	100%	USA
37	Cipla Dicare (Pty) Limited*	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	(0.00)	-	-	-	-	-	-	-	-	100%	South Africa
38	Cipla Medpro Manufacturing (Pty) Limited (Formerly known as Cipla Life Sciences (Pty) Limited)	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	207.51	329.70	122.19	-	409.97	18.41	22.97	(4.57)	-	100%	South Africa
39	Cipla-Medpro (Pty) Limited	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	432.90	435.24	2.34	-	18.84	6.50	1.67	4.82	-	100%	South Africa
40	Cipla-Medpro Distribution Centre (Pty) Limited	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	(2.71)	81.83	84.54	-	53.84	0.23	0.23	(0.23)	-	100%	South Africa
41	Cipla Medpro Botswana (Pty) Limited	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	-	0.00	-	-	67.11	10.57	2.85	7.71	-	100%	Botswana
42	Cipla Select (Pty) Limited (Formerly known as Cipla OLTP Proprietary Limited)	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	(0.86)	47.04	47.90	-	-	-	-	-	-	100%	South Africa
43	Medpro Pharmaceutica (Pty) Limited	15 <sup>th</sup> July, 2013	ZAR	April - March	4.6175	0.00	295.23	1,452.26	1,157.03	-	1,777.81	52.57	17.70	34.87	-	100%	South Africa
44	Mirren (Pty) Ltd	22 <sup>nd</sup> October, 2018	ZAR	April - March	4.6175	0.00	23.64	110.12	86.48	-	97.31	7.20	1.96	5.24	-	100%	South Africa
45	Aspergen Inc	30 <sup>th</sup> August, 2022	USD	April - March	82.1700	32.87	(33.78)	23.82	24.73	-	-	(33.66)	-	(33.66)	-	60%	USA
46	Cipla Health Employees Stock Option Trust	14 <sup>th</sup> March, 2016	INR	April - March	1.0000	-	-	-	-	-	-	-	-	-	-	100%	India
47	The Cipla Empowerment Trust	30 <sup>th</sup> June, 2022	ZAR	April - March	4.6175	0.00	(1.09)	0.00	1.09	-	-	(1.12)	-	(1.12)	-	100%	South Africa

\* Converted using average rate

\* Entities under Liquidation

### Subsidiaries which are yet to commence operations:

Cipla Pharmaceuticals Limited

Cipla Digital Health Limited

Cipla Medpro Botswana (Pty) Limited

Aspergen Inc

### Subsidiaries which have been liquidated or sold during the year:

Cipla Medpro Holdings (Pty) Limited (Dissolved w.e.f. 25<sup>th</sup> August, 2022)

# Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

## Part (B) : Associates

Sr No.	Name of the associate	Latest Audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate held by the Company on 31 <sup>st</sup> March 2023				Profit/Loss for the year ended 31 <sup>st</sup> March 2023			
				No. of shares	Amount of Investment in Associate (In crores)	Extent of Holding %	Networth attributable to Shareholding (In crores)	Considered in Consolidation (In crores)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate is not considered
1	Stempeutics Research Private Limited	31 <sup>st</sup> March, 2023	01 <sup>st</sup> October, 2010	2,05,02,525.00	69.97	33.18%	-	-	(2.92)	-	-
2	Brandmed (Pty) Limited	31 <sup>st</sup> March, 2023	24 <sup>th</sup> April, 2019	375.00	31.62	30.00%	22.09	(1.77)	-	-	-
3	AMPSolar Power Systems Private Limited	31 <sup>st</sup> March, 2023	12 <sup>th</sup> June, 2019	1,01,800.00	9.00	26.00%	0.90	-	-	-	-
4	GoApptiv Private Limited <sup>#</sup>	31 <sup>st</sup> March, 2023	27 <sup>th</sup> July, 2020	49,140.00	34.90	22.02%	36.79	0.15	-	-	-
5	AMP Energy Green Eleven Private Limited	31 <sup>st</sup> March, 2023	08 <sup>th</sup> February, 2022	7,50,000.00	7.50	32.49%	0.69	-	-	-	-
6	Clean Max Auriga Power LLP <sup>§</sup>	31 <sup>st</sup> March, 2023	14 <sup>th</sup> December, 2021	-	6.75	33.00%	6.41	-	-	-	-
7	Achira Labs Pvt Ltd <sup>*</sup>	31 <sup>st</sup> March, 2023	17 <sup>th</sup> August, 2022	11,37,023.00	25.00	21.05%	24.02	(0.98)	-	-	-

<sup>#</sup> The figures of Goapptiv Private Limited is after consolidating its subsidiary - Iconphygital Private Limited.No. of shares include 37,595 Compulsory Convertible Preference Shares and 11,545 equity shares.

<sup>§</sup> There are no shares as the entity is a LLP

<sup>\*</sup>No. of shares include 10,32,949 Compulsory Convertible Preference Shares and 1,04,074 equity shares.

### For and on behalf of the Board of Directors

#### Umang Vohra

Managing Director and  
Global Chief Executive Officer  
DIN: 02296740

#### Ashish Adukia

Global Chief Financial Officer

Mumbai, 12<sup>th</sup> May, 2023

#### Samina Hamied

Executive Vice-Chairperson  
DIN: 00027923

#### Rajendra Chopra

Company Secretary

# INDEPENDENT ASSURANCE STATEMENT\*

## Scope and Approach

DNV Business Assurance India Private Limited ('DNV') was engaged by the management of Cipla Limited ('Cipla', Corporate Identity Number L24239MH1935PLC002380) to undertake an independent assurance of the Company's non-financial/sustainability performance in its online and printed format of Annual Report 2022-23 ('the Report') as well as references made to the Company's website on the non-financial performance. The disclosures in this Report have been prepared by the Company based on the Guiding Principles and Content Elements of the International <IR> Framework ('<IR> Framework') of the International Integrated Reporting Council ('IIRC') and using selected topic-specific Standards from the Global Reporting Initiative's ('GRI's') Sustainability Reporting Standards 2021 ('GRI Standards') and requirements of SEBI Circular no. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10<sup>th</sup> May, 2021, prescribing format of the BRSR and the guidance notes and the nine principles of the National Guidelines on Responsible Business Conduct, 2019 ('NGRBC') of the Ministry of Corporate Affairs, Government of India, to bring out the Company's sustainability performance during the reporting period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

We performed a limited level of assurance based on DNV's assurance methodology VeriSustain™. In doing so, we evaluated the quantitative and qualitative sustainability performance disclosures presented in the Report for the activities undertaken by the Company. Our assurance engagement was planned and carried out from April 2023 – July 2023.

The reporting topic boundaries of non-financial performance is based on the internal and external materiality assessment covering Cipla's global pharmaceutical operations as set out in the Report in the section "About this Report".

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement. We understand that the reported disclosures on economic performance, including Corporate Social Responsibility (CSR) expenses incurred by the Company and contributions to the Cipla Foundation, are based on audited financial statements presented in the Report, which is subject to a separate independent statutory audit process and was not included in our scope of work. As part of our assurance process, we did not engage with any external stakeholders.

## Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole accountability for the preparation of the non-financial disclosures in this Report and are responsible for maintaining the integrity of all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented within the Report. Cipla is also responsible for ensuring the maintenance and integrity of reported and referenced non-financial disclosures in its website.

In performing this assurance work, our responsibility is to the management of Cipla; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management Report highlighting our assessment findings for future improvements.

DNV's assurance engagements are based on the assumption that the data and information provided by Cipla to us as part of our review have been provided in good faith and are free from any misstatements. We disclaim any liability or responsibility for any decision, investment or otherwise, that a person or an entity may make based on this Assurance Statement.

## Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed assurance work at selected sites of Cipla considering a limited level of assurance. We adopted a risk-based approach, that is, we concentrated our verification efforts on the issues of high material relevance to Company's pharmaceutical business and its key stakeholders. We undertook the following activities:

- Reviewed the Company's approach to addressing the reporting requirements of <IR> Framework including stakeholder engagement and its materiality determination process;
- Reviewed disclosures related to value creation across six (6) capitals of the <IR> Framework and claims made

in the Report, and assessed the robustness of related management systems, data accuracy, information flow and controls for the reported disclosures;

- Visited sample facilities of the Company, that is, Active Pharmaceutical Ingredients (API) and Formulations manufacturing facilities at Bengaluru in Karnataka (Bommasandra and Virgonagar), Baddi in Himachal Pradesh, Patalganga in Maharashtra, and Goa [Verna (Cluster 1)]. We also carried out remote audits with manufacturing facilities at Indore in Madhya Pradesh, Kurkumbh in Maharashtra, and Sikkim, in India, as well as the overseas manufacturing facility at Invagen, USA., to review processes and systems for preparing site-level sustainability disclosures and implementation of the Company's sustainability strategies, as well as reviewed the overall aggregation and consolidation of data from sites by the sustainability team at the Corporate Office at Mumbai, India. We were free to choose sites for conducting assessments on the basis of their materiality;
- Carried out desk reviews for sustainability performance data related to the Formulations and API manufacturing facilities in India and overseas;
- Examined and reviewed documents, data and other information made available by the Company related to reported disclosures;
- Reviewed policies related to identified sustainability issues of the organisation and their effectiveness.
- Conducted virtual interviews with management team of Cipla and other representatives, including data owners and decision-makers from different divisions and functions of the Company to validate the non-financial disclosures;
- Performed sample-based review of the mechanisms in implementation of company sustainability related policies implemented by the company, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative information included in the Report based on the GRI Standards chosen by Cipla to bring out its non-financial performance.
- Reviewed the process of reporting on BRSR requirements including Section A: General Disclosures, Section B: Management and Process Disclosures, and Section C: Principle-wise Performance Disclosures.

## Opinion and Observations

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe Cipla's adherence to the Guiding

Principles and Content Elements of the <IR> Framework including representation of the material topics, business model, disclosures on value creation through six (6) capitals, related strategies and management approach, and GRI topic-specific Standards chosen related to the material topics identified by Cipla to bring out its performance against its identified material topics.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

## Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the identification and engagement with the wide range of key stakeholders across its pharmaceutical business such as patients, channel partners, business partners, employees, suppliers, government and regulators, healthcare professionals, communities, shareholders and investors, and institutional partners. The Report brings out the mode and channels through which the Company engages with its stakeholder groups on a continual basis through virtual channels along with formal and informal processes that are currently in place for identifying emerging stakeholder concerns.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.**

## Materiality

The process of determining the issues that is most relevant to an organisation and its stakeholders.

The Report brings out the materiality determination exercise carried out during the year and the processes for review, identification and prioritisation of topics, based on which fifteen (15) material topics identified by Cipla have emerged. Further, the material topics were reviewed and validated by the Board and senior management personnel and have been considered for disclosures within the Report.

**In our opinion, nothing has come to our attention that Cipla has missed out any known material issues, nor that the Report does not meet the requirements related to the Principle of Materiality.**

## Responsiveness

The extent to which an organisation responds to stakeholder issues.

The Company has responded to key material topics through descriptions of its value creation process including policies and strategies for sustainable development. Cipla's sustainability performance is brought out within the Report through the

\*GRI 2-5

†The VeriSustain protocol is based on the principles of various assurance standards including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and the GRI Principles for Defining Report Content and Quality, international best practices in verification and our professional experience; and is available on request from www.dnv.com

descriptions of management approach, key Content Elements of the <IR> Framework such as the business model and value creation across each capital, selected GRI topic-specific Standards for bringing out performance data, and risks and challenges considering the overall sustainability context of Cipla's pharmaceutical business.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.**

**Reliability**

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of quantitative and qualitative data and information verified at the Corporate Office and sites sampled by us were found to be fairly accurate and reliable. Sustainability performance related to selected GRI topic-specific Standards and other Company-specific performance indicators are captured in data formats devised by the Company through formal processes and tools for monitoring and recording sustainability performance data. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors have been communicated, and corrections were made in the reported data and information.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.**

**Completeness**

How much of all the information that has been identified as material to the organisation and its stakeholders is reported

The Report articulates disclosures related to company's sustainability performance for the identified material topics and reporting boundaries for the reporting period through appropriate GRI topic-specific Standards and the requirements of the <IR> Framework related to Content and Quality, including value creation through six (6) capitals, business model, strategy, management approach and monitoring systems through

For DNV **Business Assurance India Private Limited**

**Bhargav Lankalapalli**

Lead Verifier  
DNV Business Assurance India Private Limited, India.

**Venkata Raman Kakaraparthi**

Assurance Reviewer  
DNV Business Assurance India Private Limited, India.

7<sup>th</sup> July, 2023, Mumbai, India.

Company-specific metrics. However, Cipla may further bring out exclusions as applicable based on the GRI Standard requirements for performance reporting.

**Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.**

**Neutrality**

The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone The Report had disclosed sustainability issues, challenges and performance in a neutral tone, in terms of content and presentation, and had also considered its sustainability context and external environment in bringing out its value creation across six (6) capitals during the reporting period.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

**Statement of Competence and Independence**

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements including the ISAE 3000 (Revised) Code of Ethics. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services to Cipla and its subsidiaries in FY 2022-23 that could compromise the independence or impartiality of our work.

**GRI Content Index**

Statement of use	Cipla Limited has reported in accordance with the GRI Standards for the period 1 <sup>st</sup> April, 2022 to 31 <sup>st</sup> March, 2023.	
GRI 1 used	GRI 1: Foundation 2021	
GRI standard/ other source	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	About Cipla (Page no. 03) Global Reach (Page no. 06) Corporate Information (Page no. 11) BRSR (Page no. 144, 145)
	2-2 Entities included in the organization's sustainability reporting	About this Report (Page no. 02)
	2-3 Reporting period, frequency and contact point	About this Report (Page no. 02)
	2-4 Restatements of information	Human Capital (Page no. 79) Natural Capital (Page no. 98, 101) BRSR (Page no. 156, 157, 159)
	2-5 External assurance	Independent Assurance Statement (Page no. 372)
	2-6 Activities, value chain and other business relationships	About Cipla (Page no. 03) Global Reach (Page no. 06) Value Creation Model (Page no. 24) Manufactured Capital (Page no. 53) Relationship Capital (Page no. 84, 86) BRSR (Page no. 144, 145) Ten-Year Highlights (Page no. 10)
	2-7 Employees	Human Capital (Page no. 66, 67)
	2-8 Workers who are not employees	Human Capital (Page no. 66)
	2-9 Governance structure and composition	Board of Directors (Page no. 08) Report on Corporate Governance (Page no. 165, 166, 194)
	2-10 Nomination and selection of the highest governance body	Report on Corporate Governance (Page no. 168)
	2-11 Chair of the highest governance body	Not applicable as Dr Y K Hamied is Non-Executive Chairman of the Company
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Strategy (Page no. 29) BRSR (Page no. 149, 154, 155)
	2-13 Delegation of responsibility for managing impacts	Sustainability Strategy (Page no. 29)
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Strategy (Page no. 29) Materiality Assessment (Page no. 44) About this Report (Page no. 02)
	2-15 Conflicts of interest	BRSR (Page no. 151) Report on Corporate Governance (Page no. 190, 194)
	2-16 Communication of critical concerns	Report on Corporate Governance (Page no. 182) Stakeholder Engagement (Page no. 40)
	2-17 Collective knowledge of the highest governance body	BRSR (Page no. 150)
	2-18 Evaluation of the performance of the highest governance body	Report on Corporate Governance (Page no. 169)

DNV Business Assurance India (Private) Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup>The DNV Code of Conduct is available on request from (<https://www.dnv.com/about/in-brief/corporate-governance.html>) [www.dnv.com](http://www.dnv.com)

Project No: PRJN-522969-2023-AST-IND

GRI standard/ other source	Disclosure	Location
	2-19 Remuneration policies	Report on Corporate Governance (Page no. 172) Nomination, Remuneration and Board Diversity Policy (Web link: <a href="https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf">https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf</a> )
	2-20 Process to determine remuneration	Report on Corporate Governance (Page no. 172, 178) Nomination, Remuneration and Board Diversity Policy (Web link: <a href="https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf">https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf</a> )
	2-21 Annual total compensation ratio	Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees - 414:1 Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees - 61:1
	2-22 Statement on sustainable development strategy	MD & GCEO's Message (Page no. 16)
	2-23 Policy commitments	Human Capital (Page no. 76) BRSR (Page no. 148, 156) Report on Corporate Governance (Page no. 182)
	2-24 Embedding policy commitments	Human Capital (Page no. 70, 76) BRSR (Page no. 146, 148, 150, 151, 155)
	2-25 Processes to remediate negative impacts	Stakeholder Engagement (Page no. 40) BRSR (Page no. 146, 154, 162) Code of Conduct ( <a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a> )
	2-26 Mechanisms for seeking advice and raising concerns	Report on Corporate Governance (Page no. 182) Code of Conduct ( <a href="https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf">https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf</a> )
	2-27 Compliance with laws and regulations	Natural Capital (Page no. 98) BRSR (Page no. 150, 159)
	2-28 Membership associations	Relationship Capital (Page no. 81)
	2-29 Approach to stakeholder engagement	Stakeholder Engagement (Page no. 40)
	2-30 Collective bargaining agreements	Human Capital (Page no. 77)
<b>Material topics</b>		
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Materiality Assessment (Page no. 44)
	3-2 List of material topics	Materiality Assessment (Page no. 44)

GRI standard/ other source	Disclosure	Location
<b>Availability and Affordability of medicines</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Relationship Capital (Page no. 82) Social Capital (Page no. 89)
<b>Product Quality and Safety, and Data integrity</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Manufactured Capital (Page no. 53, 56, 57)
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Relationship Capital (Page no. 84)
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Manufactured Capital (Page no. 56)
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Manufactured Capital (Page no. 57)
<b>Innovation</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Intellectual Capital (Page no. 59, 62, 63)
<b>Sustainable Supply Chain</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Relationship Capital (Page no. 81, 86, 87)
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Relationship Capital (Page no. 86)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Relationship Capital (Page no. 87)
	308-2 Negative environmental impacts in the supply chain and actions taken	Relationship Capital (Page no. 87) The Company is in the process of identifying and evaluating actual and potential negative environmental impacts in the supply chain. The results will be shared in future reporting cycle.
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Relationship Capital (Page no. 87)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Relationship Capital (Page no. 87)
	414-2 Negative social impacts in the supply chain and actions taken	Relationship Capital (Page no. 87) The Company is in the process of identifying and evaluating actual and potential negative environmental impacts in the supply chain. The results will be shared in future reporting cycle.
<b>Corporate Governance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Report on Corporate Governance (Page no. 165)
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Enterprise Risk Management (Page no. 51)

GRI standard/ other source	Disclosure	Location
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	BRSR (Page no. 150)
	205-2 Communication and training about anti-corruption policies and procedures	BRSR (Page no. 150)
	205-3 Confirmed incidents of corruption and actions taken	BRSR (Page no. 151)
<b>Capital Allocation and Productivity</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital (Page no. 113)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital (Page no. 109)
<b>Promotion of Diversity</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 65,74)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (Page no. 66) Report on Corporate Governance (Page no. 166)
	405-2 Ratio of basic salary and remuneration of women to men	The ratio of basic salary and remuneration of women to men stands at 1.52:1. This ratio is calculated based on the FTE's of Cipla across the globe
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital (Page no. 76)
<b>Employee Health and Safety</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 65, 77)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital (Page no. 78)
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital (Page no. 76, 78, 79)
	403-3 Occupational health services	Human Capital (Page no. 78)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (Page no. 77)
	403-5 Worker training on occupational health and safety	Human Capital (Page no. 79)
	403-6 Promotion of worker health	Human Capital (Page no. 78)
	403-8 Workers covered by an occupational health and safety management system	Human Capital (Page no. 78)
	403-9 Work-related injuries	Human Capital (Page no. 79)
	403-10 Work-related ill health	Human Capital (Page no. 78, 79)
	<b>Human Resource Development</b>	
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 65, 67)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital (Page no. 68, 75)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (Page no. 73, 74)
	401-3 Parental leave	Human Capital (Page no. 73)
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital (Page no. 77)

GRI standard/ other source	Disclosure	Location
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Page no. 70)
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (Page no. 68)
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page no. 71)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital (Page no. 77) Relationship Capital (Page no. 87)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (Page no. 77) Relationship Capital (Page no. 87)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital (Page no. 77) Relationship Capital (Page no. 87)
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Human Capital (Page no. 76)
<b>Environmental sustainability</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital (Page no. 97)
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital (Page no. 98)
	302-2 Energy consumption outside of the organization	Natural Capital (Page no. 98)
	302-3 Energy intensity	Natural Capital (Page no. 98)
	302-4 Reduction of energy consumption	Natural Capital (Page no. 99)
	302-5 Reductions in energy requirements of products and services	Not applicable. Being in the pharmaceutical sector, our products do not require energy consumption in the use phase.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital (Page no. 102)
	303-2 Management of water discharge-related impacts	Natural Capital (Page no. 104) Building a Sustainable Tomorrow (Page no. 29)
	303-3 Water withdrawal	Natural Capital (Page no. 102, 103)
	303-4 Water discharge	Natural Capital (Page no. 104)
	303-5 Water consumption	Natural Capital (Page no. 102)
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	BRSR (Page no. 158)

GRI standard/ other source	Disclosure	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (Page no. 101)
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (Page no. 101)
	305-3 Other indirect (Scope 3) GHG emissions	The required information is currently unavailable. We are currently developing systems to monitor and track scope 3 emissions, and we expect to report the same in future reporting cycles.
	305-4 GHG emissions intensity	Natural Capital (Page no. 101)
	305-5 Reduction of GHG emissions	Natural Capital (Page no. 101)
	305-6 Emissions of ozone-depleting substances (ODS)	Natural Capital (Page no. 102)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	BRSR (Page no. 157)
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts
306-2 Management of significant waste-related impacts		Natural Capital (Page no. 104)
306-3 Waste generated		Natural Capital (Page no. 104)
306-4 Waste diverted from disposal		Natural Capital (Page no. 105)
306-5 Waste directed to disposal		Natural Capital (Page no. 104)

**Digital Business Model and Digitisation**

<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	Manufactured Capital (Page no. 53, 54, 57) Intellectual Capital (Page no. 59,63)
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**Patient Experience and Health Awareness**

GRI 3: Material Topics 2021	3-3 Management of material topics	Relationship Capital (Page no. 83)
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Relationship Capital (Page no. 84)
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Relationship Capital (Page no. 84)
	417-2 Incidents of non-compliance concerning product and service information and labeling	Relationship Capital (Page no. 84)
	417-3 Incidents of non-compliance concerning marketing communications	Relationship Capital (Page no. 84)

**Investment in R&D**

GRI 3: Material Topics 2021	3-3 Management of material topics	Intellectual Capital (Page no. 59)
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**Community Engagement**

GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital (Page no. 89)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital (Page no. 90, 93, 94)
	413-2 Operations with significant actual and potential negative impacts on local communities	BRSR (Page no. 162)

**Business Continuity**

GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management (Page no. 46) BRSR (Page no. 161)
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**Glossary of Abbreviations**

Abbreviation	Full Form
<IR>	Integrated Reporting
ADRs	American Depository Receipts
AFR	Alternative Fuels and Materials
AGM	Annual General Meeting
AI	Artificial Intelligence
AIDS	Acquired Immuno Deficiency Syndrome
ALIVE	Aspire, Learn, Innovate, Voice and Engage
AMR	Anti-Microbial Resistance
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
APS	Announced Pledges Scenario
ARV	Anti Retro Viral
AS	Accounting Standards
ATFD	Agitated Thin Film Dryer
AVD	Alternate Vendor Development
B2B	Business-to-business
BCP	Business Continuity Planning
Bps	Basis points
BRSR	Business Responsibility and Sustainability Report
BTA	Business Transfer Agreement
BU	Blend Uniformity
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Action
CDHL	Cipla Digital Health Limited
CF	Cipla Foundation
CGA	Cipla Global Access
CGU	Cash Generating Unit
CHL	Cipla Health Limited
CII	Confederation of Indian Industry
CIN	Corporate Identity Number
CLAP	Cipla Leadership Ascent Programme
CLI	Critical Limb Ischemia
CLSI	Clinical and Laboratory Standards Institute
CMO	Contract Manufacturing Organizations
CMF	Ciplamed Flix
CNS	Central Nervous System
CO <sub>2</sub>	Carbon Dioxide
COE	Centre of Excellence
CODM	Chief Operating Decision Maker
COGS	Cost of Goods Sold
COPD	Chronic Obstructive Pulmonary Disease
COSO	Committee of Sponsoring Organizations
COVID	Coronavirus disease
CPCB	Central Pollution Control Board
CRM	Customer Relationship Management
CQA	Corporate Quality Assurance
CQCIL	Cipla Quality Chemicals Industries Limited
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
CTO	Chief Technology Officer
CU	Cipla University

Abbreviation	Full Form
DAA	Digital, Analytics, and Automation
DIN	Directors Identification Number
DJSI	Dow Jones Sustainability Index
DMF	Drug Master Files
DNDi	Drugs for Neglected Diseases initiative
DNZ	Divergent Net Zero
DPCO	Drugs (Prices Control) Orders Act
DPI	Dry Powder Inhaler
DPs	Designated Persons
DTM	Direct-to-Market
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EC	Electronically Commutated
ECDS	Early Childhood Development Centres
ECL	Expected credit loss
EDQM	European Directorate for the Quality of medicines
EHS	Environment Health and Safety
EIR	Effective Interest Rate
EM	Emerging Markets
EMEU	Emerging Markets & Europe
EML	Essential Medicine List
EPS	Earnings Per Share
EPR	Extended producer responsibility
ERM	Enterprise Risk Management
ESAR	Employee Stock Appreciation Rights
ESG	Environment, Social and Governance
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option
ESOS	Employee Stock Option Scheme
ETP	Effluent Treatment Plant
EVP	Employee Value Proposition
FDA	Food and Drug Administration
FOPE	Federation of Pharma Entrepreneurs
FPSM	Fluticasone Propionate Salmeterol
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GBP	Great Britain Pound
GCEO	Global Chief Executive Officer
GCFO	Global Chief Financial Officer
GDR	Global Depository Receipts
GHG	Green House Gas
GIDC	Goa Industrial Development Corporation
GBKS	Gaas, Baas, Kapas Ra Saas
GnRH	Gonadotropin Releasing Hormone
GMP	Good Manufacturing Practices
GRI	Global Reporting Initiative
GST	Goods and Services Tax
HAP	Hazardous Air Pollutants



Abbreviation	Full Form
HAZOP	Hazard Operability
HCP	Healthcare Professionals
HIV	Human Immunodeficiency Virus
HSS	Healthcare Superstars
HVAC	Heating, Ventilation, and Air Conditioning
IA	Internal Audit
IBP	Integrated Business Planning
IBBI	India Business & Biodiversity Initiative
IA	Internal Audit
ICAI	Institute of Chartered Accountants of India
I&D	Inclusion and Diversity
IEPF	Investors Education and Protection fund
IFC	Internal Financial Controls
IIA	Institute of Internal Auditors
IICT	Indian Institute of Chemical Technology
IIRC	International Integrated Reporting Council
IIS	Investigator-Initiated Studies
ILBS	Institute of Liver and Biliary Sciences
IND AS	Indian Accounting Standards
INR	Indian rupee
IoT	Internet of Things
IP	Intellectual Property
IPA	Indian Pharmaceutical Association
IPA	Iso-Propyl Alcohol
IPD	Integrated Product Development
IPM	Indian Pharma Market
IPR&D	In-Process Research and Development assets
IRMC	Investment and Risk Management Committee
IT	Information Technology
ISC	Investor Service Center
ISMS	Information Security Management System
JIBAR	Johannesburg Interbank Average Rate
KL	Kilo Liter
KMP	Key Managerial Persons
KPI	Key Performance Indicators
KW	Kilo Watt
LED	Light-Emitting Diode
LCA	Life Cycle Assessments
LIMS	Laboratory Information Management System
LLP	Limited Liability Partnership
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LPG	Liquified Petroleum Gas
LTIP	Long Term Incentive Plan
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MD	Managing Director
MDI	Metered Dosage Inhaler
MEE	Multiple Effect Evaporator
MEG	Methylene Glycol
MEIS	Merchandise Exports From India Scheme

Abbreviation	Full Form
MHU	Mobile Health Units
ML	Milliliters
MT	Metric Tonnes
MVRE	Mechanical Vapour Recompression Evaporator
MW	Megawatt
M&S	Modelling and Simulation
NCD	Non Communicable Diseases
NDA	New Drug Applications
NEAPS	NSE Electronic Application Processing System
NECS	National Electronic Clearing Service
NGO	Non-Governmental Organisation
NLEM	National List of Essential Medicines
NPPA	National Pharmaceutical Pricing Authority
NPSH	Net Positive Suction Head
NRC	Nomination and Remuneration Committee
OAI	Official Action Indicated
OAVM	Other audio-visual means
OASIS	Optimising Antimicrobials for improving Stewardship
OCI	Other comprehensive income
ODS	Ozone Depleting Substances
OECD	Organisation for Economic CoOperationand Development
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OSD	Oral Solid Dosage
OTC	Over The Counter
P.a.	Per annum
PAT	Profit After Tax
PAT	Process Analytical Technology
PHARMEXCIL	Pharmaceutical Export Promotion Council
PIT	Prohibition of Insider Trading
PM	Particulate matter
pMdi	Pressured Metered Dose Inhaler
POC	Point-of-Care
POP	Persistent Organic Pollutants
POSH	Prevention of Sexual Harassment
PPA	Power Purchase Agreement
PPM	Parts Per Million
PR	Public Relations
PRAKASH	Programmed Approach to Knowledge and Sensitisation on Hepatitis
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
QC	Quality Control
QMS	Quality Management System
QRM	Quality Risk Management
R&D	Research and development
RE	Renewable Energy

Abbreviation	Full Form
RO	Reverse Osmosis
RoE	Return on Equity
RoIC	Return on Invested Capital
ROU	Right-of-Use
RPA	Robotic Process Automation
RPT	Related Party Transactions
R&R	Rehabilitation and Resettlement
SAGA	South Africa, Sub-Saharan Africa, Global Access
SBO	Strategic Business Objectives
SBTi	Science-Based Targets initiative
SC	Supreme Court
SCM	Supply Chain Management
SDD	Structured Digital Database
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEDI	Skill and Entrepreneurship Development Institute
SEZ	Special Economic Zone
SIA	Social Impact Assessments
SMP	Senior Management Personnel
SOP	Standard Operating Procedure
SPA	Share Purchase Agreement
SPSSA	Share Purchase, Subscription and Shareholder's agreement
SSA	Sub-Saharan Africa
TA	Tentative Approval
TCFD	Taskforce on climate-related financial disclosures

Abbreviation	Full Form
tCO <sub>2</sub> e	Tonnes of CO <sub>2</sub> Equivalent
TIJ	Thermal Inkjet
TGA	Theoretical Goods Administration
TJ	Tera Joules
TLC	Thin Layer Chromatography
TLD	Tenofovir-Lamivudine-Dolutegravir
TRUST	Towards a Robust, Unified and Sustainable (quality) Transformation
TNFD	Task-force on Nature related Financial Disclosures
TSDF	Treatment,Storage and Disposal Facilities
UAS	Utility Automation System
UMS	Utility Monitoring System
UPSI	Unpublished Price Sensitive Information
USD	US Dollar
USFDA	US Food and Drug Administration
USP	United States Pharmacopeia
VC	Video conferencing
VFD	Variable Frequency Drive
VOC	Volatile Organic Compounds
VTFD	Vertical Thin Film Dryer
WACC	Weighted average cost of capital
WAEP	Weighted average exercise prices
WHO	World Health Organisation
WEF	World Economic Forum
ZAR	South African Rand
ZLD	Zero Liquid Discharge



# Cipla

## Cipla Limited

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