Registration number: 04513292

Cipla (EU) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2022

KNAV Limited
Statutory Auditors
Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Cipla (EU) Limited

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Cipla (EU) Limited

Company Information

Directors	Ms S Hamied Ms G M Latham Mr N Saxena Mr A Sinha Mr A Sultania
Company secretary	Mr P A Robertson
Registered office	Dixcart House Addlestone Road Bourne Business Park Addlestone Surrey KT15 2LE
Auditors	KNAV Limited Statutory Auditors Hygeia Building Ground Floor 66-68 College Road Harrow Middlesex HA1 1BE

Cipla (EU) Limited

Strategic Report for the Year Ended 31 March 2022

The Directors present their Strategic Report for the year ended 31 March 2022.

Prinicpal activity
The principal activity of the Company is to hold investments and marketing registrations for various pharmaceutical products and to trade in pharmaceutical products.

Review of the business
The Cipla Group, of which the Company is a wholly owned subsidiary, is a leading pharmaceutical group. Its goal is to ensure that no patient shall be denied access to high quality and affordable medicine and support.

During the year, the Company demonstrated its strength across key therapeutic areas like respiratory, cardiovascular, pain-relief and anti-histamines, which in turn helped the Company improve its turnover. Further, capital was infused in the Company by Cipla Limited, which in turn was used to increase Cipla (EU) Limited's investment in existing subsidiaries, in line with the Group's overall strategy for growth globally. During the year the capital infused was also used to fully repay the Company's external debts.

Profits improved in the current year, largely due to the Company having a good growth in sales, control on expenditure and interest payable reducing due to repayments of external loans.

The Company's key financial and other performance indicators during the year were as follows:

	2022 $'000	2021 $'000	Change %
Turnover	23,513	19,963	18
Profit/(loss) after tax	3,782	(1,602)	(336)
Investments	670,906	576,694	16
Equity shareholders' funds	690,642	530,787	30

Principal risks and uncertainties
The ongoing performance of the business is dependent firstly on the health of sales, and secondly on the success of its investments. Although the market is tough, the Directors are confident that sales will continue to grow because of the successful history of the Group as a whole.

The health of the investments is good, having undertaken broad and thorough due diligence on each investment with the backing and the resources of the ultimate parent Company, Cipla Limited, in India.

The Board reviews and agrees policies for managing risks arising on the Company's financial statements and they are summarised below:

Regulatory risk
The pharmaceutical industry in general is highly regulated both nationally and internationally. The Company ensures adherence of these regulations and its supply chain is also encouraged to do the same.

Currency risk
The functional currency of the Company is USD in which a large proportion of its investments and liabilities are denominated in and hence this brings down the currency risk and volatility for the Company.

Interest rate risk
During the year, the Company's exposure to variable interest rates was removed, as the external loan was repaid during the year. Prior to the repayment, the Company used derivative financial instruments, such as interest swaps to mitigate the fluctuations in the interest rates incurred.

Credit risk
The Company has implemented policies that require appropriate credit checks on customers before sales are made to minimise the risk of financial loss.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Directors regularly review cash flow to ensure that a strong cash balance is maintained and working capital requirements are met.

COVID-19
Following the outbreak of the COVID-19 pandemic globally, the Company continued to adopt measures to curb the spread of infections in order to protect the health of its employees and ensure business continuity with minimal disruption. Considering that the Company is in business of pharmaceuticals and with the UK starting to return to a new normalcy, the director's do not foresee long term implications to the company's operations. The Company's management has assessed its impact on carrying value of receivables and investments to be minimal, based on internal and external information available to them. The impact of the global health pandemic may be different from the estimates as at the date of approval of these standalone financial results and the management will continue to closely monitor any material changes to future economic conditions.

This report was approved by the Board on 9th May 2022 *and signed on its behalf by:*

....
Mr A Sultania
Director

Cipla (EU) Limited

Directors' Report for the Year Ended 31 March 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the Company

The Directors who held office during the year were as follows:

Ms S Hamied

Ms G M Latham

Mr N Saxena

Mr A Sinha (appointed 27 August 2021)

Mr A Sultania

Going concern

The Company made a profit before tax of $3.8m for the year ended 31 March 2022 (2021: loss of $1.6m) and is in a net asset position of $690.6m as at 31 March 2022 (2021: $530.8m). The Company has a share capital base which supports its ability to continue as a going concern for the foreseeable future as well as sales are growing and expected to grow on back of new launches and market share improvement which will help drive future profitability and cash flows. The Company also has access to financial support from its Parent Company. On this basis, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments which would result in the inability of the Company to continue as a going concern.

Financial risk management

The Directors' have identified and included the Company's key risks and associated management policies in the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend (2021: $Nil).

Future developments

The Directors have a positive outlook for the future based on Company's recent and upcoming launches in respiratory and hospital segment as well as robust performance of existing business. They consider that the next year will show a growth in sales from continuing operations on back of recent launches showing full cycle growth and upcoming new launches in respiratory and hospital segment while also strengthening the base portfolio. The Company also expects to see applications for marketing authorisations of Group products to continue. The Group continues to intend to expand its investment projects looking for new and innovative investments to complement the Group's expectations for growth and the Directors expect to consider making these investments in the Company. These shall continue to expand the Group's research and development, product portfolio and entrance into new geographic markets.

This report was approved by the Board on 9th May 2022 and signed on its behalf by:

Mr A Sultania
Director

Cipla (EU) Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the auditors are unaware.

Cipla (EU) Limited

Independent Auditor's Report to the Members of Cipla (EU) Limited

Opinion

We have audited the financial statements of Cipla (EU) Limited (the 'Company') for the year ended 31 March 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 ISAs (UK) 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.

Extent to which the audit is capable of detecting irregularities, including fraud
We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations - this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102, UK taxation legislation and the regulation around the pharmaceutical products sold by the company as having a direct effect on the amounts and disclosures in the financial statements.

Cipla (EU) Limited

Independent Auditor's Report to the Members of Cipla (EU) Limited (continued)

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:
• enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
• examining supporting documents for all material balances, transactions and disclosures;
• review of the Board of directors minutes;
• enquiry of management of their use of legal firms during the year;
• evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
• analytical procedures to identify any unusual or unexpected relationships;
• testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
• review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is avialble on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 6 June 2022

Cipla (EU) Limited

Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 $	2021 $
Turnover	3	23,513,111	19,963,265
Cost of sales		(14,162,513)	(10,775,051)
Gross profit		9,350,598	9,188,214
Administrative expenses		(7,550,478)	(8,372,374)
Operating profit	5	1,800,120	815,840
Income/(loss) from shares in group undertakings	6	2,871,078	693,877
Interest payable and similar expenses	7	(889,660)	(3,111,693)
		1,981,418	(2,417,816)
Profit/(loss) before tax		3,781,538	(1,601,976)
Profit/(loss) for the financial year		3,781,538	(1,601,976)

The above results were derived from continuing operations.

The notes on pages 13 to 32 form an integral part of these financial statements.

Cipla (EU) Limited

Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 $	2021 $
Profit/(loss) for the year		3,781,538	(1,601,976)
Unrealised gain/(loss) on cash flow hedges	15	534,220	217,026
Total comprehensive income for the year		4,315,758	(1,384,950)

The notes on pages 13 to 32 form an integral part of these financial statements.

Cipla (EU) Limited

(Registration number: 04513292)
Balance Sheet as at 31 March 2022

	Note	2022 $	2021 $
Fixed assets			
Intangible assets	12	477,175	218,092
Tangible assets	13	13,010	36,304
Investments	14	670,905,897	576,693,541
		671,396,082	576,947,937
Current assets			
Stocks	16	16,520,331	7,575,353
Debtors	17	36,398,047	24,193,453
Cash at bank and in hand	18	293,332	9,248,125
		53,211,710	41,016,931
Creditors: Amounts falling due within one year	19	(33,965,323)	(43,265,873)
Net current assets/(liabilities)		19,246,387	(2,248,942)
Total assets less current liabilities		690,642,469	574,698,995
Creditors: Amounts falling due after more than one year	19	-	(43,912,284)
Net assets		690,642,469	530,786,711
Capital and reserves			
Called up share capital	21	687,695,700	532,155,700
Cash flow hedge reserves		-	(534,220)
Profit and loss account		2,946,769	(834,769)
Total equity		690,642,469	530,786,711

The financial statements have been approved and authorised for issue by the Board on 9th May 2022 and signed on its behalf by:

....
Mr A Sultania
Director

Cipla (EU) Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital $	Cash flow hedge reserve $	Profit and loss account $	Total $
At 1 April 2020	367,365,700	(751,246)	767,207	367,381,661
Loss for the year	-	-	(1,601,976)	(1,601,976)
Other comprehensive income	-	217,026	-	217,026
Total comprehensive income	-	217,026	(1,601,976)	(1,384,950)
New share capital subscribed	164,790,000	-	-	164,790,000
At 31 March 2021	532,155,700	(534,220)	(834,769)	530,786,711

	Share capital $	Cash flow hedge reserve $	Profit and loss account $	Total $
At 1 April 2021	532,155,700	(534,220)	(834,769)	530,786,711
Profit for the year	-		3,781,538	3,781,538
Other comprehensive income	-	534,220	-	534,220
Total comprehensive income	-	534,220	3,781,538	4,315,758
New share capital subscribed	155,540,000	-	-	155,540,000
At 31 March 2022	687,695,700	-	2,946,769	690,642,469

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Dixcart House
Addlestone Road
Bourne Business Park
Addlestone
Surrey
KT15 2LE
United Kingdom

Principal activity
The principal activity of the company is to hold investments and marketing registrations for various pharmaceutical products and to trade in pharmaceutical products.

2 Accounting policies

Statement of compliance
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006.

Basis of preparation
These financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and liabilities.

The functional and presentational currency is US dollars ($), being the currency of the primary economic environment in which the company operates in.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Cipla Limited, includes these in its own consolidated financial statements:

• the requirement to prepare a statement of cash flows;
• certain financial instrument disclosures;
• the non-disclosure of key management personnel compensation in total.

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Cipla (EU) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Cipla Limited, a company incorporated in India.

Judgements

(i) Useful economic lives of tangible and intangible assets

The annual depreciation and amortisation charge for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and in the respect of tangible assets, the physical condition of the assets. See note 14 for the carrying amount of the tangible fixed assets and note 13 for the carrying value of intangible fixed assets.

(ii) Inventory provisioning

The company sells pharmaceutical products and is subject to changing consumer demands and market activity. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provision required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of these products. See note 17 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of the trade other debtors, management considers factors including credit rating of the debtor, the ageing profile of debtors and historical experience. See note 18 for the net carrying amount of the debtors.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The Company has an equity base which supports its ability to continue as a going concern for the foreseeable future. Further, the company experienced year on year growth in sales and it is expected that this trend will continue in the future, as new product launches and market share improves which will help drive future profitability and cash flows. The company also has access to financial support from its Parent Company, Cipla Limited.

On this basis, the directors are confident that the company will have sufficient funds to continue to meets its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis. The financial statements do not include any adjustments which would result in the inability of the Company to continue as a going concern.

2 Accounting policies (continued)

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

Sale of products:

For a majority of customer contracts that the Company enters into revenue is recognised 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, which are accounted for 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.

Service income:

Revenue from services rendered, is recognised in the profit or loss as the underlying services are performed.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Leasehold property	Over period of lease
Plant and machinery	20% Straight line
Fixtures and fittings	17% Straight line
Equipment	33% Straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Intangible assets such as intellectual property, technical information, trademarks and marketing authorisations acquired separately are measured on initial recognition at cost. Intangible assets arising on acquisition of business are measured at fair value as at date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation

Amortisation commences once the associated products have been commercially launched and is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life, as follows:

Asset class	Amortisation method and rate
Intellectual property, technical information and trademarks	10% Straight line

Investments

Investments in equity shares which are both publicly traded and not publicly traded are measured at cost less disposals and impairment.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are measured at the lower of cost and estimated selling price. Cost is determined using the weighted average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2 Accounting policies (continued)

Provisions
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). 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 an interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2 Accounting policies (continued)

Financial instruments

Classification

The company enters into basic and non-basic financial instruments transactions that result in the recognition of financial assets and liabilities like current assets held at fair value, trade and other debtors and creditors, loans from related parties.

Recognition and measurement

The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. If the mark for a quoted financial investment is not active or the investment is unquoted, the fair value is determined by using valuation techniques.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an out-right short term loan not at a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Impairment

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss if recognised in the Profit and loss account.

For financial assets measured as amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discounted rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 Accounting policies (continued)

Derivative financial instruments and hedging

Derivatives

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income is included in the initial cost or carrying amount of the asset or liability. Alternatively when hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022 $	2021 $
Sale of goods	20,782,792	17,042,348
Rendering of services	2,730,319	2,920,917
	23,513,111	19,963,265

The analysis of the company's turnover for the year by market is as follows:

	2022 $	2021 $
UK	20,824,324	17,281,441
Europe	1,689,753	1,524,859
Rest of world	999,034	1,156,965
	23,513,111	19,963,265

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2022 $	2021 $
Gain (loss) on disposal of intangible assets	-	2,701

5 Operating profit

Arrived at after charging/(crediting)

	2022 $	2021 $
Depreciation expense	27,015	45,758
Amortisation expense	9,002	424,006
Foreign exchange (gains)/losses	(650,847)	490,029
Operating lease expense - property	247,818	181,016
Storage and warehousing	950,782	699,217

6 Income/(Loss) from shares in group undertakings

	2022 $	2021 $
Interest income from group undertakings	841,157	309,904
Dividend income from group undertakings and participating interests	2,029,921	927,650
Profit/(loss) from disposal of shares in group undertakings	-	(543,677)
	2,871,078	693,877

Dividends are received from subsidiary undertakings and are recognised as other income in the profit of loss when the right to receive payment is established. During the year, dividends were received from Cipla Maroc SA.

7 Interest payable and similar expenses

	2022 $	2021 $
Interest on bank overdrafts and borrowings	708,059	2,014,294
Other borrowing costs	181,601	1,097,399
	889,660	3,111,693

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 $	2021 $
Wages and salaries	2,496,062	2,153,721
Social security costs	190,848	219,879
Pension costs, defined contribution scheme	169,377	148,676
Share-based payment expenses	20,188	16,580
Other employee expense	111,424	104,524
	2,987,899	2,643,380

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration staff	12	12
Management staff	5	4
	17	16

9 *Directors' remuneration*

The directors' remuneration for the year was as follows:

	2022 $	2021 $
Remuneration	694,744	500,588
Contributions paid to money purchase schemes	112,074	31,130
	806,818	531,718

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2022 $	2021 $
Remuneration	322,379	280,113
Company contributions to money purchase pension schemes	64,504	17,986

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

10 Auditors' remuneration

	2022 $	2021 $
Audit of the financial statements	59,225	62,086

The auditor's fee is denominated in Pound Sterling and remains the same as last year.

11 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021: the same as the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 $	2021 $
Profit/(loss) before tax	3,781,538	(1,601,976)
Corporation tax at standard rate	718,492	(304,375)
Effect of revenues exempt from taxation	(385,682)	(176,254)
Effect of expense not deductible in determining taxable profit (tax loss)	40,091	164,948
Effect of tax losses	(372,901)	-
Increase from tax losses for which no deferred tax asset was recognised	-	315,681
Total tax charge/(credit)	-	-

12 Intangible assets

	Marketing authorisations $	Marketing authorisations yet to be commercialised $	Total $
Cost or valuation			
At 1 April 2021	37,023	181,069	218,092
Additions acquired separately	-	327,559	327,559
Transfers	22,307	(22,307)	-
Impairment	-	(59,474)	(59,474)
At 31 March 2022	59,330	426,847	486,177
Amortisation			
Amortisation charge	9,002	-	9,002
At 31 March 2022	9,002	-	9,002
Carrying amount			
At 31 March 2022	50,328	426,847	477,175
At 31 March 2021	37,023	181,069	218,092

The intangible assets relate to marketing authorisations for various products; these are amortised once the company has fully acquired the marketing authorisation and commercial sales begin. Where the company is no longer going ahead with the marketing authorisation, these assets are impaired fully.

13 Tangible assets

	Long leasehold land and buildings $	Short leasehold land and buildings $	Fixtures and fittings $	Office equipment $	Total $
Cost or valuation					
At 1 April 2021	174,676	82,115	22,858	14,571	294,220
Additions	-	-	-	3,721	3,721
At 31 March 2022	174,676	82,115	22,858	18,292	297,941
Depreciation					
At 1 April 2021	174,676	58,849	15,474	8,917	257,916
Charge for the year	-	16,423	6,904	3,688	27,015
At 31 March 2022	174,676	75,272	22,378	12,605	284,931
Carrying amount					
At 31 March 2022	-	6,843	480	5,687	13,010
At 31 March 2021	-	23,266	7,384	5,654	36,304

14 Investments in subsidiaries, joint ventures and associates

	2022 $	2021 $
Shares in group undertakings	670,341,689	576,129,333
Shares in participating interests	564,208	564,208
	670,905,897	576,693,541

Shares in group undertakings	$
Cost or valuation	
At 1 April 2021	576,129,333
Additions	94,212,370
Disposals	(14)
At 31 March 2022	670,341,689
Provision	
Carrying amount	
At 31 March 2022	670,341,689
At 31 March 2021	576,129,333

During the year, the group have taken the decision to de-register Cipla Bio Tec South Africa (Pty) Limited and as such, the company has disposed of its investment in the entity.

Shares in participating interests	$
Cost	
At 1 April 2021	564,208
Carrying amount	
At 31 March 2022	564,208
At 31 March 2021	564,208

14 Investments in subsidiaries, joint ventures and associates (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2022	2021
Subsidiary undertakings				
Cipla Australia Pty. Ltd	BSA Partnership Pty Ltd Level 15 461 Bourke Street Melbourne Victoria 3000 Australia	Ordinary	100%	100%
Cipla Malaysia Sdn. Bhd.	Suite 1005, 10th Floor Wisma Hamzah-Kwong Hing No. 1 Leboh Ampang 50100 Kuala Lumpur Malaysia	Ordinary	100%	100%
Cipla Quality Chemical Industries Ltd	Plot 1-7 First Ring Road Luzira Industrial Park P.O. Box 34871 Kampala Uganda	Ordinary	0.13%	0.13%
Breathe Free Lanka (Private) Ltd	No. 47 Alexandra Place Colombo 07 Sri Lanka	Ordinary	100%	100%
Cipla Brasil Importadora Distribuidora De Medicamentos Ltda	City of Vargem Grande Paulista State of Sao Paulo at Estrada da Lagoinha No. 489, Block 2 Bairro da Lagoa, CEP 06730-000 Brasil	Ordinary	100%	100%
Cipla Maroc SA	Corner of Ibnou Toufail and Abdelhak Benmahyou streets, Residence Ben Mahyou, Building B, 1st floor, Casablanca, Morocco	Ordinary	60%	60%

14 Investments in subsidiaries, joint ventures and associates (continued)

	Morocco			
Cipla Philippines Inc.	Level 40, PBCom Tower 6795 Ayala Avenue Corner V.A. Rufino Street Makati City Metro Manila, 1226 Philippines	Ordinary	100%	100%
InvaGen Pharmaceuticals Inc.	One Commerce Plaza, 99 Washington Ave, Ste 805-A Albany, New York, 12210-2822, USA	Ordinary	100%	100%
Cipla Bio Tec South Africa (Pty) Limited	Building 2 Maxwell Office Park Magwa Crescent West Waterfall City Midrand Gauteng South Africa	Ordinary	0%	95%
Cipla Algerie	18 Rue de Zone Industrielle Route De La Gare Haouche Mahieddine Reghala Algeria	Ordinary	40%	40%
Cipla Gulf FZ-LLC	Premises : Unit No. 111 Floor :01 Building :DSP Laboratory Complex Dubai, UAE United Arab Emirates	Ordinary	100%	100%
Cipla (Colombia) SAS	Avda Calle 26 No. 68C-61 Oficina 605, Bogota, Colombia, Pin Code – 110931 Colombia	Ordinary	100%	100%
Cipla (China) Pharmaceutical Co., Ltd.	Room 203, 2nd F, Building No.1, 1479 Zhangheng Rd., Shanghai, China	Ordinary	100%	100%

14 Investments in subsidiaries, joint ventures and associates (continued)

Cipla (Jiangsu) Pharmaceutical Co., Ltd.	No.168 Binjiang Road, Binjiang Fine Chemical Park, Qidong, Jiangsu Province of China China	Ordinary	80%	80%

Under the provision of section 401 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

During the year, the company received total dividends of $2,029,921 (2021: $927,650) from its subsidiaries.

15 Other financial assets/(liabilities) (current and non-current)

Current financial assets/(liabilities)	**Derivates used for hedging $**
Cost or valuation	
At 1 April 2021	(534,220)
Fair value adjustments	534,220
At 31 March 2022	-

During the year, the Company was applying hedge accounting to the interest rate swap instrument and gains and losses on this were taken through other comprehensive income to the extent that it is effective and to the profit and loss otherwise. During the year as the loan balance was repaid and the use of the interest rate swap was ceased.

16 Stocks

	2022 $	**2021 $**
Goods for resale	16,520,331	7,575,353

17 Debtors

	Note	2022 $	2021 $
Trade debtors		4,314,219	3,239,845
Amounts owed by group undertakings	23	29,042,874	19,357,838
Other debtors		1,416,703	783,040
Prepayments		42,029	44,425
Accrued income		1,582,222	768,305
Total current trade and other debtors		36,398,047	24,193,453

Included within other debtors is the accumulated interest accrued on loans given to fellow group undertakings, amounting to $1,104,175 (2021: $490,243).

18 Cash and cash equivalents

	2022 $	2021 $
Cash at bank	293,332	9,248,125

19 Creditors

	Note	2022 $	2021 $
Due within one year			
Loans and borrowings		488,474	11,000,000
Trade creditors		1,204,304	806,746
Amounts due to group undertakings	23	26,903,733	26,959,956
Social security and other taxes		73,458	80,438
Other creditors		43,286	166,768
Accrued expenses		5,252,068	3,717,745
Other current financial liabilities	15	-	534,220
		33,965,323	43,265,873
Due after one year			
Loans and borrowings		-	43,912,284

19 Creditors (continued)

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

The company repaid their external borrowings in full using the funds infused as capital during the year.

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to $169,377 (2021: $148,676). Contributions totalling $17,880 (2021: $20,046) were payable to the scheme at the end of the year and are included in other creditors (note 19).

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	$	No.	$
Ordinary shares of £1 (2021: £1) each	524,403,526	687,695,700	411,737,889	532,155,700

New shares allotted
During the year, 112,665,637 Ordinary shares having an aggregate nominal value of £112,665,637 were allotted for an aggregate consideration of £112,665,637 ($155,540,000).

22 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2022 $	2021 $
Not later than one year	-	105,291
Later than one year and not later than five years	-	26,323
	-	131,614

As at the year end, the company has no future operating lease commitments.

23 Related party transactions

As the company is a wholly owned subsidiary of Cipla Limited, the company has taken advantage of the exemption in FRS102 section 33.1A and has therefore not disclosed transactions or balances with the parent or group companies.

24 Parent and ultimate parent undertaking

The company is controlled by its parent, Cipla Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange of India, as well as the Luxemburg Stock Exchnage. The registered address of the parent is Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, India.

The parent of the largest and smallest group for which group accounts including Cipla (EU) Limited are drawn up is Cipla Limited. The consolidated accounts are available on www.cipla.com.

There is no one controlling party.

Cipla (EU) Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2022

	2022 $	2021 $
Turnover (analysed below)	23,513,111	19,963,265
Cost of sales (analysed below)	(14,162,513)	(10,775,051)
Gross profit	9,350,598	9,188,214
Gross profit (%)	39.77%	46.03%
Administrative expenses		
Employment costs (analysed below)	(2,987,899)	(2,643,380)
Establishment costs (analysed below)	(1,237,137)	(954,478)
General administrative expenses (analysed below)	(3,213,030)	(4,293,278)
Finance charges (analysed below)	(16,921)	(14,175)
Depreciation costs (analysed below)	(95,491)	(469,764)
Other expenses (analysed below)	-	2,701
	(7,550,478)	(8,372,374)
Operating profit	1,800,120	815,840
Income from shares in group undertakings (analysed below)	2,871,078	693,877
Interest payable and similar charges (analysed below)	(889,660)	(3,111,693)
	1,981,418	(2,417,816)
Profit/(loss) before tax	3,781,538	(1,601,976)

Cipla (EU) Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	2022 $	2021 $
Turnover		
Sale of goods, UK	20,782,792	17,042,348
Rendering of services, UK	41,532	239,093
Rendering of services, Europe	1,689,753	1,524,859
Rendering of services, rest of world	999,034	1,156,965
	23,513,111	19,963,265
Cost of sales		
Opening finished goods	(7,575,353)	(1,276,621)
Purchases	(22,261,807)	(16,639,793)
Closing finished goods	16,565,502	7,575,352
Freight and carriage	(793,425)	(412,641)
Commissions payable	(97,430)	(21,348)
	(14,162,513)	(10,775,051)
Employment costs		
Wages and salaries	(1,801,318)	(1,653,133)
Staff NIC (Employers)	(119,090)	(161,486)
Directors remuneration	(694,744)	(500,588)
Directors NIC (Employers)	(71,758)	(58,393)
Staff pensions (Defined contribution)	(57,303)	(117,546)
Directors pensions (Defined contribution)	(112,074)	(31,130)
Staff training	(11,830)	(14,993)
Staff welfare	(99,594)	(89,531)
Share-based payment expense	(20,188)	(16,580)
	(2,987,899)	(2,643,380)
Establishment costs		
Storage and warehousing	(950,782)	(699,217)
Light, heat and power	(304)	(13,205)
Insurance	(38,233)	(61,040)
Property - operating lease	(247,818)	(181,016)
	(1,237,137)	(954,478)
General administrative expenses		
Telephone and fax	(70,248)	(37,508)
Computer software and maintenance costs	(41,462)	(68,442)
Printing, postage and stationery	(10,215)	(10,040)
Sundry expenses	(45,785)	181

This page does not form part of the statutory financial statements.

Cipla (EU) Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	2022 $	2021 $
Cleaning	(17,354)	(10,700)
Management charges payable	(444,041)	(424,750)
Withholding tax	(191,356)	(144,583)
Travel and subsistence	(1,985)	(7,538)
Promotional expenses	(1,108,918)	(1,456,611)
Accountancy fees	(52,129)	(58,278)
Auditor's remuneration - The audit of the company's annual accounts	(59,225)	(62,086)
Registration, regulatory and testing costs	(1,234,648)	(833,678)
Legal and professional fees	(631,695)	(523,262)
Royalties payable	-	(95,112)
Bad debts written off	45,184	(70,842)
Foreign currency (gains)/losses - operating expense	650,847	(490,029)
	(3,213,030)	(4,293,278)
Finance charges		
Bank charges	(16,921)	(14,175)
Depreciation costs		
Amortisation of patents	-	(424,006)
Amortisation of marketing authorisations	(9,002)	-
Depreciation of long leasehold property	-	(22,763)
Depreciation of short leasehold property	(16,423)	(16,423)
Depreciation of plant and machinery (owned)	(10,593)	-
Depreciation of fixtures and fittings (owned)	1	(2,286)
Depreciation of office equipment (owned)	-	(4,286)
Impairment loss (reversal) on intangible assets	(59,474)	-
	(95,491)	(469,764)
Other expenses		
(Profit)/loss on disposal of intangible fixed assets	-	2,701
Income from shares in group undertakings		
Gain/(loss) on disposal of fixed asset Investments - subsidiary loan/shares	-	(543,677)
Dividends from shares in subsidiaries	2,029,921	927,650
Interest income from fellow group undertakings	841,157	309,904
	2,871,078	693,877

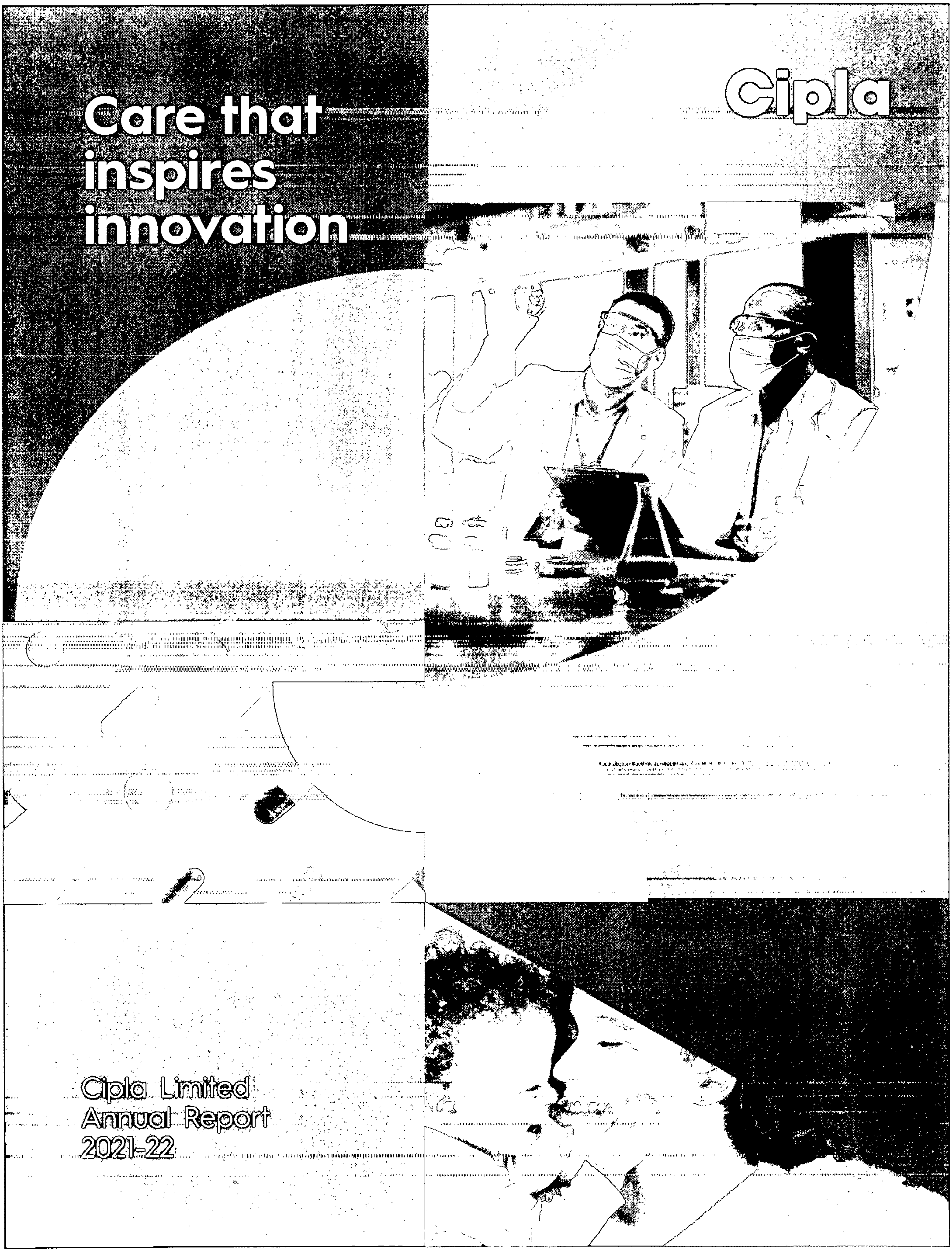
Cipla (EU) Limited

Detailed Profit and Loss Account for the Year Ended 31 March 2022 (continued)

	2022 $	2021 $
Interest payable and similar expenses		
Bank interest payable	(708,059)	(2,014,294)
Other borrowing costs	(181,601)	(1,097,399)
	(889,660)	(3,111,693)

Cipla

Care that inspires innovation



Cipla Limited
Annual Report
2021-22

Consolidated Financial Statements

Independent Auditor's Report

To the Members of Cipla Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31st March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates, as at 31st March, 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report

Key audit matter	How our audit addressed the key audit matter
Drugs (Prices Control) Orders (DPCO) matters: The Holding Company and many of its Indian subsidiaries are regulated by National Pharmaceutical Pricing Authority, Government of India (NPPA). There are a number of legal and regulatory cases, of which the most significant, Drugs (Prices Control) Orders (DPCO) as disclosed in Note 45(B)(ii) to the consolidated financial statements, relating to overcharging of certain drugs under DPCO. According to NPPA's public disclosure, the total demand against the Group aggregates to ₹ 3,703.40 crores as at 31st March, 2022, of which: a) ₹ 3,456.39 crores relates to matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crores being 50% of the total demand of ₹ 350.15 crores as at 1st August, 2003 under protest pursuant to direction of Honourable Supreme Court of India; and	Our audit of DPCO matters included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37, and for measurement of amounts involved; b) Evaluated the design and tested the operating effectiveness of key controls around above process; c) Inspected correspondence with the Holding Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
b) ₹ 247.01 crores relates to other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹ 7.34 crores (including interest) during the year ended 31st March, 2022 and carries a total provision of ₹ 118.49 crores (including interest) as at 31st March, 2022. The amounts involved are material and the application of accounting principles as given under Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets ('Ind AS 37'), in order to determine the amounts to be recognised as liability or to be disclosed as a contingent liability or not, is inherently subjective and needs careful evaluation and significant judgement to be applied by the management. Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting the outcome of the matter, DPCO matters have been considered to be a key audit matter for the current period audit.	d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale; e) Assessed the appropriateness of methods used, and the reliability of underlying data for the calculations made for quantifying the amounts involved. Tested the arithmetical accuracy of such calculations; and f) Evaluated the disclosures for adequate disclosure regarding the significant litigations of the Group. Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the consolidated financial statements taken as a whole.
Impairment of goodwill, intangible assets and intangible assets under development: As at 31st March, 2022, the Group has goodwill balance of ₹ 3,137.93 crores relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹ 1,319.58 crores and ₹ 383.28 crores, respectively. These balances are subject to a test of impairment by the management in accordance with Ind AS 36 "Impairment of Assets". The Group has recorded an impairment charge on intangible assets of ₹ 40.76 crores during the year ended 31st March, 2022. Refer note 4 and 5 to the Consolidated Financial Statements. The carrying values of goodwill, intangible assets and intangible assets under development will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations. In addition to significance of the amounts, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the recoverable amounts involved in forecasting cash flows for each of the CGUs, intangible assets and those under development, principally relating to budgeted revenue, operating margins, short-term and long-term growth rates and the discount rates used.	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for identification of impairment indicators for goodwill, intangibles and intangibles under development and process for identification of CGUs and impairment testing of such assets; b) Tested the design and operating effectiveness of internal controls over such identification and impairment measurement of identified assets; c) Evaluated management's identification of CGUs; d) Obtained the impairment assessment workings prepared by the management and its experts; e) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management to determine the recoverable values; f) Reconciled the cash flows to the business plans approved by the Board of Directors of the companies which constitute identified CGUs; g) Evaluated and challenged management's assumptions such as implied growth rates during explicit periods, terminal growth rates and discount rates for their appropriateness based on our understanding of the business of the respective CGUs, past results and external factors such as industry trends and forecasts, including the possible impact of COVID-19 pandemic on such assumptions; h) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit periods, terminal growth rates and discount rates;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying values of goodwill, intangibles and intangible assets under development is considered to be complex and determined to be a key audit matter in our current period audit.	i) Tested the mathematical accuracy of the management computations; j) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the estimated recoverable amounts for respective CGUs to evaluate sufficiency of headroom between recoverable values and carrying amounts; and k) Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to goodwill, intangibles and intangible assets under development, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards Based on the audit procedures performed, we determined that the management's assessment that the carrying values of goodwill, intangible assets and intangible assets under development is appropriate in the context of the consolidated financial statements taken as a whole.
Revenue from operations: (refer note 1.13 and 30 to the consolidated financial statements) The Group recognises revenue from the sales of pharmaceutical products to resellers or distributors, out-licensing arrangements and service fee. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery to a customer. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. Further, the Group has a large number of customers operating in various geographies and sales contracts with customers have a variety of different terms relating to the recognition of revenue, the entitlement to sales rebates, the right to return and price adjustments. Sales arrangements in certain jurisdictions lead to material deductions to gross sales in arriving at revenue such as the Group's sales to customers in the United States of America ('US') which fall under certain commercial and governmental reimbursement schemes and mandated contracts of which the most significant ones are chargebacks, rebates, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid'). The Group also has development and commercialisation arrangements relating to research and development of new products. This includes in-licensing and out-licensing arrangements and other types of complex agreements. We identified the recognition of revenue from operations as a key audit matter because:	Our audit included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for revenue recognition (from sale to customers, out-licensing arrangements and service fee), judgments in estimation and accounting treatment of discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements; b) Evaluated the design and tested the operating effectiveness of the Group's internal controls, including general IT controls, key IT application controls implemented by the management, over recognition of revenue and measurement of various discount schemes, returns, chargebacks, rebates, failure to supply penalties and Medicaid; c) Evaluated the terms of the licensing arrangements to determine satisfaction of performance obligations under the contracts for appropriate revenue recognition and tested allocation of consideration between performance obligations to verify deferral of revenue in respect of unsatisfied performance obligations; d) Performed substantive testing by selecting samples of revenue transactions pertaining to sale of products during the year, and verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents; e) Performed cut-off testing procedures by testing samples of revenue transactions recorded during the year in specific periods before and after year end to conclude there has not been overstatement/ understatement of revenue recorded for the year;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
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; 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; 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.	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; 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; 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 i) Evaluated the adequacy of disclosures in the Consolidated financial statements. 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.
Provision for Obsolescence of Inventory (refer note 1.3.2(v) and 12 to the consolidated financial statements) The Group held inventories aggregating ₹ 5,350.24 crores as at 31st March, 2022 comprising of raw materials, work-in-progress, stock-in-trade, finished goods, packaging materials and stores, spares and consumables, on which the Group has recorded an obsolescence provision amounting to ₹ 576.42 crores during the current year. At each reporting period end, the management assesses whether there is any objective evidence indicating that the net realisable value of any item of inventory is below its carrying value. If so, such inventories are written down to their net realisable value in accordance with the requirements of Ind AS 2, Inventories ('Ind AS 2'). The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated remaining shelf life, product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.	Our audit of provision for obsolescence of inventory included, but was not limited to, the following procedures: a) Obtained an understanding of management's process to identify slow-moving, obsolete and other non-saleable inventory, and process of consequent measurement of required provision for obsolescence. b) Evaluated the appropriateness of related accounting policies adopted by the Company in accordance with the requirements of Ind AS 2 ('Ind AS 2'); c) Evaluated the design, implementation and tested the operating effectiveness of key controls that the Group has in relation to aforesaid process; d) Evaluated the nature, source and reliability of all the information used by the management for arriving at the estimates for determination of provision for obsolescence of inventory; e) For the provisions made in respect of expired or near-expiry inventory balances, tested such identification from the batch-wise expiry information and reperformed computations to validate the accuracy and completeness of such provision estimates;

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Considering the inherent nature of the industry, particularly limited useful life of inventories, the aforesaid determination is complex on account of estimation of consumption patterns, prescription patterns, alternate product availability, alternate uses, changing regulations, which involves significant management judgement and high estimation uncertainty. This complexity was particularly further increased during the current year due to introduction of certain products in Company's portfolio leading to an increased charge to the Statement of Profit and Loss in the current year as compared to earlier years in this respect. Considering the above, provision for obsolescence of inventory has been considered as key audit matter for the current period audit.	f) For the provisions made in respect of other non-saleable inventory, discussed with the senior management the triggers taken into account for such identification and evaluated the same in view of our understanding of the business and industry conditions. Assessed the projected sale estimates made by the management in respect of balance inventory of aforesaid specific products that is expected to be sold in the near future, for its appropriateness basis past trends and market conditions. Further, reperformed computations to validate the accuracy and completeness of such provision estimates; and g) Evaluated appropriateness of disclosures made in the financial statements. Based on the audit procedures performed, the management's assessment provision for obsolescence of inventory balances was determined to be appropriate in the context of the consolidated financial statements taken as a whole.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated 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.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Companies included in the Group and of its associates to continue as a going concern, disclosing,

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as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Other Matter

15. We did not audit the financial statements of 37 subsidiaries, whose financial statements (prior to consolidation adjustments) reflects total assets of ₹ 10,730.48 crores and net assets of ₹ 7,947.54 crores as at 31st March, 2022, total revenue of ₹ 4,522.83 crores and net cash inflows amounting to ₹ 19.94 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ (2.36) crores for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect of an associate, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries and an associate, are based solely on the reports of the other auditors.

    Further, of these subsidiaries and an associate, 33 subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries and an associate located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

16. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ (10.36) crores for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect of 4 associates, whose financial information has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, these financial information are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and associates, we report that the Holding Company and 2 subsidiary companies incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 6 subsidiary companies covered under the Act have not paid or provided for any managerial remuneration during the year. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 4 associate companies covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.

18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

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a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary companies and taken on record by the Board of Directors of the Holding Company and its subsidiary companies, and the reports of the statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies are disqualified as on 31st March, 2022 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates as detailed in Note 45 to the consolidated financial statements;

ii. As detailed in Note 54 to the consolidated financial statements, the Holding Company, its subsidiary companies and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2022;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2022. Further, there were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary companies and associate companies covered under the Act, during the year ended 31st March, 2022;

iv. a. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in note 55 (j) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies and its associate companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies and its associate companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the note 55 (f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies

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and its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries and associates, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. a. The interim dividend declared and paid by the subsidiary companies during the year ended 31st March, 2022 and until the date of this audit report is in compliance with section 123 of the Act;

b. The final dividend paid by the Holding Company during the year ended 31st March, 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend; and

c. As stated in note 43 (C)(b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31st March, 2022 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

UDIN: 22504662AISJAE2699

Place: Mumbai
Date: 10th May, 2022

Annexure I

List of entities included in the Statement

I) Subsidiaries:

1. Meditab Specialities Limited, India
2. Goldencross Pharma Limited, India
3. Cipla Pharma and Life Sciences Limited, India (formerly known as Cipla BioTec Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India
8. Cipla Digital Health Limited, India (incorporated on 25th February, 2022)
9. Cipla Medpro South Africa (Pty) Limited, South Africa
10. Cipla Holding B.V., Netherlands
11. Cipla (EU) Limited, United Kingdom
12. Saba Investment Limited, United Arab Emirates
13. Cipla (UK) Limited, United Kingdom (liquidated w.e.f. 5th March, 2021)
14. Cipla Australia Pty Limited, Australia
15. Cipla USA Inc., United States of America
16. Meditab Holdings Limited, Mauritius
17. Cipla Kenya Limited, Kenya
18. Cipla Malaysia Sdn. Bhd., Malaysia
19. Cipla Europe NV, Belgium
20. Cipla Quality Chemical Industries Limited, Uganda
21. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
22. Inyanga Trading 386 (Pty) Limited, South Africa (Dissolved w.e.f. 10th December, 2021)
23. Cipla Medpro Holdings (Pty) Limited, South Africa (under liquidation)
24. Cape to Cairo Exports (Pty) Limited, South Africa (Deregistered w.e.f. 27th August, 2020)
25. Cipla Dibcare (Pty) Limited, South Africa (under liquidation)
26. Cipla Medpro Manufacturing (Pty) Limited, South Africa (formerly known as Cipla Life Sciences (Pty) Limited)
27. Cipla-Medpro (Pty) Limited, South Africa
28. Cipla-Medpro Distribution Centre (Pty) Limited, South Africa
29. Cipla Medpro Botswana (Pty) Limited, South Africa
30. Cipla Algérie, Algeria
31. Cipla Biotec South Africa (Pty) Limited, South Africa (Deregistered w.e.f 3rd February, 2022)
32. Cipla Select (Pty) Limited, South Africa (formerly known as Cipla OLTP (Pty) Limited)
33. Medpro Pharmaceutica (Pty) Limited, South Africa
34. Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen
35. Cipla (Mauritius) Limited, Mauritius (liquidated w.e.f. 17th May, 2020)
36. Breathe Free Lanka (Private) Limited, Sri Lanka
37. Cipla Maroc SA, Morocco
38. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
39. Quality Chemicals Limited, Uganda (ceased to be a subsidiary from 19th August, 2020)
40. Cipla Philippines Inc., Philippines
41. InvaGen Pharmaceuticals Inc., United States of America
42. Exelan Pharmaceuticals Inc., United States of America
43. Anmaraté (Pty) Limited, South Africa (ceased to be a subsidiary from 19th August, 2020)
44. Cipla Technologies LLC, United States of America
45. Cipla Gulf FZ-LLC, United Arab Emirates
46. Mirren (Pty) Limited, South Africa
47. Madison Pharmaceuticals Inc., United States of America

Annexure I

48. Cipla Colombia SAS, Colombia
49. Cipla (China) Pharmaceutical Co., Ltd., China
50. Cipla Health Employees Stock Option Trust, India
51. Cipla Employee Stock Option Trust, India (Deregistered)
52. Cipla (Jiangsu) Pharmaceutical Co., Ltd., China
53. Cipla Pharmaceuticals Limited, India
54. Cipla Therapeutics Inc, United States of America

II) Associates:

1. Stempeutics Research Private Limited, India
2. Avenue Therapeutics Inc., United States of America (As at 31st March, 2022, the fully diluted stake is 25.93%)
3. Brandmed (Pty) Limited, South Africa
4. AMPSolar Power Systems Private Limited, India (Share of loss/profit not required to be considered)
5. AMP Energy Green Eleven Private Limited, India (acquired 32.49% on fully diluted basis from 8th February, 2022) - (Share of loss/profit not required to be considered)
6. Clean Max Auriga Power LLP, India (acquired 33% stake effective from 14th December, 2021) - (Share of loss/profit not required to be considered)
7. GoApptiv Private Limited, India
8. Iconphygital Private Limited, India (Wholly owned subsidiary of GoApptiv Private Limited)

Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited on the consolidated financial statements for the year ended 31st March, 2022

Independent Auditor's Report on the internal financial controls with reference to Consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as at and for the year ended 31st March, 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure II to the Independent Auditor's Report of even date to the members of Cipla Limited on the consolidated financial statements for the year ended 31st March, 2022

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March, 2022, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Control over Financial Reporting issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 1 subsidiary company, which is company covered under the Act, whose financial statement (prior to consolidation adjustments) reflect total assets of ₹ 161.43 crores and net assets of ₹ 149.59 crores as at 31st March, 2022, total revenues of ₹ 128.60 crores and net cash flows amounting to ₹ 5.27 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 4 associate companies, which are companies covered under the Act, in respect of which, the Group's share of net profit (including other comprehensive income) of ₹ 1.10 crores for the year ended 31st March, 2022 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of these associate companies, which are companies covered under the Act, are unaudited and our opinion under Section 143(3)(i) of the Act in so far as it relates to the aforesaid associate companies, which are covered under the Act, is solely based on the corresponding internal financial controls with reference to financial statements reports certified by the management of such companies. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group. Our opinion is not modified in respect of the above matter with respect to our reliance on the internal financial controls with reference to financial statements reports certified by the management.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

UDIN: 22504662AISJAE2699

Place: Mumbai
Date: 10th May, 2022

Consolidated Balance sheet

as at 31st March, 2022

₹ in crores

Particulars	Notes	As at 31st March, 2022	As at 31st March, 2021
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	2.1	4,838.79	4,618.14
(b) Right-of-use assets	2.2	325.61	338.13
(c) Capital work-in-progress	2.1	382.90	570.84
(d) Investment properties	3	61.42	121.75
(e) Goodwill	4	3,137.93	3,007.29
(f) Intangible assets	5	1,319.58	1,430.21
(g) Intangible assets under development	5	383.28	398.05
(h) Investment in associates	6	45.81	228.38
(i) Financial assets			
(i) Investments	7	309.82	195.30
(ii) Loans	8	0.04	0.04
(iii) Other financial assets	9	417.04	95.83
(j) Income tax assets (net)	10	483.62	468.16
(k) Deferred tax assets (net)	10	448.83	314.69
(l) Other non-current assets	11	218.91	155.57
Total non-current assets		**12,373.58**	**11,942.38**
(2) Current assets			
(a) Inventories	12	5,350.24	4,669.18
(b) Financial assets			
(i) Investments	13	2,194.97	2,286.37
(ii) Trade receivables	14	3,424.44	3,445.68
(iii) Cash and cash equivalents	15	677.74	793.29
(iv) Bank balances other than cash and cash equivalents	16	1,250.74	607.94
(v) Loans	17	3.57	1.00
(vi) Other financial assets	18	898.39	483.24
(c) Other current assets	19	910.74	894.33
Total current assets		**14,710.83**	**13,181.03**
(3) Assets classified as held for sale	2.3	**16.71**	**28.48**
Total assets		**27,101.12**	**25,151.89**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	20	161.36	161.29
(b) Other equity	21	20,680.33	18,165.24
Equity attributable to owner		**20,841.69**	**18,326.53**
(c) *Non-controlling interest*	22	275.69	259.06
Total equity		**21,117.38**	**18,585.59**
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	416.24	1,202.75
(ii) Lease liabilities	2.2	158.28	197.89
(iii) Other financial liabilities	24	100.37	97.72
(b) Provisions	25	100.22	116.17
(c) Deferred tax liabilities (net)	10	243.96	296.61
(d) Other non-current liabilities	26	51.46	63.61
Total non-current liabilities		**1,070.53**	**1,974.75**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	407.90	552.81
(ii) Lease liabilities	2.2	73.36	60.96
(iii) Trade payables	27		
- Total outstanding dues of micro enterprises and small enterprises		175.12	69.33
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,332.98	1,997.49
(iv) Other financial liabilities	28	370.83	454.95
(b) Other current liabilities	29	311.06	359.22
(c) Provisions	25	1,221.00	1,078.32
(d) *Income tax liabilities (net)*	10	20.62	18.06
Total current liabilities		**4,912.87**	**4,591.14**
(3) Liabilities directly associated with assets classified as held for sale	2.3	**0.34**	**0.41**
Total liabilities		**5,983.74**	**6,566.30**
Total equity and liabilities		**27,101.12**	**25,151.89**
The accompanying notes form an integral part of these consolidated financial statements.	1-58		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Mumbai, 10th May, 2022

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Dinesh Jain
Interim Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2022

₹ in crores

Particulars	Notes	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(1) Income			
(a) Revenue from operations			
(i) Revenue from sale of products	30	21,623.36	18,988.52
(ii) Other operating revenue	31	139.98	171.07
Total revenue from operations		**21,763.34**	**19,159.59**
(b) Other income	32	280.91	265.99
(2) Total income (a+b)		**22,044.25**	**19,425.58**
(3) Expenses			
(a) Cost of materials consumed	33	5,533.13	4,886.43
(b) Purchases of stock-in-trade	34	3,687.16	2,658.17
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(724.69)	(192.71)
(d) Employee benefits expense	36	3,529.91	3,251.83
(e) Finance costs	37	106.35	160.70
(f) Depreciation, impairment and amortisation expense	38	1,051.95	1,067.66
(g) Other expenses	39	5,185.05	4,303.44
Total expenses		**18,368.86**	**16,135.52**
(4) Profit before exceptional items and tax (2-3)		**3,675.39**	**3,290.06**
(5) Exceptional item	44	(182.12)	-
(6) Profit before tax (4-5)		**3,493.27**	**3,290.06**
(7) Tax expense (net)	10		
(a) Current tax		1,136.90	1,052.72
(b) Deferred tax		(203.10)	(163.96)
Total tax expense		**933.80**	**888.76**
(8) Profit after tax before share of profit/(loss) from associates (6-7)		**2,559.47**	**2,401.30**
(9) Share of profit/(loss) from associates	44	(12.82)	(12.79)
(10) Profit for the year (8+9)		**2,546.65**	**2,388.51**
(11) Other comprehensive income/(loss)	40		
(a) (i) Items that will not be reclassified to profit or loss		127.02	(38.41)
(ii) Income tax relating to these items		(15.48)	0.95
(b) (i) Items that will be reclassified to profit or loss		272.75	203.18
(ii) Income tax relating to these items		(0.62)	(4.23)
Other comprehensive income/(loss) for the year		**383.67**	**161.49**
(12) Total comprehensive income for the year (10+11)		**2,930.32**	**2,550.00**
(13) Profit for the year attributable to			
(a) Owners		**2,516.75**	**2,404.87**
(b) Non-controlling interest		29.90	(16.36)
(14) Total comprehensive income attributable to			
(a) Owners		2,893.55	2,579.96
(b) Non-controlling interest		36.77	(29.96)
(15) Earnings per equity share of face value of ₹ 2 each	41		
Basic (in ₹)		31.20	29.82
Diluted (in ₹)		31.17	29.79
The accompanying notes form an integral part of these consolidated financial statements.	1-58		

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Mumbai, 10th May, 2022

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Dinesh Jain
Interim Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2022

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2022

(a) Equity share capital (refer note 20)

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	161.29	161.25
Changes in equity share capital during the year on exercise of employee stock options (ESOSs)	0.07	0.04
Balance at the end of the year	**161.36**	**161.29**

(b) Other equity (refer note 21)

₹ in crores

Particulars	Attributable to the owners of the Company										
	Reserves and surplus					Other reserve			Other equity	Non-controlling interest	Total
	Capital reserve	Securities premium reserve	General reserve	Employee stock options/ESAR	Retained earnings	Foreign currency translation reserve	Financial instruments fair value through other comprehensive income	Hedge reserve			
Balance as at 31st March, 2020	**(147.14)**	**1,602.03**	**3,142.62**	**53.05**	**11,117.88**	**(191.68)**	**53.06**	**(28.07)**	**15,601.75**	**294.28**	**15,896.03**
Profit for the year	-	-	-	-	2,404.87	-	-	-	2,404.87	(16.36)	2,388.51
Other comprehensive income/(loss) (net of tax)	-	-	-	-	14.23	194.38	(51.66)	18.14	175.09	(13.60)	161.49
Payment of dividend (including tax on dividend)	-	-	-	-	-	-	-	-	-	(5.26)	(5.26)
Transfer to general reserve	-	-	2.02	(2.02)	-	-	-	-	-	-	-
Consideration relating to ESOP of subsidiary	(18.81)	-	-	(17.20)	-	-	-	-	(36.01)	-	(36.01)
Exercise of employee stock options	-	11.28	-	(11.28)	-	-	-	-	-	-	-
Share based payments expense (refer note 47)	-	-	-	19.54	-	-	-	-	19.54	-	19.54
Balance as at 31st March, 2021	**(165.95)**	**1,613.31**	**3,144.64**	**42.09**	**13,536.98**	**2.70**	**1.40**	**(9.93)**	**18,165.24**	**259.06**	**18,424.30**
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 43C)	-	-	-	-	(403.35)	-	-	-	(403.35)	(20.14)	(423.49)
Transfer to general reserve	-	-	0.16	(0.16)	-	-	-	-	-	-	-
Refund of excess Dividend Distribution Tax (DDT) paid in earlier years	-	-	-	-	5.55	-	-	-	5.55	-	5.55
Consideration relating to ESOP of subsidiary	(1.09)	-	-	(2.03)	-	-	-	-	(3.12)	-	(3.12)
Exercise of employee stock options	-	18.38	-	(18.38)	-	-	-	-	-	-	-
Cancelled during the year	-	-	-	(1.66)	-	-	-	-	(1.66)	-	(1.66)
Share based payments expense (refer note 47)	-	-	-	24.12	-	-	-	-	24.12	-	24.12
Balance as at 31st March, 2022	**(167.04)**	**1,631.69**	**3,144.80**	**43.98**	**15,669.07**	**261.09**	**99.77**	**(3.03)**	**20,680.33**	**275.69**	**20,956.02**

The accompanying notes form an integral part of these consolidated financial statements. (Note 1-58)

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Mumbai, 10th May, 2022

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Dinesh Jain
Interim Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2022

Consolidated Statement of Cash Flows

for the year ended 31st March, 2022

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cash flow from operating activities		
Profit before exceptional items and tax	3,675.39	3,290.06
Adjustments for:		
Depreciation, impairment and amortisation expense	1,051.95	1,067.66
Interest expense	106.35	160.70
Unrealised foreign exchange (gain)/loss (net)	11.15	(8.64)
Share based payment expense	24.12	19.54
Allowances for credit loss (net)	(40.82)	39.48
Interest income on income tax refund	(17.75)	(7.04)
Interest income on bank deposit and others	(61.87)	(40.22)
Dividend income	(0.01)	(21.64)
Sundry balances written back (net)	(6.37)	(0.06)
Net gain on sale of current investment carried at fair value through profit or loss	(77.22)	(52.79)
Loss on liquidation of subsidiaries (net)	-	3.78
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(2.02)	(12.08)
Net gain on sale/disposal of property, plant and equipment	(8.68)	(3.01)
Rent income	(11.36)	(14.77)
Operating profit before working capital changes	***4,642.86***	***4,420.97***
Adjustments for working capital:		
Increase in inventories	(621.11)	(254.32)
Decrease in trade and other receivables	81.36	422.93
Increase in trade payables and other liabilities	362.29	203.05
Cash generated from operations	**4,465.40**	**4,792.63**
Income tax paid (net of refunds)	(1,139.50)	(1,037.43)
Net cash flows from operating activities (a)	**3,325.90**	**3,755.20**
Cash flow from investing activities		
Purchase of property, plant and equipment {refer note (ii) below}	(544.11)	(629.66)
Purchase of intangible assets (including intangible asset under development)	(157.04)	(189.26)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	16.40	22.05
Receipts from sale of assets held for sale	14.98	-
Proceeds from sale of intangible assets	3.78	5.48
Proceeds from sale/liquidation of investments in subsidiaries	-	2.60
Investment in associates	(18.02)	(13.65)
Purchase of non-current investments	(0.05)	(40.00)
Sale/(purchase) of current investments (net)	170.64	(1,204.98)
Change in other bank balance and cash not available for immediate use	(1,416.82)	(416.72)
Interest received	46.99	40.55
Dividend received	0.01	21.64
Rent received	11.36	14.77
Net cash used in investing activities (b)	**(1,871.88)**	**(2,387.18)**

Consolidated Statement of Cash Flows

for the year ended 31st March, 2022

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs)	0.07	0.05
Transaction with non-controlling interest (net)	(19.75)	(5.36)
Consideration paid on buyback of ESOP rights relating to subsidiary	(2.77)	(36.00)
Proceeds/(repayment) from current borrowings (net)	34.98	(41.87)
Payment of lease liabilities	(92.10)	(84.33)
Proceeds from non-current borrowings	-	70.49
Repayment of non-current borrowings	(1,041.21)	(1,021.75)
Interest paid	(75.66)	(120.74)
Dividend paid	(403.35)	-
Net cash used in financing activities (c)	**(1,599.79)**	**(1,239.51)**
Net (decrease)/increase in cash and cash equivalents (a+b+c)	**(145.77)**	**128.51**
Cash and cash equivalents at the beginning of the year	790.43	649.13
Exchange difference on translation of foreign currency cash and cash equivalents	13.45	12.79
Cash and cash equivalents at the end of the year (refer note 15)	**658.11**	**790.43**

Note:

(i) The above statement of cash flow has been prepared under the "Indirect method" as set out in Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows.

(ii) Purchase and sale of property, plant and equipment represents additions and deletions to property, plant and equipment and investment property adjusted for movement of capital work in progress, capital advances and capital creditors for property, plant and equipment and investment property during the year.

(iii) For reconciliation of borrowings, refer note 23

The accompanying notes form an integral part of these consolidated financial statements (note 1-58).

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Mumbai, 10th May, 2022

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Dinesh Jain
Interim Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2022

Notes to the Consolidated Financial Statements

Group Information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having registered office at Cipla house, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013, is a public company incorporated and domiciled in India. The Company is in the business of manufacturing, developing, and marketing wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Group has its wide network of manufacturing, trading and other incidental operations in India and International markets. Equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Global Depository Receipts are listed on Luxembourg Stock Exchange.

The consolidated financial statements comprise financial statements of Cipla Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), and its associates (refer "Annexure A" to Note 1 for the list of subsidiaries and associates).

Note 1: Significant accounting policies and key accounting estimates and judgements

1.1 Basis of preparation

(i) Compliance with Indian Accounting Standards (Ind AS)

The consolidated financial statements of the Group as at and for the year ended 31st March, 2022 have been prepared and presented in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], and presentation requirements of Division II of Schedule III to the companies Act, 2013, as amended from time to time, guidelines issued by the Securities and Exchange Board of India (SEBI) and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31st March, 2022.

(ii) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale - measured at fair value less cost to sell;
- Defined benefit plans - plan assets measured at fair value;
- Lease liability and Right-of-use assets - measured at fair value;
- Share based payments - measured at fair value ; and
- Investment in associates are accounted for using equity method.

(iii) Consistency of accounting policy

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto in use.

(iv) Functional currency and rounding of amounts

The consolidated financial statements are presented in Indian Rupee (₹) which is also the functional currency of the parent company. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest crores or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores. Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') unless use of different currency is appropriate.

1.2 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - *Presentation of Financial Statements*.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

Notes to the Consolidated Financial Statements

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of assets and liabilities, respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Principles of consolidation

The consolidated financial statements relate to Cipla Limited, its subsidiaries and associates.

Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- The profit and other comprehensive income attributable to non-controlling interest of subsidiaries are shown separately in the consolidated profit or loss and consolidated statement of changes in equity.
- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method unless otherwise stated.
- Under the equity method, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition, unless the share purchase agreement specify otherwise. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.
- The financial statements of the subsidiaries and associates used for the purpose of consolidation are drawn up to the same reporting date as that of the Group.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
- Upon loss of control, the Company de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

1.3 Use of estimates and judgements

The preparation of consolidated financial statements requires management of the Group to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Estimates

Notes to the Consolidated Financial Statements

and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

1.3.1 Judgements

(i) Leases

Ind AS 116 - *Leases* requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(ii) Income taxes

The major tax jurisdictions for the Group are India, US and South Africa, though the Group companies also files tax returns in other foreign jurisdictions. Significant judgements are involved in determining the provision for income taxes including judgement on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

In assessing the realisability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

(iii) Research and development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

(iv) Provisions and contingent liabilities

The Group exercises judgement in determining if a particular matter is possible, probable or remote. The Group also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is *no longer probable that the outflow of resources would be* required to settle the obligation, the provision is reversed.

(v) Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date, determining whether control is transferred from one party *to another and whether acquisition constitute a business or* asset acquisition. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

1.3.2 Estimates

(i) Useful lives of property, plant and equipment, and *intangible assets*

Property, plant and equipment and intangibles assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation

Notes to the Consolidated Financial Statements

is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(ii) Sales returns

The Group accounts for sales returns by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates. With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Group's business and markets.

(iii) Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts, other deductions and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

(iv) Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Group, and are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

(v) Inventories obsolescence

The factors that the Group considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group business and markets. The Group considers all these factors and adjusts the inventory obsolescence to reflect its actual experience on a periodic basis.

(vi) Expected credit loss

The Group applies Expected Credit Losses ("ECL") model for measurement and recognition of loss allowance on the following:

- Trade receivables and lease receivables
- Financial assets measured at amortised cost (other than trade receivables and lease receivables)
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

In accordance with Ind AS 109 - *Financial Instruments*, the Group applies ECL model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - *Revenue from Contracts with Customers*.

For this purpose, the Group follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve months ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

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(vii) **Accounting for defined benefit plans**

In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgement. The actuarial assumptions used by the Group may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

(viii) **Impairment of non-financial assets**

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(ix) **Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(x) **Impact of COVID-19**

The Group continues to closely monitor the impact of the COVID-19 pandemic on all aspects of its business, including how it has impacted and will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgements and estimates, inter-alia, recoverability of receivables, assessment for impairment of goodwill, investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Group's financial statements for the year ended 31st March, 2022.

1.4 Property, plant and equipment

(i) **Recognition and measurement**

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non-refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. Subsequent to initial recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (refer note 1.8 for more details). The Group had applied for the one-time transition exemption of considering the carrying cost on the transition date, i.e., 1st April, 2015 as the deemed cost under Ind AS and regarded thereafter as historical cost. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Costs in the nature of repairs and maintenance are recognised in the consolidated profit or loss as and when incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for the provision is met.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advance under non-current assets.

Capital work-in-progress included in non-current assets comprises of direct costs, related incidental expenses and attributable interest. Capital work-in-progress are not depreciated as these assets are not yet available for use.

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(ii) **Depreciation**

Depreciation on property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II of the Act. Depreciation on property, plant and equipment, which are added/ disposed off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the consolidated profit or loss.

For certain class of assets, based on the technical evaluation and assessment, the Group believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Group are different from those prescribed in the Schedule II.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors.*

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings - Factory and Administrative Buildings	25 to 99 years
Buildings - Ancillary structures	3 to 10 years
Plant and equipments	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	4 to 8 years

(iii) **De-recognition**

An item of property, plant and equipment, is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss.

1.5 Intangible assets

(i) **Recognition and measurement**

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands and computer software, product related intangibles, distribution network, non-compete rights, government contracts acquired separately are measured on initial recognition at cost. Further, payments to third parties for in-licensed products, generally take the form of up-front and milestones payments and are capitalised following a cost accumulation approach to variable payments (milestones) when receipt of economic benefits out of the separately purchased transaction is considered to be probable. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any (refer note 1.8 for more details). Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

(ii) **Goodwill**

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

(iii) **In-Process Research and Development assets ("IPR&D") or Intangible assets under development**

Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Subsequent expenditure on an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset is:

- recognised as an expense when incurred, if it is research expenditure;
- capitalised if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset.

(iv) **Expenditure on regulatory approval**

Expenditure for obtaining regulatory approvals and registration of products for overseas markets is charged to the consolidated profit or loss.

(v) **Amortisation**

The Group amortises intangible assets with a finite useful life using the straight-line method over the following useful lives:

Intangible assets	Useful Lives
Marketing intangibles	2 to 25 years
Trademarks	2 to 15 years
Technical Know-how	2 to 15 years
Brands	2 to 15 years
Computer software	2 to 6 years

Notes to the Consolidated Financial Statements

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

(vi) **De-recognition of intangible assets**

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated profit or loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

1.6 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition.

Assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Balance Sheet.

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations and;
- is part of a single co-ordinated plan to dispose of such a line of business or area of operations.

1.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

Investment properties generally have a useful life of 5-60 years. The useful life has been determined based on technical evaluation performed by the management's expert.

1.8 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognised in the profit or loss, and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Impairment losses, including impairment on inventories, are recognised in the consolidated profit or loss.

1.9 Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency

Notes to the Consolidated Financial Statements

borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the consolidated profit or loss.

1.10 Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date, exchange rates are recognised in the consolidated profit or loss. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Group Companies

The financial statements of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate prevailing on the reporting date;
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate;
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to consolidated profit or loss and are recognised as part of the gain or loss on disposal.

1.11 Inventories

Inventories consists of raw materials and packing material, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realisable value after providing for obsolescence, if any.

Cost of inventories is determined on a weighted moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Raw materials and consumables are considered at replacement cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of consumables, engineering spares (such as machinery spare parts), which are used in operating machines or consumed as indirect materials in the manufacturing process.

1.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and presented within other income.

When loans or similar assistance are provided by the government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.

The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between initial carrying value of the loan and the proceeds received. The loan is subsequently measured at amortised cost.

Export entitlement from government authority are recognised in the consolidated profit or loss as other operating revenue when the right to receive is established as per the terms of the scheme in respect of the exports made by the Group with no future related cost and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

1.13 Revenue recognition

A contract with a customer exists only when the parties to the contract have approved it and are committed to perform their respective obligations, the Group can

Notes to the Consolidated Financial Statements

identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Group can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenues are recorded in the amount of consideration to which the Group expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the fair value of the consideration received or receivable, net of estimated incentives, returns, chargeback, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

(i) Sale of products

The majority of customer contracts that the Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. The Group records product sales net of estimated incentives/discounts, returns, chargeback, rebates and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment the Group considers its historical record of performance on similar contracts.

(ii) Sales by clearing and forwarding agents

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Group. Control in respect of ownership of generic products are transferred by the Group when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them.

(iii) Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. The Group enters into collaborations and out-licensing arrangement of the Group's products to other parties.

Licensing arrangements performance obligations generally include intellectual property ("IP") rights, certain R&D and contract manufacturing services. The Group accounts for IP rights and services separately if they are distinct – i.e., if they are separately identifiable from other items in the arrangement and if the customer can benefit from them on their own or with other resources that are readily available to the customer. The consideration is allocated between IP rights and services based on their relative stand-alone selling prices.

Revenue from IP rights is recognised at the point in time when control of the distinct license is transferred to the customer, the Group has a present right to payment and risks and rewards of ownership is transferred to the customer.

Revenue from sales-based milestones and royalties promised in exchange for a license of IP is recognised only when, or as, the later of subsequent sale or the performance obligation to which some or all of the sales-based royalty has been allocated, is satisfied. The Group estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which method the Group expects to better predict the amount of consideration to which it will be entitled.

(iv) Service fee

Revenue from services rendered, is recognised in the consolidated profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Profit sharing revenues

The Group from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Group sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

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Revenue in an amount equal to the base sale price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

(vi) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vii) Dividends

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(viii) Other Income

Other Income consists of litigation settlement income, rent income, insurance claim, miscellaneous income and is recognised when it is probable that the economic benefits will flow to the Group and amount of income can be measured reliably.

1.14 Employee benefits

(i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Post-retirement contribution plans such as Employees' Pension Scheme, Labour Welfare Fund, Employee State Insurance Corporation (ESIC) are charged to the consolidated profit or loss for the year when the contributions to the respective funds accrue. The Group does not have any obligation other than the contribution made.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under provident fund plan are deposited in a government - administered provident fund. Indian subsidiaries have no further obligation to plan beyond its monthly contributions.

In respect of USA subsidiaries, there is a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board. Obligations for contributions to 401(k) plan are recognised as an employee benefits expense in profit or loss as incurred.

For other foreign subsidiaries, contributions to defined contribution plans are charged to the consolidated profit or loss as and when the services are received from the employees.

(iii) Defined benefit plans

a) Employee's provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan is a defined obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by the government-administered provident fund. A part of the Company's contribution is transferred to the government-administered pension fund. The contributions made by the Company and the shortfall of interest, if any, are recognised as an expense in the consolidated profit or loss under "Employee benefits expense".

b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company and its Indian subsidiaries is determined on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-

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measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the consolidated profit or loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated profit or loss as past service cost.

(iv) Other benefit plans

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated profit or loss and are not deferred.

(v) Termination benefits

Termination benefits are recognised in the consolidated profit or loss when:

- the Group has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(vi) Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

1.15 Share based payments

a) Equity settled share based payment transactions

The Group operates equity settled share based remuneration plans for its employees.

All services received in exchange for the grant of any share based payment are measured at their fair values on the grant date and is recognised as an employee expense, in the profit or loss with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "Employee stock options/Employee stock appreciation rights reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

Grant date is the date when the Group and employees have shared an understanding of terms and conditions on the arrangement.

Where employees are rewarded using share based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share based remuneration is ultimately recognised as an expense in the consolidated profit or loss. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holder does not impact the expense recorded in any period.

Market conditions are taken into account when estimating the fair value of the equity instruments granted.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

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b) **Cash settled share based payment transactions**

The fair value of the amount payable to employees in respect of share based payment transactions which are settled in cash is recognised as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share based payment transaction. Any changes in the liability are recognised in the consolidated profit or loss.

1.16 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the consolidated profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

(i) **Current income tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the applicable income tax law of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) **Deferred tax**

Deferred tax is recognised using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent it is reasonably certain that the Group will pay normal income tax during the specified period. Such asset is reviewed at each reporting date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- When the Group is able to control the timing of the reversal of the temporary difference; and
- It is probable that the temporary difference will not reverse in the foreseeable future.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations and tax on dividend received from foreign subsidiary is not considered as tax expense for the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment and receipt.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

(iii) **Uncertain tax positions**

Accruals for uncertain tax positions require management to make judgements of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

1.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at

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the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) **Group as a lessee**

The Group's lease asset classes primarily consist of leases for land, buildings, vehicle and computers. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangement in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(ii) **Group as a lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

(iii) **Arrangements in the nature of lease**

The Group enters into agreements, comprising a transaction or series of related transactions that does not take the legal form of a lease but conveys the right to use the asset in return for a payment or series of payments. In case of such arrangements, the Group applies the requirements of Ind AS 116 - *Leases* to the lease element of the arrangement. For the purpose of applying the requirements under Ind AS 116 - *Leases*, payments and other consideration required by the arrangement are separated at the inception of the arrangement into those for lease and those for other elements.

1.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

1.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is

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determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision for onerous contracts

A provision for onerous contracts is recognised in the profit or loss when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

1.20 Contingencies

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.21 Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) **Financial assets**

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(c) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in below categories:

- Debt instruments at amortised cost.
- Debt instruments measured at fair value through other comprehensive income (FVTOCI).
- Derivatives and equity instruments at fair value through profit or loss (FVTPL).
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(d) Equity investments

All equity investments in scope of Ind AS 109 - *Financial Instruments* are measured at fair value. Equity instruments which are held for trading are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the

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OCI. There is no recycling of the amounts from OCI to consolidated profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the consolidated profit or loss. Transaction cost of financial assets at FVTPL are expensed in the consolidated profit or loss.

(e) De-recognition

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. *In that case, the Group also recognises* an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(f) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. *In accordance with Ind AS 109 - Financial Instruments,* the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset. For this purpose, the Group follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision *matrix* is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) **Financial liabilities**

(a) Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

(b) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts and derivative financial instruments.

(c) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 - *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 - *Financial Instruments* are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in consolidated profit or loss. The Group has not designated any financial liability as fair value through profit and loss.

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(d) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(e) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated profit or loss.

(iii) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign exchange forward and currency option contracts, interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently re-measured at fair value.

The changes in fair value of such derivative contract, as well as the foreign exchange gains and losses relating to the monetary items are recognised in the Profit or Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(iv) Cash flow hedge

The Group classifies its foreign exchange forward and currency option contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss, and is included in the 'Other income/expenses' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the consolidated profit or loss in the periods when the hedged item affects consolidated profit or loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to consolidated profit or loss.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(vi) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model as per Ind AS 109 - *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115 - *Revenue from Contracts with Customers.*

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would

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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.

(vii) Put option

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary.

In the absence of specific guidance under Ind AS 32 - *Financial Instruments* on accounting of such put option (NCI Put Option), initially, the Group recognises the amount that may become payable under the option on exercise at fair value as financial liability. Subsequently, the Group recognises the change in fair value of the option, with a corresponding charge directly to equity. The Group recognises the cost of writing put options, determined as the excess of the fair value of the options over any consideration received, as a finance cost.

Put option liabilities have been valued based on either:

- Discounted cash flow valuation models; or
- Observable market transactions (e.g., funding rounds and non-controlling interest buy-outs).

In the event that the option expires unexercised, the liability is de-recognised with a corresponding adjustment to equity.

1.22 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the consolidated profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

1.23 Recent accounting pronouncement

New and amended standards adopted by the Group:

Reclassification and disclosures consequent to amendments to Schedule III

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on 24th March, 2021 to increase the transparency and provide additional disclosures to users of the financial statements. These amendments were applied

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w.e.f. 1st April, 2021. Consequent to above, the Company has disclosed the required relevant disclosure and changed the classification/presentation of the following:

a) Security deposits - now included in other financial assets instead of loans

b) Current maturities of long-term borrowings - now included in short-term borrowings instead of other current financial liabilities

c) Lease liabilities - now disclosed as separate line item on the face of balance sheet instead of other financial liabilities

The Group have reclassified the comparative amounts to conform with current year presentation as per the requirements of Ind AS 1 - *Presentation of Financial Statements*. The impact of such classifications is summarised as under:

Particulars	As per Balance sheet as at 31st March, 2021	As per Balance sheet as at 31st March, 2022	Change
Non-current assets			
Loans	52.99	0.04	(52.95)
Other financial assets	42.88	95.83	52.95
Current assets			
Loans	2.58	1.00	(1.58)
Other financial assets	481.66	483.24	1.58
Non-current liabilities			
Lease liabilities	-	197.89	197.89
Other financial liabilities	295.61	97.72	(197.89)
Current liabilities			
Short-term borrowings	334.73	552.81	218.08
Lease liabilities	-	60.96	60.96
Other financial liabilities	733.99	454.95	(279.04)

New amendments issued but not effective

Ministry of Corporate Affairs ("MCA") has vide notification dated 23rd March, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022, which amends certain accounting standards, and are effective from 1st April, 2022. These amendments are not expected to have a material impact on the Company or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements

Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the company	Country of Incorporation	% Ownership Interest As at 31st March, 2022	% Ownership Interest As at 31st March, 2021	With effect from
a.	**Subsidiaries (held directly)**				
1	Goldencross Pharma Limited	India	100%	100%	14/05/2010
2	Meditab Specialities Limited	India	100%	100%	01/10/2010
3	Cipla (Mauritius) Limited [1]	Mauritius	-	-	27/01/2011
4	Cipla Medpro South Africa (Pty) Limited	South Africa	100%	100%	15/07/2013
5	Cipla Holding B.V.	Netherlands	100%	100%	28/08/2013
6	Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited)	India	100%	100%	24/07/2014
7	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
8	Saba Investment Limited	UAE	51%	51%	02/10/2014
9	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
10	Cipla Health Limited	India	100%	100%	27/08/2015
11	Cipla Pharmaceuticals Limited	India	100%	100%	19/11/2019
12	Cipla Digital Health Limited [15]	India	100%	-	25/02/2022
b.	**Subsidiaries (held indirectly)**				
13	Cipla (UK) Limited [2]	United Kingdom	-	-	27/01/2011
14	Cipla Australia Pty Limited	Australia	100%	100%	04/03/2011
15	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
16	Sitec Labs Limited	India	100%	100%	01/10/2010
17	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
18	Cipla USA Inc.	USA	100%	100%	12/09/2012
19	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
20	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
21	Cipla Europe NV	Belgium	100%	100%	30/09/2013
22	Cipla Quality Chemical Industries Limited	Uganda	51.18%	51.18%	20/11/2013
23	Inyanga Trading 386 (Pty) Limited [3]	South Africa	-	100%	15/07/2013
24	Cipla Medpro Holdings (Pty) Limited [4]	South Africa	100%	100%	15/07/2013
25	Cape to Cairo Exports (Pty) Limited [5]	South Africa	-	-	15/07/2013
26	Cipla Dibcare (Pty) Limited [4]	South Africa	100%	100%	15/07/2013
27	Cipla Medpro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	South Africa	100%	100%	15/07/2013
28	Cipla-Medpro (Pty) Limited	South Africa	100%	100%	15/07/2013
29	Cipla-Medpro Distribution Centre (Pty) Limited	South Africa	100%	100%	15/07/2013
30	Cipla Medpro Botswana (Pty) Limited	Botswana	100%	100%	15/07/2013
31	Cipla Select (Pty) Limited (formerly known as Cipla OLTP (Pty) Limited)	South Africa	100%	100%	15/07/2013

Notes to the Consolidated Financial Statements

Annexure 'A' to Note 1: Significant accounting policies and key accounting estimates and judgements

Sr.	Name of the company	Country of Incorporation	% Ownership Interest As at 31st March, 2022	% Ownership Interest As at 31st March, 2021	With effect from
32	Medpro Pharmaceutica (Pty) Limited	South Africa	100%	100%	15/07/2013
33	Breathe Free Lanka (Private) Limited	Sri Lanka	100%	100%	16/06/2014
34	Cipla Medica Pharmaceutical and Chemical Industries Limited	Yemen	50.49%	50.49%	02/10/2014
35	Cipla Pharma Lanka (Private) Limited [16]	Sri Lanka	-	-	17/11/2014
36	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
37	Cipla Maroc SA	Morocco	60%	60%	08/05/2015
38	Cipla Middle East Pharmaceuticals FZ-LLC	UAE	51%	51%	31/05/2015
39	Quality Chemicals Limited [6]	Uganda	-	-	06/08/2015
40	Cipla Philippines Inc.	Philippines	100%	100%	06/01/2016
41	InvaGen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
42	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
43	Cipla Algérie	Algeria	40%	40%	06/06/2016
44	Cipla Biotec South Africa (Pty) Ltd [7]	South Africa	-	100%	10/06/2016
45	Anmarate' (Pty) Limited [6]	South Africa	-	-	12/04/2017
46	Cipla Technologies LLC	USA	100%	100%	13/11/2017
47	Cipla Gulf FZ-LLC	UAE	100%	100%	10/10/2018
48	Mirren (Pty) Limited	South Africa	100%	100%	22/10/2018
49	Madison Pharmaceuticals Inc.	USA	100%	100%	26/10/2018
50	Cipla Colombia SAS	Colombia	100%	100%	25/04/2019
51	Cipla (China) Pharmaceutical Co., Ltd.	China	100%	100%	20/05/2019
52	Cipla (Jiangsu) Pharmaceutical Co., Ltd.	China	80%	80%	08/08/2019
53	Cipla Therapeutics Inc.[8]	USA	100%	100%	15/05/2020
c.	**Associates (held directly)**				
54	AMPSolar Power Systems Private Limited	India	26%	26%	12/06/2019
55	GoApptiv Private Limited [9]	India	20.61%	21.85%	27/07/2020
56	AMP Energy Green Eleven Private Limited [12]	India	32.49%	-	08/02/2022
57	Clean Max Auriga Power LLP [14]	India	33%	-	14/12/2021
d.	**Associates (held indirectly)**				
58	Stempeutics Research Private Limited [10]	India	37.44%	39.18%	01/10/2010
59	Avenue Therapeutics, Inc.	USA	25.93%	32.50%	08/02/2019
60	Brandmed (Pty) Limited	South Africa	30%	30%	24/04/2019
61	Iconphygital Private Limited [13]	India	20.61%	-	03/05/2021
e.	**Other consolidating entities**				
62	Cipla Employee Stock Option Trust [11]	India	100%	100%	09/10/2015
63	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016

1. Liquidated w.e.f. 17th May, 2020
2. Liquidated w.e.f. 5th March, 2021
3. Dissolved w.e.f. 10th December, 2021
4. In process of liquidation
5. De-registered w.e.f. 27th August, 2020
6. Ceased to be a subsidiary w.e.f. 19th August, 2020
7. De-registered w.e.f. 3rd February, 2022
8. Incorporated on 15th May, 2020
9. Acquisition of 21.85% stake and associate from 27th July, 2020
10. Stake changed w.e.f. 2nd July, 2020 from 40.78% to 39.18% and further changed to 37.44% w.e.f. 12th October, 2021
11. De-registered
12. Acquisition of 32.49% stake and associate from 8th February, 2022
13. Wholly owned subsidiary of GoApptiv Private Limited
14. Acquisition of 33% stake and associate from 14th December, 2021
15. Incorporated on 25th February, 2022
16. Amalgamated with Breathe Free Lanka (Private) Limited with effect from 1st May, 2020 vide order of amalgamation dated 21st July, 2020 and therefore, ceased to exist.

Notes to the Consolidated Financial Statements

Note 2.1: (a) Property, plant and equipment

₹ in crores

Particulars	Freehold land	Leasehold building improvements	Buildings and flats	Plant and equipments	Furniture and fixtures	Office equipments	Vehicles	Total
Gross block								
Balance as at 1st April, 2020	**76.83**	**248.76**	**2,317.68**	**4,915.90**	**155.73**	**103.04**	**11.27**	**7,829.21**
Additions for the year	-	2.05	34.23	413.19	5.74	6.16	1.62	462.99
Assets classified as held for sale (refer below note iii)	-	-	(4.84)	(23.41)	(0.47)	-	-	(28.72)
Deletions and adjustments during the year	(2.08)	(1.87)	(7.36)	(32.95)	(16.59)	(18.59)	(1.63)	(81.07)
Foreign currency translations adjustments	-	9.40	(2.62)	18.74	2.49	1.47	0.19	29.67
Balance as at 31st March, 2021	**74.75**	**258.34**	**2,337.09**	**5,291.47**	**146.90**	**92.08**	**11.45**	**8,212.08**
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
Balance as at 31st March, 2022	83.23	270.11	2,593.26	5,811.14	155.74	99.15	13.23	9,025.86
Depreciation and Impairment								
Accumulated balance as at 1st April, 2020	-	**116.57**	**360.07**	**2,390.14**	**80.86**	**70.59**	**5.66**	**3,023.89**
Depreciation charge for the year	-	16.83	76.41	477.90	12.94	11.22	1.86	597.16
Impairment charge for the year	-	-	-	16.00	-	-	-	16.00
Transfer to assets classified as held for sale {refer note 2.3 (a)}	-	-	(0.58)	(4.64)	(0.06)	-	-	(5.28)
Deletions and adjustments during the year	-	(1.87)	(0.10)	(24.45)	(11.26)	(12.86)	(1.07)	(51.61)
Foreign currency translations adjustments	-	6.53	(1.18)	5.75	1.81	0.79	0.08	13.78
Accumulated balance as at 31st March, 2021	-	**138.06**	**434.62**	**2,860.70**	**84.29**	**69.74**	**6.53**	**3,593.94**
Depreciation charge for the year	-	16.34	81.17	482.90	12.35	7.75	1.28	601.79
Impairment charge for the year	-	-	1.34	11.51	0.08	0.01	-	12.94
Transfer to/from Investment Property (refer note 3)	-	-	7.20	0.53	0.63	1.00	-	9.36
Deletions and adjustments during the year	-	-	(0.01)	(58.95)	(1.14)	(0.74)	(0.95)	(61.79)
Foreign currency translations adjustments	-	6.96	1.96	22.16	0.19	(0.64)	0.20	30.83
Accumulated balance as at 31st March, 2022	-	161.36	526.28	3,318.85	96.40	77.12	7.06	4,187.07
Net block								
As at 31st March, 2022	83.23	108.75	2,066.98	2,492.29	59.34	22.03	6.17	4,838.79
As at 31st March, 2021	**74.75**	**120.28**	**1,902.47**	**2,430.77**	**62.61**	**22.34**	**4.92**	**4,618.14**

i. The gross value of buildings and flats includes the cost of shares in co-operative housing societies.

ii. The above additions to property, plant and equipments during the year includes ₹ 17.25 crores (31st March, 2021: ₹ 24.14 crores) used for research and development.

iii. The impairment charge for the year ₹ 12.94 crores (31st March, 2021: ₹ 16.00 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.

iv. The title deeds of the immovable properties are held in the name of entities included in group, covered under the Act.

v. The Group has not revalued its property, plant and equipment.

vi. The Group has not created any charge on its property, plant and equipment.

Notes to the Consolidated Financial Statements

Note 2.1: (b) Details of capital work-in-progress

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	**570.84**	**421.00**
Additions during the year	501.06	583.37
Deletions during the year	(0.38)	(3.29)
Capitalised during the year	(699.22)	(432.33)
Impairment during the year [i]	(8.17)	(2.22)
Transfer to assets classified as held for sale {refer note 2.3 (a)}	-	(0.35)
Foreign currency translation adjustments	18.77	4.66
Closing balance	**382.90**	**570.84**

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 31st March, 2022:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	265.07	66.21	20.22	31.40	382.90
Projects temporarily suspended	-	-	-	-	-
Total	**265.07**	**66.21**	**20.22**	**31.40**	**382.90**

The table below provides details regarding the capital work-in-progress ageing schedule as of 31st March, 2021:

₹ in crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	353.29	145.52	14.90	57.13	570.84
Projects temporarily suspended	-	-	-	-	-
Total	**353.29**	**145.52**	**14.90**	**57.13**	**570.84**

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 31st March, 2022 and 31st March, 2021

iv. For projects which are under legal proceedings as at 31st March, 2022 and 31st March, 2021 - Refer note 45

Note 2.2: Lease accounting

Where Group is lessee:

Following are the changes in the carrying value of right-of-use assets:

₹ in crores

Particulars	Category of ROU asset				
	Land	Buildings and Flats	Computers	Vehicles	Total
Balance recognised as at 1st April, 2020	**102.82**	**199.63**	**18.97**	**1.31**	**322.73**
Additions during the year	20.14	79.26	-	-	99.40
Deletions, modifications and adjustments during the year	(1.03)	(1.79)	-	(0.42)	(3.24)
Depreciation charge for the year	(3.01)	(75.17)	(10.48)	(0.16)	(88.82)
Translation difference	0.36	7.69	-	0.01	8.06
Balance as at 31st March, 2021	**119.28**	**209.62**	**8.49**	**0.74**	**338.13**

Notes to the Consolidated Financial Statements

Note 2.2: Lease accounting (Contd.)

₹ in crores

Particulars	Category of ROU asset				
	Land	Buildings and Flats	Computers	Vehicles	Total
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
Balance as at 31st March, 2022	**135.83**	**187.76**	**1.47**	**0.55**	**325.61**

i. The lease agreements for immovable properties where the entities included in group is the lessee, are duly executed in favour of entities included in group, covered under the Act.

ii. The Group has not revalued its Right-of-use assets.

iii. The weighted average incremental borrowing rate applied to lease liabilities is in the range of 4% to 12%.

The following is the break-up of current and non-current lease liabilities:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current lease liabilities	73.36	60.96
Non-current lease liabilities	158.28	197.89
Total	**231.64**	**258.85**

The following is the movement in lease liabilities:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	**258.85**	**272.77**
Additions during the year	88.91	60.05
Deletions, modifications and adjustments during the year	(23.41)	1.03
Finance cost accrued during the year	18.26	20.18
Payment of lease liabilities (outflow)	(110.36)	(104.51)
Translation difference	(0.61)	9.42
Lease concession	-	(0.09)
Closing balance	**231.64**	**258.85**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Less than one year	85.08	73.29
One to five years	148.13	192.83
More than five years	57.74	75.72
Sub-total	**290.95**	**341.84**
Less: Financial component	(59.31)	(82.99)
Total	**231.64**	**258.85**

Note 2.2: Lease accounting (Contd.)

Right-of-use assets	Range of remaining term
Land	2 to 97 years
Buildings and Flats	0 to 8 years
Computers	1 to 2 years
Vehicle	1 to 2 years

Rental expense recorded for short-term leases was ₹ 78.18 crores for the year ended 31st March, 2022 (31st March, 2021: ₹ 75.86 crores).

The aggregate depreciation on Right-of-use assets has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

The following is the movement in the net investment in sublease of Right-of-use assets during the year ended 31st March, 2022 and 31st March, 2021:

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Opening balance	**-**	**1.19**
Addition	-	-
Deletion	-	(0.63)
Lease receipts	-	(0.26)
Lease receipts write off	-	(0.26)
Translation difference	-	(0.04)
Closing balance	**-**	**-**

Where Group is lessor -

The Group has given certain premises under operating lease or leave and license agreement. The Group retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in profit or loss under 'Rent' in Note 32 - Other income.

Notes to the Consolidated Financial Statements

Note 2.3: (a) Assets classified as held for sale

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Plant and equipments*	12.93	20.20
Buildings and flats*	2.57	4.26
Furniture and fixtures*	0.16	0.41
Right-of-use assets*	0.06	0.11
Capital work-in-progress	0.05	0.35
Software*	0.00	0.02
Other assets	0.94	3.13
Total [refer note (i) and (ii)]	**16.71**	**28.48**

*net of accumulated depreciation and amortisation

Note 2.3: (b) Liabilities directly associated with assets classified as held for sale

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Other liabilities [refer note (i)]	0.34	0.41
	0.34	**0.41**

i. During the previous year, the Board of directors of the Meditab Specialities Limited (Formerly known as Meditab Specialities Private Limited) ('Meditab'), a wholly owned subsidiary of the Group, had approved the plan for selling Meditab's manufacturing units. The plan involves transferring all the tangible and intangible assets, contracts, permission, consents, rights, registrations, employees, other assets and liabilities on a slump sale basis to the prospective buyers. As at 31st March, 2022, the transfer of one of the business unit is yet to be completed. Hence, the Group continues to classify the assets and liabilities directly attributable for the such transaction as held for sale. These assets and liabilities have been carried at cost of ₹ 16.71 crores and ₹ 0.34 crores respectively, as these are lower than the fair value expected out of the slump sale.

ii. During the current year, the group has sold one of the manufacturing unit and power plant for lump sum consideration of ₹ 15.29 crores as against the carrying value of ₹ 9.34 crores. The group has recognised ₹ 5.95 crores as gain on sale of assets classified as held for sale

Note 3: Investment properties

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Gross Block		
Opening balance	139.50	139.50

Note 3: Investment properties (Contd.)

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Transfer to property, plant and equipment (refer note 2.1)	(67.44)	-
Closing balance	**72.06**	**139.50**
Accumulated depreciation		
Opening balance	**17.75**	**15.20**
Transfer to property, plant and equipment	(9.36)	-
Depreciation for the year (refer note 38)	2.25	2.55
Closing balance	**10.64**	**17.75**
Net block	**61.42**	**121.75**
Fair value	**89.88**	**162.70**

Rental income recognised in profit or loss for investment properties aggregates to ₹ 11.36 crores (31st March, 2021: ₹ 14.77 crores). Total direct operating expenses from property that generated rental income aggregates to ₹ 0.35 crores (31st March, 2021: ₹ 0.70 crores)

Estimation of fair value

The fair valuation of the assets is based on the perception about the macro and micro economics factors presently governing the construction industry, location of property, existing market conditions, degree of development of infrastructure in the area, demand supply conditions, internal amenities, common amenities, etc.

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement is categorised in level 3 fair value hierarchy.

Note 4: Goodwill

Movement in Goodwill during the year ended:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	3,007.29	2,934.00
Foreign currency translation adjustments	130.64	73.29
Closing balance	3,137.93	3,007.29

For impairment testing, goodwill is allocated to the CGUs which represents the lowest level within the group at which goodwill is monitored for internal management purposes. The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired. During the year, the testing did not result in any impairment in the carrying amount of goodwill.

Notes to the Consolidated Financial Statements

Note 4: Goodwill (Contd.)

Goodwill acquired in business combination, was allocated to the following cash generating units (CGUs) that are expected to benefit from that business combination:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
United States of America	1,833.90	1,769.00
South Africa	1,038.04	980.42
Yemen	131.88	127.21
India	75.46	75.46
Uganda	55.83	52.67
Others	2.82	2.53
Total	**3,137.93**	**3,007.29**

The recoverable amount of each CGUs are determined based on value in use calculated using estimated discounted cash flows.

Key assumptions upon which the Group has based its determinations of value in use includes:

a) The Group prepares its cash flow forecasts for 5 years based on the most recent financial budgets approved by Board of Directors.

b) A terminal value is arrived at by extrapolating the last forecasted year cashflows to perpetuity, using a constant long-term growth rate ranging from 0% to 5%.

c) Growth rates

The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports ranging from 0% to 33% as at 31st March, 2022 (31st March, 2021: 0% to 34%).

d) Discount rates

Management estimates discount rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) ranging from 11% to 22% as at 31st March, 2022 (31st March, 2021: 11% to 31%).

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating units.

e) Sensitivity

Reasonable sensitivities in key assumptions consequent to the change in estimated growth rate and discount rate is unlikely to cause the carrying amount to exceed the recoverable amount of the cash generating units.

Note 5: Intangible assets

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
Gross block							
Balance as at 1st April, 2020	**229.89**	**2,966.21**	**8.71**	**571.14**	**17.74**	**33.99**	**3,827.68**
Additions for the year (refer note 5.2)	34.18	49.92	-	20.05	-	65.37	169.52
Deletions and adjustments for the year	(2.11)	-	-	(14.74)	-	-	(16.85)
Foreign currency translations adjustments	2.11	38.37	(0.14)	68.70	1.66	(1.11)	109.59
Transfer to asset held for sale {refer note 2.3 (a)}	(0.39)	-	-	-	-	-	(0.39)
Balance as at 31st March, 2021	**263.68**	**3,054.50**	**8.57**	**645.15**	**19.40**	**98.25**	**4,089.55**
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
Balance as at 31st March, 2022	**274.27**	**3,319.62**	**8.71**	**684.09**	**20.55**	**99.42**	**4,406.66**
Amortisation and impairment							
Balance as at 1st April, 2020	**170.43**	**1,909.24**	**8.36**	**215.67**	**15.02**	**12.42**	**2,331.14**
Amortisation charge for the year	39.31	211.07	0.34	51.43	-	12.44	314.59
Impairment charge for the year (refer note 5.1)	-	17.32	-	3.14	-	-	20.46
Deletions and adjustments for the year	(2.08)	-	-	(15.25)	-	-	(17.33)
Foreign currency translations adjustments	0.99	(26.35)	(0.13)	35.08	2.06	(0.80)	10.85

Notes to the Consolidated Financial Statements

Note 5: Intangible assets (Contd.)

₹ in crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences and patents	Brands	Total
Transfer to asset held for sale (refer note 2.3 (a))	(0.37)	-	-	-	-	-	(0.37)
Balance as at 31st March, 2021	**208.28**	**2,111.28**	**8.57**	**290.07**	**17.08**	**24.06**	**2,659.34**
Amortisation charge for the year	33.96	219.95	-	49.97	-	2.64	306.52
Impairment charge for the year (refer note 5.1)	-	22.66	-	-	-	-	22.66
Deletions and adjustments for the year	(3.54)	(0.06)	-	-	-	-	(3.60)
Foreign currency translation adjustments	1.47	83.71	0.14	15.17	1.55	0.12	102.16
Balance as at 31st March, 2022	**240.17**	**2,437.54**	**8.71**	**355.21**	**18.63**	**26.82**	**3,087.08**
Net block							
As at 31st March, 2022	**34.10**	**882.08**	**-**	**328.88**	**1.92**	**72.60**	**1,319.58**
As at 31st March, 2021	**55.40**	**943.22**	**-**	**355.08**	**2.32**	**74.19**	**1,430.21**

i. The Group has not revalued its intangible assets.

Intangible assets under development

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	**398.05**	**403.53**
Additions during the year (refer note 5.2)	131.36	186.89
Capitalised during the year	(136.23)	(149.68)
Deletions during the year	(3.03)	(5.48)
Impairment charge during the year (refer note 5.1)	(18.10)	(25.86)
Foreign currency translations adjustments	11.23	(11.35)
Closing balance	**383.28**	**398.05**

Note 5.1: Impairment charge during the year

Due to change in business plan, the carrying amount of certain intangible assets and intangible assets under development relating to US generics, Emerging market and Europe business, the Group has recorded an impairment charge of ₹ 40.76 crores (31st March, 2021: ₹ 46.32 crores) in consolidated profit or loss to give effects to change in cash flows.

Note 5.2: Acquisition/capitalisation of intangibles

a) Significant acquisitions/capitalisation during current year

Product	Group Entity	Date of agreement/completion	₹ in crores	Type of deal
Lanreotide	Cipla USA. Inc.	17th December, 2021	84.48	Acquisition of Distribution rights

b) Significant acquisitions/capitalisation during previous year

Product	Group Entity	Date of agreement/completion	₹ in crores	Type of deal
Brand Elores - Novel and patented anti-infective product	Cipla Limited	1st July, 2020	65.37	Acquisition of Brand

The Group has recorded the acquired assets as Intangible assets under Ind AS 38 - Intangible Assets on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Company and future economic benefits are probable.

Contingent consideration (on achievement of sale target as per agreement)

As at 31st March, 2022 and 31st March, 2021, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

Notes to the Consolidated Financial Statements

Note 5.3: Intangible assets under development ageing

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st 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	-	-	-	-	-
Total	**47.97**	**49.26**	**203.06**	**82.99**	**383.28**

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st March, 2021:

₹ in crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	43.54	70.23	220.13	64.15	398.05
Projects temporarily suspended	-	-	-	-	-
Total	**43.54**	**70.23**	**220.13**	**64.15**	**398.05**

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31st March, 2022 and 31st March, 2021.

Note: On 10th May, 2021, Cipla Technologies LLC ('Ciptec'), a subsidiary of the Group had received an anticipatory material breach notice under Development and Commercialisation Agreement with Pulmatrix on co-development of Pulmazole. Ciptec has renegotiated the terms of the agreement mutually with Pulmatrix and have entered into an amended agreement with respect to co-development.

Note 6: Investment in associates[I]

₹ in crores

Particulars	As at 31st March, 2022 No's	As at 31st March, 2021 No's	As at 31st March, 2022	As at 31st March, 2021
A. Investments in unquoted equity instruments				
Equity shares of Brandmed (Pty) Limited of ZAR 1 each, fully paid	375	375	26.97	27.81
Equity shares of Stempeutics Research Private Limited of ₹ 10 each, fully paid[%]	2,05,02,525	2,05,02,525	-	-
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid[$]	6,927	6,927	3.54	2.43
B. Investments in unquoted equity instruments - carried at amortised cost				
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid[@]	1,01,800	90,000	0.01	0.01
Equity shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid[*]	7,50,000	-	0.06	-
C. Investments in quoted equity instruments				
Equity shares of Avenue Therapeutics, Inc. of USD 0.001 each, fully paid	58,33,333	58,33,333	-	190.33
D. Investments in 0.001% compulsory convertible preference shares				
Preference share of GoApptiv Private Limited of ₹ 10 each, fully paid[$]	27,706	27,706	7.20	7.20
E. Investments in debentures - carried at amortised cost				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid[@]	1,00,742	89,100	0.79	0.60
Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid[*]	67,500	-	0.56	-

Notes to the Consolidated Financial Statements

Note 6: Investment in associates[i] (Contd.)

₹ in crores

Particulars	As at 31st March, 2022 No's	As at 31st March, 2021 No's	As at 31st March, 2022	As at 31st March, 2021
F. Investment in Limited Liability Partnership (LLP) - carried at amortised cost				
33% (31st March, 2021: Nil) holding in Clean Max Auriga Power LLP*			6.68	-
			45.81	**228.38**
Aggregate amount of quoted investments and market value thereof			21.29	258.87
Aggregate amount of unquoted investments			45.81	38.05
Aggregate amount of impairment in value of investments			182.12	-

i. For investment in associates (refer note 44)

Notes for changes in current year:

* Pursuant to Limited Liability Partnership Agreement ("LLP Agreement") dated 14th December, 2021 and amendments thereof, the Cipla Limited, Holding Company has acquired 33% stake in Clean Max Auriga Power LLP ('Clean Max') for a total consideration of ₹ 6.75 crores. Further, the Holding Company has also entered in a Power Purchase Agreement ('PPA') with Clean Max to procure 100% of the output of solar energy produced for next 25 years as per the rates negotiated in the PPA. Further, in the event of termination of the contracts or completion of the PPA term, the Holding Company will receive fair market value of its investment on the date of termination/completion which is expected to be Nil at the end of the PPA term. Accordingly, the investment amount will be amortised over a period of 25 years. As the Holding Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures. However, the equity pick up will not be considered in consolidated financial statements.

Pursuant to Share Purchase, Subscription and Shareholder's agreement (SPSSA) dated 4th 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 23rd May, 2019 & amendments thereof, the Cipla Limited, Holding Company has further invested ₹ 1.17 crores in AMPSolar Power Systems Private Limited, representing 11,800 equity shares of ₹ 10 each and 11,642, 0.01% Compulsory Convertible Debenture of ₹ 1,000 each. Further, there has been no change in the stake and has been accounted in the same manner as it was accounted at the time of initial investment.

% The Group's share of losses of the Company (an associate) exceeds its interest in the Company and hence the Group has discontinued recognising its share of further losses.

Notes for changes in previous year:

$ On 9th June, 2020, the Cipla Limited, Holding Company has signed Amended and Restated Shareholders' Agreement with GoApptiv Private Limited to acquire 21.85% stake on fully diluted basis for a total consideration of ₹ 9.00 crores. Pursuant to this, the Holding Company acquired 6,927 equity shares of ₹ 10 each from the sellers via Share Purchase Agreement for a total consideration of ₹ 1.80 crores and via Share Subscription Agreement with GoApptiv Private Limited to acquire 27,706, 0.001% compulsorily convertible preference Shares of ₹ 10 each for a total consideration of ₹ 7.20 crores. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 - Investments in associates and joint ventures.

Note 7: Non-current financial assets - other investments

₹ in crores

Particulars	Face value	As at 31st March, 2022 Percentage	As at 31st March, 2021 Percentage	As at 31st March, 2022 No's	As at 31st March, 2021 No's	As at 31st March, 2022	As at 31st March, 2021
Investments in equity instruments (unquoted)*							
A. Investments at fair value through OCI							
Equity interest in Shanghai Desano Pharmaceuticals Co., Ltd.	¥ 1	16.50%	16.50%	9,55,00,000	9,55,00,000	251.99	138.13
Equity interest in Wellthy Therapeutics Private Limited	₹ 10	9.93%	9.97%	Equity shares-10 SSE CCPS 5,32,121	Equity shares-10 SSE CCPS 5,32,121	17.53	17.17
Share in profit/loss of ABCD Technologies LLP$		6.45%	12.50%			40.25	40.00
Equity interest in Swasth Digital Health Foundation*	₹ 100	4.00%	-	5,000	-	0.05	-

Notes to the Consolidated Financial Statements

Note 7: Non-current financial assets - other investments

₹ in crores

Particulars	Face value	As at 31st March, 2022 Percentage	As at 31st March, 2021 Percentage	As at 31st March, 2022 No's	As at 31st March, 2021 No's	As at 31st March, 2022	As at 31st March, 2021
B. Investment carried at fair value through profit or loss							
Equity shares of Saraswat Co-operative Bank Limited, fully paid ₹ 10,000 (31st March, 2021: ₹ 10,000)	₹ 10			1,000	1,000	0.00	0.00
C. Investment in government securities carried at amortised cost							
National saving certificates ₹ 41,000 (31st March, 2021: ₹ 41,000)						0.00	0.00
						309.82	**195.30**
Aggregate amount of unquoted investments						309.82	195.30

During the year, pursuant to the Board resolutions passed on 5th August, 2021, the Cipla Limited, Holding Company invested ₹ 0.05 crores and acquired 5,000 equity shares of Swasth Digital Health Foundation of ₹ 100 each. Swasth Digital Health Foundation is a Not-for-Profit initiative (registered under Section 8 of the Companies Act, 2013) that aims to leveraging digital technologies to improve healthcare outcomes and increase healthcare inclusion in India. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

$ On 30th March, 2021, the Cipla Limited, Holding Company has signed Restated and 2nd Amended Limited Liability Partnership Agreement ("LLP Agreement") to make strategic a investment of ₹ 40 crores in ABCD Technologies LLP (to be renamed as IndoHealth Services LLP). The investment was accounted as fair value through other comprehensive income (FVTOCI) as per Company's election in accordance with Ind AS 109 - Financial Instruments.

* Refer Note 42 for information on fair value of investments.

Note 8: Non-current financial assets - loans

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Other loans and advances	0.04	0.04
	0.04	**0.04**

Note 9: Non-current financial assets - others

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	5.97	5.37
Fixed deposit (maturity more than 12 months)	323.15	-
Capital subsidy receivable	30.26	30.26
Security deposit	50.62	52.95
Amount recoverable from supplier	7.04	7.25
	417.04	**95.83**

*Amount held as margin money under lien to tax authority and electricity department.

Note 10: Income taxes

The major components of income tax expense for the years ended 31st March, 2022 and 31st March, 2021 are:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(A) Profit or loss section		
Current income tax charge	1,136.90	1,052.72
MAT credit utilisation/entitlement	(0.64)	2.37
Adjustment in respect of deferred tax charge of previous year	12.75	15.19
Deferred tax credit/reversal on account of temporary differences	(215.20)	(181.52)
	933.81	**888.76**
(B) Other comprehensive income section		
Income tax relating to re-measurements on defined benefit plans	(4.43)	(4.79)
Income tax relating to changes in fair value of equity instruments	(11.05)	5.74
Income tax relating to cash flow hedge	(0.62)	(4.23)
	(16.10)	**(3.28)**

Notes to the Consolidated Financial Statements

Note 10: Income taxes (Contd.)

Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31st March, 2022 and 31st March, 2021:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Profit before tax	3,493.27	3,290.06
At Income tax rates applicable to respective tax jurisdiction	915.11	846.34
Effect for:		
Prior year adjustments to deferred tax	12.75	15.19
Non-deductible expenses for tax purposes	76.15	53.89
Deferred tax not recognised (net)	40.25	8.08
Utilisation of previously un-recognised DTA and MAT credit	(84.10)	(7.88)
Others	(26.35)	(26.86)
Income tax expense reported in the profit or loss	**933.81**	**888.76**
Effective income tax rate	**26.73%**	**27.01%**

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.

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unabsorbed depreciation and business loss	307.21	617.44
Capital loss	390.25	129.50
MAT credit not recognised (refer below note 3)	13.95	18.32
Total	**711.41**	**765.26**

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.)

₹ in crores

Particulars	Tax losses
2023	33.98
2024	46.35
2025	46.33
2026	112.76
2027	42.31
Thereafter	429.68
Total	**711.41**

Uncertain tax position:

The Group is subject to income taxes in India and numerous foreign jurisdictions including US and South Africa as other major jurisdictions. The Group has ongoing disputes which includes demands, notices and inquiries from income tax authorities in India and in some of the jurisdictions where they operate. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Group has disclosed amount of ₹ 22.18 crores (31st March, 2021: ₹ 51.63 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The Group has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax on undistributed earnings:

Deferred income tax liabilities on undistributed earnings of the Group subsidiaries have not been provided as such earnings are deemed to be reinvested in the business and the Group is able to control the timing of the reversals of temporary differences associated with these investments. Accordingly, temporary difference on which deferred tax liability has not been recognised amounts to ₹ 2,082.58 crores (31st March, 2021: ₹ 1,725.06 crores) There is no undistributed earnings in respect of investment in associates..

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2022:

₹ in crores

Particulars	As at 31st March, 2021	Profit or loss	Other comprehensive income	Business combination/ Disposal	Foreign currency translation	As at 31st 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	45.95	(11.67)	-	(15.18)	272.77

Notes to the Consolidated Financial Statements

Note 10: Income taxes (Contd.)

₹ in crores

Particulars	As at 31st March, 2021	Profit or loss	Other comprehensive income	Business combination/ Disposal	Foreign currency translation	As at 31st March, 2022
Allowance for credit loss	60.59	(14.65)	-	-	2.36	48.30
Deferred revenue	13.97	(2.30)	-	-	-	11.67
Provision for right of return, discounts and others	163.90	32.29	-	-	4.00	200.19
Losses available for offsetting against future taxable income (refer note below)	96.69	103.11	-	-	1.58	201.38
MAT credit entitlement/utilised	3.34	0.64	-	-	0.02	4.00
Deferred tax assets/(liabilities) (net)	**18.08**	**203.11**	**(16.10)**	**-**	**(0.22)**	**204.87**
Deferred tax assets	314.69					448.83
Deferred tax liabilities	(296.61)					(243.96)
Total	**18.08**					**204.87**

*Others include unrealised margins, provision for claims - DPCO, Hedge reserve, etc.

Movement in deferred tax assets and liabilities during the year ended 31st March, 2021:

₹ in crores

Particulars	As at 31st March, 2020	Profit or loss	Other comprehensive income	Business combination/ Disposal#	Foreign currency translation	As at 31st March, 2021
Property, plant and equipment and intangible assets	(702.00)	74.01	-	0.25	(29.81)	(657.55)
Employee benefits expense	82.05	4.71	(4.79)	(0.07)	1.57	83.47
Others*	183.09	58.25	1.51	1.91	8.91	253.67
Allowance for credit loss	75.07	(13.39)	-	(1.22)	0.13	60.59
Deferred revenue	15.23	(1.26)	-	-	-	13.97
Provision for right of return, discounts and others	140.42	24.51	-	-	(1.03)	163.90
Losses available for offsetting against future taxable income (refer note below)	74.98	19.51	-	-	2.20	96.69
MAT credit entitlement/utilised	5.72	(2.38)	-	-	-	3.34
Deferred tax assets/(liabilities) (net)	**(125.44)**	**163.96**	**(3.28)**	**0.87**	**(18.03)**	**18.08**
Deferred tax assets	239.77					314.69
Deferred tax liabilities	(365.21)					(296.61)
Total	**(125.44)**					**18.08**

*Others include unrealised margins, provision for claims - DPCO, Hedge reserve, etc.
#Pertain to Quality Chemicals Limited (ceased to be a subsidiary from 19th August, 2020).

Note:

1. Based on approved plans and budgets, the Cipla Health Limited (CHL) one of the subsidiaries of the Group has estimated that future taxable income will be sufficient to absorb carried forward unabsorbed depreciation and business losses, which management believes is probable, and accordingly CHL has recognised deferred tax assets on aforesaid losses aggregating to ₹ 93.50 crores as at 31st March, 2022 (31st March, 2021: ₹ 83.78 crores)

2. During the current year, the Group has recognised deferred tax assets of ₹ 76.00 crores on operating tax losses and timing differences, pertaining to Cipla Pharma and Life Sciences Limited (CPLS) (formerly known as 'Cipla Biotec Limited') pursuant to planned restructuring activity between the group companies.

3. Based on the reasonable evidence available for a year, Goldencross Limited, a wholly owned subsidiary has recognised ₹ 4.37 crores of unrecognised MAT credit during the year.

Notes to the Consolidated Financial Statements

Note 10: Income taxes (Contd.)

Tax assets and liabilities:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Income tax assets (net)	483.62	468.16
Income tax liabilities (net)	20.62	18.06

Note 11: Other non-current assets

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good*	0.89	0.59
Unsecured, considered good	153.28	116.58
Prepaid expenses	23.84	13.67
VAT receivable	40.90	24.73
	218.91	**155.57**

*Secured against bank guarantees

Note 12: Inventories

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,855.37	1,914.55
Work-in-progress	851.71	846.55
Finished goods	1,497.65	1,172.92
Stock-in-trade	1,062.30	667.50
Stores, spares and consumables	83.21	67.66
	5,350.24	**4,669.18**

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Goods- in-transit included above		
Raw materials and packing materials	154.18	119.11
Work-in-progress	29.86	15.33
Finished goods	144.85	171.18
Stock-in-trade	105.74	12.73
Stores, spares and consumables	0.11	-
	434.74	**318.35**

Note 12: Inventories (Contd.)

The Group recorded inventory write down (net) of ₹ 576.42 crores (31st March, 2021: ₹ 419.70 crores). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

As indicated in note 23, a notarial bond over Group inventory of ₹ 414.21 crores (31st March, 2021: ₹ 426.26 crores) (net of stock reserve) has been held as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Note 13: Current investments

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Investment in mutual funds (quoted)	2,194.97	2,286.37
(Carried at fair value through profit or loss)		
Aggregate amount of quoted investments	**2,194.97**	**2,286.37**
Aggregate market value of quoted investments	**2,194.97**	**2,286.37**

Note 14: Trade receivables

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good	3,473.53	3,507.15
Unsecured, considered doubtful	131.62	170.07
Less: Allowance for expected credit loss (refer note 42)	(180.71)	(231.54)
	3,424.44	**3,445.68**

- Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.
- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- There are no trade receivables (except which are already being provided) having significant increase in credit risk and which are credit impaired.

Notes to the Consolidated Financial Statements

Note 14: Trade receivables (Contd.)

- The Group entered into an arrangement with a bank for sale of trade receivables. Under the arrangement, the Group sold to the Bank certain of its trade receivables on a non-recourse basis. The receivables sold were mutually agreed with the Bank after considering the credit worthiness of the customers and also other contractual terms with the customer including any gross to net adjustments due to rebates, discounts, etc. from the contracted amounts, such that the receivables sold are generally lower than the net amount receivables from trade receivables. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the Bank and accordingly, the same are de-recognised in the statement of financial position. As on 31st March, 2022, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹ 460.27 crores (31st March, 2021: ₹ 466.59 crores).

- As indicated in notes 23, trade receivables of ₹ 654.20 crores (31st March, 2021: ₹ 587.10 crores) have been ceded to the bank as security for long-term and short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Trade Receivable Ageing Schedule

Ageing for trade receivables from the due date of payment for each of the category is as at 31st March, 2022 as follows:

₹ in crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payments					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed trade receivables								
- considered good	4.87	2,454.87	825.86	59.04	100.86	8.71	16.94	3,471.15
- considered doubtful	-	-	0.56	1.31	7.61	54.03	16.00	79.51
b. Disputed trade receivables								
- considered good	-	0.00	0.05	0.01	2.28	0.01	0.03	2.38
- considered doubtful	-	-	0.25	2.23	3.02	33.97	12.64	52.11
	4.87	**2,454.87**	**826.72**	**62.59**	**113.77**	**96.72**	**45.61**	**3,605.15**

Ageing for trade receivables from the due date of payment for each of the category is as at 31st March, 2021 as follows:

₹ in crores

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments					Total
			Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed Trade Receivables								
- considered good	3.56	2,510.34	780.16	152.31	20.66	8.69	29.85	3,505.57
- considered doubtful	-	-	-	0.82	49.86	48.59	14.39	113.66
b. Disputed Trade Receivables								
- considered good	-	-	-	1.58	-	-	-	1.58
- considered doubtful	-	-	0.01	10.44	35.73	5.45	4.78	56.41
	3.56	**2,510.34**	**780.17**	**165.15**	**106.25**	**62.73**	**49.02**	**3,677.22**

Note 15: Cash and cash equivalents

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with banks		
-In Current accounts	469.96	631.17
-In EEFC accounts	132.37	-
-In fixed deposits (original maturity less than 3 months)	65.39	149.75
Remittance in transit*	9.02	11.50
Cash on hand	1.00	0.87
Cash and cash equivalents in the balance sheet	**677.74**	**793.29**
Less: Bank overdraft used for cash management purpose	(19.63)	(2.86)
Cash and cash equivalents in the statement of cash flow	**658.11**	**790.43**

*Remittance in transit from Group entities.

Notes to the Consolidated Financial Statements

Note 16: Bank balance other than cash and cash equivalents

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fixed deposits with banks (original maturity between 3 months and 12 months)	1,234.82	593.11
Amount held as margin money to Government authority	4.01	3.71
Balances earmarked for unclaimed dividend*	11.91	11.12
	1,250.74	**607.94**

*The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2022 and 31st March, 2021.

Note 17: Current financial assets - loans

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Loans to employees and others	3.57	1.00
	3.57	**1.00**

Notes:

1. In line with Circular No 04/2015 issued by Ministry of Corporate Affairs dated 10th March, 2015, loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

2. There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

   (a) repayable on demand; or

   (b) without specifying any terms or period of repayment

Note 18: Current financial assets - others

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Incentives/benefits receivable from Government	109.93	144.47
Security deposits (unsecured, considered good)	0.74	1.58
Deposits #	178.05	175.08
Derivatives not designated as hedges - carried at fair value*		
Forward contracts	17.73	1.90
Derivative designated as hedges - carried at fair value*		
Forward contracts	0.41	58.40
Options	0.34	1.31
Advance gratuity	9.30	-
Fixed deposit interest receivable	23.61	7.00
Fixed deposits with banks (having remaining maturity less than 12 months)	524.14	73.54
Amount held as margin money to Government authority	0.01	0.35
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	34.13	19.61
Considered doubtful	2.45	1.01
Less: Allowance for bad and doubtful advances	(2.45)	(1.01)
	898.39	**483.24**

*Refer note 42 for information about Fair value measurement and effects of hedge accounting.

#Includes ₹ 175.08 crores as at 31st March, 2022 and 31st March, 2021 in respect of DPCO matter explained in note 45B.

Notes to the Consolidated Financial Statements

Note 19: Other current assets

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance to suppliers	192.72	170.34
Prepaid expenses	110.61	105.54
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	598.61	609.14
Others (deferred lease assets and other advances)	8.80	9.31
	910.74	894.33

Note 20: Equity share capital

₹ in crores

Particulars	Numbers	As at 31st March, 2022	Numbers	As at 31st March, 2021
Authorised				
Equity shares of ₹ 2/- each	87,50,00,000	175.00	87,50,00,000	175.00
		175.00		175.00
Issued				
Equity shares of ₹ 2/- each	80,68,14,036	161.36	80,64,63,279	161.29
		161.36		161.29
Subscribed and paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,68,14,036	161.36	80,64,63,279	161.29
		161.36		161.29

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2022	As at 31st March, 2021
Number of shares outstanding at the beginning of the period	80,64,63,279	80,62,35,329
Add: Allotment of equity shares on exercise of employee stock options (ESOS) (refer note 47)	3,50,757	2,27,950
Number of shares outstanding at the end of the period	80,68,14,036	80,64,63,279

Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number of shares	% of Holding	Number of shares	% of Holding
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%

Details of shares held by promoters in the Company

Particulars	As at 31st March, 2022		As at 31st March, 2021		% Change
	Number of shares	% to total shares	Number of shares	% to total shares	
Dr Y K Hamied	15,05,21,183	18.66%	16,39,67,687	20.33%	(1.67%)
M K Hamied	2,78,44,320	3.45%	3,45,67,572	4.29%	(0.84%)
Ms Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%

Notes to the Consolidated Financial Statements

Note 20: Equity share capital (Contd.)

Particulars	As at 31st March, 2022		As at 31st March, 2021		% Change
	Number of shares	% to total shares	Number of shares	% to total shares	
Rumana Hamied	98,86,500	1.23%	98,86,500	1.23%	0.00%
MN Rajkumar Garments LLP	-	0.00%	53,76,852	0.67%	(0.67%)
Alps Remedies Private Limited	-	0.00%	4,92,985	0.06%	(0.06%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
Total	**26,96,35,378**	**33.43%**	**29,56,74,971**	**36.67%**	**(3.24%)**

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has not issued any bonus shares, shares for consideration other than cash or bought back any shares during five years immediately preceding the reporting date.

Equity shares reserved for issue under employee stock options and share appreciation rights.

For number of stock options against which equity shares are to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR as per the relevant schemes (refer note 47).

Note 21: Other equity*

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Capital reserve	(167.04)	(165.95)
Securities premium reserve	1,631.69	1,613.31
General reserve	3,144.80	3,144.64
Employee stock options/ESAR	43.98	42.09
Retained earnings	15,669.07	13,536.98
Foreign currency translation reserve	261.09	2.70

Note 21: Other equity (Contd.)

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Financial instruments fair value through other comprehensive income	99.77	1.40
Hedge reserve	(3.03)	(9.93)
Total	**20,680.33**	**18,165.24**

* For movement in other equity, refer Statement of Changes in Equity

Nature and purpose of reserves:

Capital reserve

Capital reserve represents gain arising from business combination and loss/(gain) on account of acquisition/ divestment of non-controlling interest and profit or loss on sale, issue, purchase or cancellation of the Company's own equity instrument or purchase of ESOPs rights relating to subsidiary.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

General reserve

The general reserve is used from time to time to transfer profit from retained earning for appropriation purpose.

Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS (refer note 47).

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders.

Notes to the Consolidated Financial Statements

Note 21: Other equity (Contd.)

Foreign currency translation reserve

Foreign currency translation reserve represents the unrealised gains and losses on account of translation of reporting currency for foreign subsidiaries into the Company's presentation currency.

Financial instruments fair value through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instrument measured at fair value through other comprehensive income. The Company transfers amounts from this reserve to retained earnings when the relevant equity instruments are de-recognised/disposed off.

Hedge reserve

The hedging reserve represents the cumulative effective portion of gain or loss arising on changes in fair value of designated portion of hedging instruments (i.e., forward contracts and interest rate swap). Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow.

Note 22: Non-controlling interest

Financial information of subsidiaries that have material non-controlling interests is provided below:

A. Proportion of equity interest held by non-controlling interest:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cipla Quality Chemical Industries Limited	48.82%	48.82%
Saba Investment Limited (Group)	49.00%	49.00%
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Maroc SA	40.00%	40.00%
Cipla (Jiangsu) Pharmaceutical Co., Ltd [refer note 24 (a)]	20.00%	20.00%

B. Information regarding non-controlling interest:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Accumulated balances of material non-controlling interest:		
Cipla Quality Chemical Industries Limited	163.17	133.30
Saba Investment Limited (Group)	28.67	35.69
Jay Precision Pharmaceuticals Private Limited	59.36	57.27
Cipla Maroc SA	24.49	32.80
Total	**275.69**	**259.06**

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit/(loss) allocated to material non-controlling interest:		
Cipla Quality Chemical Industries Limited	22.36	(11.19)
Saba Investment Limited (Group)	(7.55)	(10.03)
Jay Precision Pharmaceuticals Private Limited	12.00	9.63
Cipla Maroc SA	3.09	0.49
Quality Chemicals Limited	-	(5.26)
Total	**29.90**	**(16.36)**

Summarised profit or loss for the year ended 31st 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	Quality Chemicals Limited
Revenue from operations	561.43	186.19	128.94	147.09	-
Profit for the year/period	48.28	(8.74)	30.25	8.57	-
Other comprehensive income	-	-	0.08	-	-
Total comprehensive income	**48.28**	**(8.74)**	**30.33**	**8.57**	**-**
Dividends paid to non-controlling interests	-	-	(9.95)	(9.80)	-

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd.)

Summarised profit or loss for the year ended 31st March, 2021

₹ in crores

Particulars	Name of the subsidiary: Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Quality Chemicals Limited
Revenue from operations	569.58	228.97	94.77	116.68	9.44
Profit for the year/period	(18.73)	(13.03)	24.32	2.23	(2.15)
Other comprehensive income	-	-	(0.09)	-	-
Total comprehensive income	**(18.73)**	**(13.03)**	**24.23**	**2.23**	**(2.15)**
Dividends paid to non-controlling interests	-	-	-	(5.26)	-

Summarised balance sheet as at 31st March, 2022

₹ in crores

Particulars	Name of the subsidiary: Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Non-current assets	163.31	48.76	97.87	41.82
Non-current liabilities	45.16	-	4.86	-
Net non-current assets	**118.15**	**48.76**	**93.01**	**41.82**
Current assets	367.61	192.24	68.44	84.54
Current liabilities	151.95	205.96	11.86	56.06
Net current assets	**215.66**	**(13.72)**	**56.58**	**28.48**
Total equity	**333.81**	**35.04**	**149.59**	**70.30**

Summarised balance sheet as at 31st March, 2021

₹ in crores

Particulars	Name of the subsidiary: Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Non-current assets	165.91	51.82	98.78	60.09
Non-current liabilities	54.91	-	4.85	-
Net non-current assets	**111.00**	**51.82**	**93.93**	**60.09**
Current assets	290.75	144.55	55.57	64.65
Current liabilities	132.34	150.43	5.38	35.56
Net current assets	**158.41**	**(5.88)**	**50.19**	**29.09**
Total equity	**269.41**	**45.94**	**144.12**	**89.18**

Summarised cash flow information as at 31st March, 2022

₹ in crores

Particulars	Name of the subsidiary: Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Operating activities	33.31	(14.45)	35.88	(8.00)
Investing activities	(16.81)	(4.23)	(5.75)	0.19
Financing activities	(14.72)	(3.36)	(24.86)	-
Net increase/(decrease) in cash and cash equivalents	**1.78**	**(22.04)**	**5.27**	**(7.81)**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (Contd.)

Summarised cash flow information as at 31st March, 2021

₹ in crores

Particulars	Name of the subsidiary			
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA
Operating activities	55.07	(97.54)	31.79	1.44
Investing activities	(20.36)	211.28	(5.62)	(0.16)
Financing activities	66.55	(108.47)	-	-
Net increase/(decrease) in cash and cash equivalents	**101.26**	**5.27**	**26.17**	**1.28**

Note 23: Financial liabilities: borrowings

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(a) Non-current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Term loan from banks*	376.20	355.32
Unsecured loans:		
Term loan from banks**	54.60	1,065.51
Total non-current borrowings	**430.80**	**1,420.83**
Less: Current maturities of non-current borrowings (classified as short-term borrowing)	**14.56**	**218.08**
Net non-current borrowings	**416.24**	**1,202.75**
(b) Current (refer note 42)		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Loans repayable on demand		
Loan from bank#	-	37.04
Unsecured loans:		
Loans repayable on demand		
Bank overdraft$	19.63	2.86
Working capital line of credit##	371.38	292.44
Other loans###	2.33	2.39
Current maturities of non-current borrowings		
Term loan from banks	14.56	218.08
Total current borrowings	**407.90**	**552.81**

Note: Borrowings obtained during the year have been used for the purpose for which they have been obtained.

***Term loan from banks (Secured)**

Term loan of ₹ 376.20 crores (31st March, 2021: ₹ 355.32 crores) is obtained by Cipla Medpro South Africa (Pty) Limited. This loan bears interest at rates linked to the Johannesburg Interbank Average Rate ("JIBAR rate"). The loan is repayable in full in 2 instalments of ZAR 300 million and ZAR 420 million on 07th May, 2023 and 30th June, 2023 respectively (31st March 2021: ZAR 300 million and ZAR 420 million on 07th February, 2023 and 31st March, 2023 respectively). This loan is secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited. There is no requirement for submission of quarterly returns or statement of current assets to banks for the secured loan.

****Term loan from banks (Unsecured)**

Previous year includes loans of ₹ 999.09 crores taken by the Company's wholly-owned subsidiaries in connection with acquisition of two US based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. These loans carried interest at LIBOR/alternate reference rate + 0.96% p.a. and guarantee given by Cipla Limited to the bankers for repayment of principal and interest thereon. These loans have been fully repaid in the current year, within schedule due dates.

Includes loan of ₹ 54.60 crores (31st March, 2021: ₹ 66.42 crores) taken by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited. The term loan is repayable in equal quarterly instalments of USD 475,000 per quarter. This loan carries an interest at 3.5% above 3 months LIBOR/alternate reference rate p.a.

#Loan repayable on demand (Secured)

Previous year includes loan repayable on Demand of ₹ 37.04 crores obtained by Cipla Medpro South Africa (Pty) Limited. This loan bears interest at rates linked to the JIBAR rate. The loan was repayable on demand. This loan was secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited. This loan has been fully repaid in the current year.

Notes to the Consolidated Financial Statements

Note 23: Financial liabilities: borrowings (Contd.)

$Bank overdraft

₹ in crores

Bank	Entity	Interest Rate	As at 31st March, 2022	As at 31st March, 2021
Standard Chartered Bank Uganda Limited	Cipla Quality Chemical Industries Limited	31st March, 2021: 3% above 6 months LIBOR/alternate reference rate	-	2.86
HSBC Bank	Cipla Europe NV	31st March, 2022, Main Refinancing Operations rate published by the European Central Bank ("ECB") + 1.25%	15.94	-
HSBC Bank	Cipla (EU) Limited	31st March, 2022, Relevant Base Rate + 1.3% per annum	3.69	-
Total			**19.63**	**2.86**

Working capital line of credit

₹ in crores

Bank	Entity	Interest Rate	As at 31st March, 2022	As at 31st March, 2021
HDFC Bank	Cipla USA. Inc.	31st March, 2022: 1.30% to 1.45% (31st March, 2021: 1.35% to 1.46% p.a.)	144.00	292.44
HSBC Bank	Cipla USA. Inc.	31st March, 2022: 1.43% to 1.82% (31st March, 2021: Nil)	227.38	-
Total			**371.38**	**292.44**

###Other loans

Other borrowings consist of loans obtained by Cipla Maroc SA of ₹ 2.33 crores (31st March, 2021: ₹ 2.39 crores) which is repayable on demand carries interest rate of 5.01% p.a. (31st March, 2021: 5.01% p.a.)

Reconciliation of borrowings

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance		
Non-current borrowings	1,202.75	2,369.28
Current borrowings	549.95	353.90
	1,752.70	**2,723.18**
Movement of borrowings		
Proceeds from non-current borrowings	-	70.49
Repayment of non-current borrowings	(1,041.21)	(1,021.75)
(Repayments)/proceed of current borrowings (net)	34.98	(41.87)
Foreign exchange movement	52.89	12.31
Other non-cash items	5.15	10.34
	(948.19)	**(970.48)**
Closing balance		
Non-current borrowings	416.24	1,202.75
Current borrowings	388.27	549.95
	804.51	**1,752.70**
Add: Bank overdraft	19.63	2.86
Total	**824.14**	**1,755.56**

Note 24: Other financial liabilities - non-current

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(Carried at amortised cost, except otherwise stated)		
Security deposits	53.12	56.01
Deferred consideration	12.50	13.45
Put option liability - Fair value through profit or loss (refer note (a) below)	34.75	28.26
	100.37	**97.72**

(a) Cipla (Jiangsu) Pharmaceutical Co., Ltd

Cipla (Jiangsu) Pharmaceutical Co., Ltd ('Cipla Jiangsu') is a less than wholly-owned subsidiary of the Company. The investment agreement between Cipla (EU) Limited, Cipla Jiangsu and Non-Controlling Interest ('NCI') shareholders of Cipla Jiangsu sets out that the NCI shareholders of Cipla Jiangsu shall be entitled to an exit option after expiry of lock-in-period at a price as defined in investment agreement. A liability is recognised for such put option issued by the Group over the equity of Cipla Jiangsu at the gross amount payable aggregating ₹ 34.75

Notes to the Consolidated Financial Statements

Note 24: Other financial liabilities - non-current (Contd.)

crores (including ₹ 9.96 crores for interest accrued) [31st March, 2021: ₹ 28.26 crores (including ₹ 4.95 crores for interest accrued)]. Such amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology enunciated in the investment agreement.

Note 25: Provisions

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Provision for employee benefits (refer note 46)	100.22	116.17
	100.22	116.17
Current		
Provision for employee benefits (refer note 46)	265.43	282.43
Provision for claims - DPCO (refer note below and note 45B)	118.49	111.15
Provision for anticipated claims on pricing	29.40	24.98
Provision for right of return/ discounts and others (refer note below)	803.47	656.23
Provision for amount payable to partner	4.21	3.53
	1,221.00	1,078.32

Provision is made for right of return/discount and others in respect of products sold as per the contractual terms and conditions. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in relation to the current period are consistent with those in the prior year.

Movement of provisions for Claims - DPCO, Provision for anticipated claims on pricing and provision for right of return/ discounts and others:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Claims - DPCO (refer note 45B)		
Balance at the beginning of the year	**111.15**	**104.26**
Provided during the year	7.34	6.89
Utilised/reversed/payout during the year	-	-
Balance at the end of the year	118.49	111.15
Provision for anticipated claims on pricing		
Balance at the beginning of the year	**24.98**	**22.15**

Note 25: Provisions (Contd.)

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provided during the year	4.42	2.83
Utilised/reversed/payout during the year	-	-
Balance at the end of the year	29.40	24.98
Provision for right of return/ discounts and others		
Balance at the beginning of the year	**656.23**	**599.66**
Provided during the year	937.59	1,083.84
Utilised/reversed/payout during the year	(798.55)	(1,023.31)
Foreign currency translation	8.20	(3.96)
Balance at the end of the year	803.47	656.23

Note 26: Other non-current liabilities

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Deferred government grant	6.83	7.58
Deferred revenue	44.38	55.01
Deferred lease income	0.25	1.02
	51.46	63.61

Note 27: Trade payables

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises	175.12	69.33
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,332.98	1,997.49
	2,508.10	2,066.82

- The above amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

Note 27: Trade payables (Contd.)

Disclosure as required by Micro, Small and Medium Enterprises Development Act, 2006

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
A. (i) Principal amount remaining unpaid	175.12	69.33
A. (ii) Interest amount remaining unpaid	-	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
D. Interest accrued and remaining unpaid	-	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Note: Identification of micro and small enterprises is basis intimation received from vendors

Trade Payables Ageing Schedule

Ageing for trade payables from the due date of payment for each of the category is as at 31st March, 2022 as follows:

₹ in crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 year	2-3 years	More than 3 years	
a. Undisputed trade payables							
-MSME	-	175.12	-	-	-	-	175.12
-Others	-	864.72	1,247.80	99.29	44.49	58.57	2,314.87
b. Disputed trade payables							
-MSME	-	-	-	-		-	-
-Others	-	-	11.18	5.53	1.40	-	18.11
	-	**1,039.84**	**1,258.98**	**104.82**	**45.89**	**58.57**	**2,508.10**

Ageing for trade payables from the due date of payment for each of the category is as at 31st March, 2021 as follows:

₹ in crores

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 year	2-3 years	More than 3 years	
a. Undisputed trade payables							
-MSME	-	69.33	-	-	-	-	69.33
-Others	-	509.90	1,250.66	68.40	83.14	72.08	1,984.18
b. Disputed trade payables							
-MSME	-	-	-	-	-	-	-
-Others	-	4.95	6.98	1.38	-	-	13.31
	-	**584.18**	**1,257.64**	**69.78**	**83.14**	**72.08**	**2,066.82**

Notes to the Consolidated Financial Statements

Note 28: Other financial liabilities - current

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend *	11.91	11.12
Security deposits	2.76	3.33
Capital creditors	82.92	55.60
Employee dues	118.02	145.04
Derivative designated as hedge - carried at fair value (refer note 42)		
Forward contracts	13.81	16.98
Interest rate swap	-	9.70
Import advance licences	17.10	22.13
Deferred consideration	29.05	39.77
Accrued expenses	95.26	151.28
	370.83	**454.95**

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

Note 29: Other current liabilities

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance from customers	61.44	19.01
Amount refundable/ adjustable to customers	12.48	20.64
Income received in advance	3.01	5.01
Other payables:		
Statutory dues	217.02	188.93
Deferred government grant	0.36	0.75
Deferred revenue	16.52	124.64
Others	0.23	0.24
	311.06	**359.22**

Note 30: Revenue from sale of products

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Sale of products (refer note below)	21,623.36	18,988.52
	21,623.36	**18,988.52**

Note 30: Revenue from sale of products (Contd.)

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(i) **Disaggregation of revenue**

The Group's revenue disaggregated by business unit is as follows:

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Sale of products		
(1) India - Trade and Branded Generics	9,827.21	7,735.55
(2) North America (USA)	4,413.30	4,080.59
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,677.20	3,449.57
(4) Emerging Markets (EM)	1,983.77	1,851.31
(5) Europe	880.68	981.72
(6) Active Pharmaceutical Ingredient (API)	760.43	797.57
(7) Others	80.77	92.21
	21,623.36	**18,988.52**

(ii) **Reconciliation of revenue from sale of products with the contracted price**

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Contracted price	29,579.21	28,056.25
Less: trade discounts, chargeback, sales and expiry return, Medicaid, etc.	(7,955.85)	(9,067.73)
Sale of products	**21,623.36**	**18,988.52**

(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 31st March, 2022, the Group has ₹ 23.25 crores (31st March, 2021: ₹ 19.64 crores) as contract asset.

Notes to the Consolidated Financial Statements

Note 30: Revenue from sale of products (Contd.)

(iv) **Contract liabilities from contracts with customers**

The Group records a contract liability when cash payments are received or due in advance of its performance.

Contract liabilities

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance from customers	61.44	19.01
Amount refundable/ adjustable to customers	12.48	20.64
Deferred revenue	60.90	179.65

Deferred revenue

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Balance at the beginning of the year	**179.65**	**66.07**
Revenue recognised during the year	(122.68)	(40.80)
Milestone payment received during the year	3.93	7.24
Variable consideration	-	147.14
Balance at the end of the year	**60.90**	**179.65**

(v) **Information about major customer**

No single external customer represents 10% or more of the Group's total revenue for the years ended 31st March, 2022 and 2021, respectively.

Note 31: Other operating revenue

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Rendering of services	9.40	8.31
Export incentives#	37.55	97.34
Technical know-how and licensing fees	16.47	6.57
Scrap sales	33.65	20.54
Sale of marketing and product license	13.80	11.24
Goods and service tax area based incentive	21.85	18.52
Miscellaneous income*	7.26	8.55
	139.98	**171.07**

*Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

#Pursuant to withdrawal of Export incentive under MEIS the Indian entities of the Group have recognised the benefit upto 31st August, 2020 only.

Note 32: Other income

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest income -		
Bank deposit	54.78	32.02
Income tax refund	17.75	7.04
Others	7.09	8.20
Dividend income*	0.01	21.64
Other non-operating income -		
Government grants$	1.36	1.37
Net gain on foreign currency transaction and translation	21.62	29.22
Net gain on sale of investment -		
Current investments carried at FVTPL	77.22	52.79
Non-current investments	-	(3.78)
Net gain on disposal of property, plant and equipments	8.68	3.01
Fair value gain on financial instruments at FVTPL	2.02	12.08
Sundry balances written back	6.37	0.06
Insurance claim ~	27.48	1.52
Rent income	11.36	14.77
Litigation settlement income [refer note (i) below]	2.67	67.01
Income from vendor settlement	12.39	-
Miscellaneous income#	30.11	19.04
	280.91	**265.99**

$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.

#Income below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.

*Previous year includes dividend received from Shanghai Desano Pharmaceuticals Co. Ltd- FVOCI investment.

~ On 13th July 2021, Cipla Medpro South Africa (Pty) Limited (CMSA), a Subsidiary Company having its manufacturing facility in Durban, South Africa, faced civil unrest. CMSA implemented adequate contingency measures to ensure continuity of medicine supply and managed to restore the manufacturing facility within 4 weeks. CMSA recovered ₹ 62.23 crores as the insurance claim out of which claim amounting to ₹ 42.80 crores have been offset against respective expenses heads and ₹ 19.43 crores has been accounted as other income in the statement of profit or loss.

Note :

(i) Previous year includes litigation settlement income received from innovator pursuant to a settlement agreement entered into on 18th December, 2020. The agreement effectively settles all outstanding claims in the litigation. Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell certain volume-limited amounts of certain product in the US beginning on a confidential date that is some time after March 2022. For each consecutive twelve-months period (or part thereof) following the volume-limited entry date until 31st January, 2026, the volume of certain product sold by Cipla cannot exceed certain agreed-upon percentages. In addition, Innovator has agreed to provide Cipla with a license to its patent required to manufacture and sell an unlimited quantity of certain product in the US beginning no earlier than 31st January, 2026.

Notes to the Consolidated Financial Statements

Note 33: Cost of materials consumed

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cost of materials consumed	5,533.13	4,886.43
	5,533.13	**4,886.43**

Note 34: Purchases of stock-in-trade

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Purchases of stock-in-trade	3,687.16	2,658.17
	3,687.16	**2,658.17**

Note 35: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Opening Stock		
Work-in-progress	846.55	822.87
Finished goods	1,172.92	1,066.11
Stock-in-trade	667.50	605.28
	2,686.97	**2,494.26**
Less: Closing Stock (refer note 12)		
Work-in-progress	851.71	846.55
Finished goods	1,497.65	1,172.92
Stock-in-trade	1,062.30	667.50
	3,411.66	**2,686.97**
(Increase)/decrease	**(724.69)**	**(192.71)**

Note 36: Employee benefits expense

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries and wages	3,163.06	2,929.18
Contribution to provident and other funds (refer note 46)	164.14	148.16
Share based payments expense (refer note 47)	24.12	19.54
Staff welfare expenses	178.59	154.95
	3,529.91	**3,251.83**

Note 37: Finance costs

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest expense on long-term and short-term borrowings	71.40	117.82
Interest on lease liabilities (refer note 2.2)	18.26	20.18
Interest on discounting of trade receivables	7.85	8.09
Interest on provision for claims - DPCO	7.34	6.89
Other finance cost (including interest on taxes)	1.50	7.72
	106.35	**160.70**

Note 38: Depreciation, impairment and amortisation expense

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation on property, plant and equipment [refer note 2.1 (a)]	601.79	597.16
Impairment of property, plant and equipment [refer note 2.1 (a)]	12.94	16.00
Impairment of capital work-in-progress [refer note 2.1 (b)]	8.17	2.22
Depreciation on right-of-use assets (refer note 2.2)	79.52	88.82
Depreciation on investment properties (refer note 3)	2.25	2.55
Amortisation of intangible assets (refer note 5)	306.52	314.59
Impairment of intangibles (refer note 5)	22.66	20.46
Impairment of intangible assets under development (refer note 5)	18.10	25.86
	1,051.95	**1,067.66**

Notes to the Consolidated Financial Statements

Note 39: Other expenses

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Manufacturing expenses	601.16	547.36
Stores and spares	132.96	121.13
Repairs and maintenance:		
Buildings	39.20	31.72
Plant and equipment	155.41	122.76
Insurance	73.65	62.60
Rent (refer note 2.2)	78.18	75.86
Rates and taxes	100.27	68.06
Power and fuel	331.03	308.26
Travelling and conveyance	203.32	126.88
Sales promotion expenses	1,058.83	800.43
Commission on sales	260.33	200.51
Freight and forwarding	350.84	297.68
Allowance for credit loss (net) (refer note 42)	(40.82)	39.48
Contractual services	258.81	250.63
Non-executive directors remuneration (refer note 48)	12.33	10.02
Courier and telephone expenses	34.03	29.71
Legal and professional fees	698.81	609.29
Payment to auditors (refer note ii below)	5.48	3.59
Corporate social responsibility (CSR) expenditure (refer note 49)	55.76	45.27
Donations	34.52	5.37
Research - clinical trials, samples and grants	265.68	132.73
Miscellaneous expenses *	475.27	414.10
	5,185.05	**4,303.44**
i Expense below 1% of revenue from operation is aggregated in accordance with Schedule III to the Companies Act, 2013.		
ii Payment to auditors include:		
Audit fees	4.01	2.19
Tax audit fees	0.35	0.35
For other services (includes consolidation fees, certifications, etc.)	1.04	0.99
Reimbursement of expenses	0.08	0.06
	5.48	**3.59**

Revenue expenditure aggregating to ₹ 1,080.18 crores (31st March, 2021: ₹ 866.74 crores) on research and development activities to the in-house research of new products has been charged through natural heads of accounts.

Note 40: Other comprehensive income

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
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 (e)]	17.57	19.02
(ii) Re-measurements of post-employment benefit obligation (Non-controlling interest) [refer note 46 (e)]	0.03	(0.03)
(iii) Changes in fair value of FVTOCI financial instruments	109.42	(57.40)
	127.02	**(38.41)**
(2) Income tax relating to items that will not be reclassified to profit or loss		
(i) Income tax relating to re-measurements of post employment benefit obligation	(4.43)	(4.79)
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(11.05)	5.74
	(15.48)	**0.95**
	111.54	**(37.46)**
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)	258.39	194.38
(ii) Exchange difference on translation of foreign operations (Non-controlling interest)	6.84	(13.57)
(iii) Cash flow hedge and interest rate swap (refer note 42)	7.52	22.37
	272.75	**203.18**
(2) Income tax relating to Items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge and interest rate swap	(0.62)	(4.23)
	(0.62)	**(4.23)**
	272.13	**198.95**
	383.67	**161.49**

Notes to the Consolidated Financial Statements

Note 41: Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares which includes all stock options granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Disclosure as required by Indian Accounting Standard (Ind AS) 33 - Earnings per share:

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit after tax attributable to equity shareholders as per profit or loss (₹ in crores)	2,516.75	2,404.87
Basic weighted average number of equity shares outstanding	80,66,68,279	80,63,58,447
Basic earnings per share of par value ₹ 2/- per share	31.20	29.82
Add: Dilutive impact of employee stock options/ESAR	7,72,668	9,38,507
Diluted weighted average number of equity shares outstanding	80,74,40,947	80,72,96,954
Diluted earnings per share of par value ₹ 2/- per share	31.17	29.79

Note 42: Financial Instrument

A. Fair value measurement

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amount of trade receivable, trade payable, capital creditors, loans, margin deposit, security deposit, incentives/ benefits receivable from government, cash and cash equivalents, other bank balances and other receivables as at 31st March, 2022 and 31st March, 2021 are considered to be the same as their fair values, due to their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and short-term borrowings subsequently measured at amortised cost is not significant in each of the year presented.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rate and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of following:

Level 1 - category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quotes in an active market.

Level 2 - category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of Group's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

The carrying value and fair value of financial instruments by categories as of 31st March, 2022 were as follows:

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	61.42	-	-	89.88
Investment in associates (refer note 6)	8.10	-	-	8.10
Investment in National saving certificates (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	2,194.97	2,194.97	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	0.00
Derivatives not designated as hedge (refer note 18)	17.73	-	17.73	-
Financial assets at fair value through other comprehensive income				
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	-
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 2.2)	231.64	-	-	231.64
Borrowings (refer note 23)	824.14	-	-	824.14
Financial liabilities at fair value through profit and loss				
Put option liability (refer note 24)	34.75	-	-	34.75
Financial liabilities at fair value through other comprehensive income				
Derivative designated as hedge (refer note 28)	13.81	-	13.81	-

The carrying value and fair value of financial instruments by categories as of 31st March, 2021 were as follows:

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	*Level 2*	*Level 3*
Financial assets:				
Financial assets at amortised cost				
Investment properties (refer note 3)	121.75	-	-	162.70
Investment in associates (refer note 6)	0.61	-	-	0.61
Investment in National saving certificates (refer note 7)	0.00	-	-	0.00
Financial assets at fair value through profit or loss				
Investments in mutual funds (refer note 13)	2,286.37	2,286.37	-	-
Investment in equity shares of Saraswat Co-operative Bank Limited (refer note 7)	0.00	-	-	0.00
Derivative not designated as hedge (refer note 18)	1.90	-	1.90	-
Financial assets at fair value through other comprehensive income				
Investments in equity instrument (refer note 7)	155.30	-	-	155.30

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

₹ in crores

Particulars	Carrying value	Fair Value		
		Level 1	Level 2	Level 3
Investment in limited liability partnership firm (refer note 7)	40.00	-	-	40.00
Derivative designated as hedge (refer note 18)	59.71	-	59.71	-
Financial liabilities:				
Financial liabilities at amortised cost				
Lease liabilities (refer note 2.2)	258.85	-	-	258.85
Borrowings (refer note 23)	1,755.56	-	-	1,755.56
Financial liabilities at fair value through profit and loss				
Put option liability (refer note 24)	28.26	-	-	28.26
Financial liabilities at fair value through other comprehensive income				
Interest rate swap used for hedging (refer note 28)	9.70	-	9.70	-
Derivative designated as hedge (refer note 28)	16.98	-	16.98	-

B. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Group's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables, security deposit, loan and advances etc., arises from its operation.

The Group has constituted a Risk Management Committee consisting of a majority of directors and senior managerial personnel. The Group has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Group's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Group level.

The Audit Committee of the Board reviews the risk management framework at periodic intervals.

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices. The Group's size and operations result in it being exposed to the following market risks that arise from its use of financial instruments:

- currency risk;
- price risk; and
- interest rate risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below.

(a) Currency risk:

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. The Group also holds derivative financial instruments such as foreign exchange forward and currency option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected as the Rupee (INR) appreciates/ depreciates against US Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR) , Australian Dollar (AUD) and other currencies.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

Foreign exchange risk

(i) Foreign exchange derivatives and exposures outstanding at the year end

₹ in crores

Nature of Instrument	Currency	Cross Currency	As at 31st March, 2022	As at 31st March, 2021
Forward contracts - Sold	USD	INR	3,154.40	2,885.12
Foreign exchange currency option contracts - sold and bought	USD	INR	272.85	270.50
Forward contracts - Sold	ZAR	INR	444.06	660.27
Forward contracts - Sold	AUD	INR	104.86	94.68
Forward contracts - Sold	GBP	INR	133.57	90.68
Forward contracts - Sold	EUR	INR	138.12	-
Forward contracts - Bought	USD	ZAR	260.41	258.47
Forward contracts - Bought	EUR	ZAR	34.35	23.06
Unhedged foreign exchange exposures:				
- Trade and other receivables			502.40	577.66
- Cash and cash equivalents			179.68	71.14
- Trade and other payables			(477.91)	(364.49)
- Borrowings			(57.69)	(48.62)

Note: The Group uses foreign exchange forward and currency option contracts for hedging purposes.

(ii) Foreign currency risk from financial instruments:

₹ in crores

Particulars	As at 31st 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)
Net assets/(liabilities)	**224.84**	**(60.31)**	**23.16**	**(27.50)**	**(13.71)**	**146.48**

₹ in crores

Particulars	As at 31st March, 2021					
	US dollars	Euro	GBP	ZAR	Other	Total
Trade and other receivables	380.61	80.38	36.54	33.27	46.86	577.66
Cash and cash equivalents	37.11	3.86	29.77	-	0.40	71.14
Trade and other payables	(242.46)	(57.67)	(23.67)	(3.89)	(36.80)	(364.49)
Borrowings	(48.62)	-	-	-	-	(48.62)
Net assets/(liabilities)	**126.64**	**26.57**	**42.64**	**29.38**	**10.46**	**235.69**

(iii) Sensitivity analysis

A reasonably possible change in foreign exchange rates by 5% (31st March, 2021: 5%) would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Movement in exchange rate		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Impact on profit/loss		
USD - INR	11.24	6.33
EUR - INR	(3.02)	1.33
GBP - INR	1.16	2.13
ZAR - INR	(1.38)	1.47
Other currency	(0.69)	0.52

(b) **Price risk**

The Group is mainly exposed to the price risk due to its investment in debt mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2022, the investments in debt mutual funds amounts to ₹ 2,194.97 crores (31st March, 2021: ₹ 2,286.37 crores). These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in debt mutual funds. A 1% increase in prices would have led to approximately an additional ₹ 21.95 crores gain in profit or loss (31st March, 2021: ₹ 22.86 crores gain). A 1% decrease in prices would have led to an equal but opposite effect.

(c) **Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Group's interest rate risk mainly arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. During 31st March, 2022 and 31st March, 2021, the Group borrowings at variable rate were mainly denominated in USD and ZAR.

Exposure to interest rate risk

The Group's interest rate risk arises from borrowings. The Group adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate by hedging interest rate swaps. The borrowings profile of the Group's interest-bearing financial instruments as reported to the Management of the Group is as follows:

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Variable rate instruments		
Financial liabilities	824.14	1,755.56

₹ in crores

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Weighted average interest cost	Balance	% of total loans	Weighted average interest cost	Balance	% of total loans
Borrowings	4.32%	824.14	100%	3.24%	1,755.56	100%
Interest rate swap (notional principal amount)		-			804.21	
Net exposure to cash flow interest rate risk		824.14			951.35	

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Impact on profit/loss		
Increase	(4.12)	(4.76)
Decrease	4.12	4.76

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31st March, 2022 from such receivables on account of business continuity.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Details of financial assets – not due, past due and impaired

None of the Group's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31st March, 2022.

For ageing analysis of the receivable (gross of provision) - Refer note 14

Expected credit loss:

In accordance with Ind AS 109 - Financial Instruments, the Group uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - Revenue from Contracts with Customers. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

The details of changes in allowance for credit losses during the year ended 31st March, 2022 and 31st March, 2021 for trade receivables are as follows:

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Opening Balance	**231.54**	**288.56**
Provided during the year	27.28	96.66
Reversals of provision	(68.10)	(57.18)
Written off during the year	(16.06)	(85.90)
Effects of changes in foreign exchange rate	6.05	(7.41)
Other adjustment	-	(3.19)
Closing Balance	**180.71**	**231.54**

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 31st March, 2022 and 31st March, 2021. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2022:

₹ in crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non-derivative:				
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**
Derivative:				
Derivative designated as hedge	13.81	-	-	**13.81**
	3,385.72	**614.74**	**107.74**	**4,108.20**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2021:

₹ in crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non-derivative:				
Borrowings				
Current borrowings	334.73	-	-	**334.73**
Current maturities of non-current borrowings	218.08	-	-	**218.08**
Non-current borrowings	-	1,202.75	-	**1,202.75**
Trade payables	2,066.82	-	-	**2,066.82**
Other financial liabilities	454.95	47.27	50.45	**552.67**
Lease liabilities	73.29	192.83	75.72	**341.84**
Derivative:				
Derivative designated as hedge	26.68	-	-	**26.68**
	3,174.55	**1,442.85**	**126.17**	**4,743.57**

Impact of hedging

The Group uses foreign exchange forward/options contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR and ZAR sales. Such derivative financial instruments are governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established. Further, the Group has taken interest rate swap to hedge its term loan from banks which are at variable interest rates.

a) Disclosure of effects of hedge accounting in Group's balance sheet

₹ in crores

Type of hedge and risks	Nominal amount	Carrying amount		Maturity date	Hedge ratio*	Weighted average strike price/rate
		Assets	Liabilities			
31st March, 2022						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	294.75	-	13.81	April 2022 - March 2023	1:1	USD 1 = ZAR 15.66 EUR 1 = ZAR 17.36

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
Foreign exchange forward contracts (refer note 18)	2,893.87	0.41	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.46 ZAR 1 = ₹ 5.05 AUD 1 = ₹ 58.43
Foreign exchange currency options contracts - Sold (refer note 18)	272.85	(1.46)	-	April 2022 - March 2023	1:1	USD 1 = ₹ 78.32
Foreign exchange currency options contracts - Bought (refer note 18)	272.85	1.80	-	April 2022 - March 2023	1:1	USD 1 = ₹ 77.61
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	1,081.13	17.73	-	April 2022 - March 2023	1:1	USD 1 = ₹ 76.78 ZAR 1 = ₹ 4.85 AUD 1 = ₹ 56.64 GBP 1 = ₹ 102.36 EUR 1 = ₹ 86.94

₹ in crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2021						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 28)	281.53	-	16.98	April 2021 - March 2022	1:1	USD 1 = ZAR 15.94 EUR 1 = ZAR 18.51
Foreign exchange forward contracts (refer note 18)	3,172.31	58.40	-	April 2021 - March 2022	1:1	USD 1 = ₹ 77.59 ZAR 1 = ₹ 4.70
Foreign exchange currency options contracts - Sold (refer note 18)	270.50	(2.23)	-	April 2021 - March 2022	1:1	USD 1 = ₹ 79.68
Foreign exchange currency options contracts - Bought (refer note 18)	270.50	3.54	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.32
Interest rate risk						
Interest rate swap (refer note 28)	804.21	-	9.70	April 2021 - March 2022	1:1	2.30%
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	558.43	1.90	-	April 2021 - March 2022	1:1	USD 1 = ₹ 74.16 ZAR 1 = ₹ 4.90 AUD 1 = ₹ 56.76 GBP 1 = ₹ 102.55

*The foreign currency forward contracts and currency options contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

b) Disclosure of effects of hedge accounting in Group's profit or loss and other comprehensive income

₹ in crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit and loss
31st March, 2022			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	41.65	-	(52.99)
ii) Interest rate swap (refer note 40)	8.41	-	10.44

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd.)

₹ 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
31st March, 2021			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	(22.19)	-	37.45
ii) Interest rate swap (refer note 40)	7.11	-	-

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationships exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

c) **Movement in cash flow hedge reserve and cost of hedge reserve**

₹ in crores

Derivative Instruments	As at 31st March, 2022			As at 31st March, 2021		
	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve	Foreign exchange forward/currency options contracts	Interest rate swap	Total hedge reserve
Cash flow hedging reserve						
Opening balance	**5.39**	**(15.32)**	**(9.93)**	**(6.65)**	**(21.42)**	**(28.07)**
Add: Changes in fair value	41.65	8.41	50.06	(22.19)	7.11	(15.08)
Less: Amount reclassified to profit or loss	(52.99)	10.44	(42.55)	37.45	-	37.45
Less: Deferred tax relating to above (net)	2.92	(3.53)	(0.61)	(3.22)	(1.01)	(4.23)
Closing balance	**(3.03)**	**-**	**(3.03)**	**5.39**	**(15.32)**	**(9.93)**

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 31st March, 2022	As at 31st March, 2021
Total debt	1,055.78	2,014.41
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months.	4,111.54	3,676.48
Net debt (A)	**(3,055.76)**	**(1,662.07)**
Total equity (B)	21,117.38	18,585.59
Net debt to equity ratio (A/B)	**(0.14)**	**(0.09)**

Notes to the Consolidated Financial Statements

Note 43: Capital Management (Contd.)

(B) Loan covenants

Under the year ended 31st March, 2022, the Group has repaid major borrowing facilities, the Group was required to comply with following financial covenants in the previous year and upto the date of repayment:

(a) the ratio of total debt to EBITDA on the last day of each relevant period shall not exceed 3.50:1

(b) the ratio of total debt to tangible net worth on the last day of each relevant period shall not exceed 2:1; and

(c) the ratio of EBITDA to gross interest and finance charges shall not be less than 3.50:1.

The Group has complied with these covenants throughout the reporting periods.

(C) Dividend on equity share

₹ in crores

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) Dividend on equity shares paid during the year		
Final dividend for the year	403.35	-
[FY 2020-21: ₹ 5.00 (FY 2019-20: ₹ Nil) per equity share of ₹ 2.00 each]	-	-
	403.35	**-**
(b) Proposed dividend on equity share not recognised as liability	**403.41**	**403.23**

The Board of Directors of the Company at the meeting held on 10th May, 2022 has recommended a final dividend of ₹ 5.00 per equity share which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 44: Investment in an Associate

₹ in crores

Particulars	Place of Business	% of Ownership interest		Accounting Method	Quoted fair value		Carrying value	
		31st March, 2022	31st March, 2021		31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
Material associates:								
Avenue Therapeutics, Inc.[1]	USA	25.93%	32.50%	Equity	21.29	258.87	-	190.33
Brandmed (Pty) Limited[2]	South Africa	30.00%	30.00%	Equity	-*	-*	26.97	27.81
Other immaterial associates (refer note below)							18.84	10.24
							45.81	**228.38**

*Unlisted entity- no quoted price available.

1. Avenue Therapeutics Inc. is a specialty pharmaceutical company whose mission is to develop IV tramadol, a potential alternative that could reduce the use of conventional opioids, for patients suffering from acute pain in the U.S. During the year, the ownership has been diluted from 32.50% to 25.93%

2. Brandmed (Pty) Limited is a connected healthcare firm which develops software to seamlessly integrate a combination of connected solutions across the health continuum for patients, healthcare professionals, practices and institutions, and aims to deliver personalised patient care. Brandmed (Pty) Limited's principal place of business is South Africa and has a financial year end consistent with the Group.

Note 44: Investment in an Associate (Contd.)

Movement of investment in associates

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	10.24	0.56
Addition/unwinding during the year	7.50	9.05
Profit/(loss) for the year	1.10	0.63
Aggregate carrying amount of individually immaterial associates	**18.84**	**10.24**

Notes to the Consolidated Financial Statements

Note 44: Investment in an Associate (Contd.)

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Opening balance	218.14	234.41
Profit/(loss) for the year	(13.92)	(13.42)
Translation adjustment arising out of translation of foreign currency balances	4.87	(2.85)
Impairment of investment in associate	(182.12)	-
Aggregate carrying amount of individually material associates	**26.97**	**218.14**

Financial information of associates that are material to Group as at 31st March, 2022 is provided below:

A) Avenue Therapeutics, Inc.

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current assets	14.83	14.21
Intangible assets under development (refer note below)	-	596.27
Current liabilities	(5.51)	(3.38)
Equity	**9.32**	**607.10**
Group ownership	25.93%	32.50%
Equity proportion of the Group ownership	2.42	197.31
Translation adjustment arising out of translation of foreign currency balances	3.36	(6.98)
Carrying amount of the investment	-	190.33

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Revenue from sale of products	-	-
Profit/(loss) for the year	(44.63)	(36.09)
Total comprehensive income for the year	(44.63)	(36.09)
Group's share of profit/(loss) for the year	**(11.57)**	**(11.73)**

Note 44: Investment in an Associate (Contd.)

Avenue Therapeutics, Inc. ('Avenue') an associate company of the Group on 12th October, 2020 had announced receipt of a Complete Response Letter ("CRL") from the US FDA for IV Tramadol NDA. On 12th February, 2021, Avenue resubmitted its NDA to the US FDA for IV Tramadol on receipt of official minutes from a Type A meeting with the US FDA. The Group did not exercise its rights under the stock purchase and merger agreement (SPMA) as the second closing did not happen on or before the contracted date of 30th April, 2021 owing to the aforementioned US FDA matter.

Further, on 14th June, 2021, Avenue announced that it had received a second Complete Response Letter (the "Second CRL") from the US FDA regarding Avenue's Tramadol IV NDA. Subsequently, on 15th February, 2022 Avenue announced that it had received an appeal denial letter from the USFDA's Office of New Drugs regarding Avenue's formal dispute resolution request for Tramadol IV NDA. Basis the above events and change in the market dynamics for Tramadol IV NDA, the management identified trigger for impairment assessment of the investment in Avenue and have recorded an impairment charge amounting to ₹ 182.12 crores as an exceptional item in consolidated financial statements for the year ended 31st March, 2022.

B) Brandmed (Pty) Limited

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current assets	7.20	6.63
Non-current assets	4.24	3.25
Current liabilities	(5.66)	(0.28)
Non-current liabilities	(4.22)	(0.33)
Equity	**1.56**	**9.27**
Group ownership	30.00%	30.00%
Equity proportion of the Group ownership	0.47	2.78
Goodwill	24.98	20.91
Translation adjustment arising out of translation of foreign currency balances	1.52	4.12
Carrying amount of the investment	26.97	27.81

₹ in crores

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Revenue from sale of products	4.03	8.97
Profit/(loss) for the year	(7.83)	(5.63)
Total comprehensive income for the year	**(7.83)**	**(5.63)**
Group's share of profit/(loss) for the year	(2.35)	(1.69)

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for)

A. Details of contingent liabilities and commitments

₹ in crores

Particulars	As at 31st March, 2022	As at 31st March, 2021
Contingent liabilities		
Claims against the Group not acknowledged as debt[1]	218.58	161.88
Financial guarantees	239.46	186.79
Letters of credit	76.81	81.40
Income tax on account of disallowances/additions	22.18	51.63
Excise duty/service tax on account of valuation/ cenvat credit	131.78	132.27
Sales tax on account of credit/classification	54.03	8.12
	742.84	**622.09**
Commitments		
Estimated amount of contracts unexecuted on capital account	548.40	556.33

Note :

(i) Claims against the Group not acknowledged as debt include claims related to pricing, commission, etc.

(ii) It is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various authorities.

(iii) The Group does not expect any reimbursements in respect of the above contingent liabilities.

(iv) The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all our pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in our financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on the financial statements.

(v) There has been a judgement by the Honourable Supreme Court of India dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the Employee Provident Fund Act, 1952 ("EPF"). In view of the interpretative aspects related to the judgement including the effective date of application, the Group has been advised to await further developments in this matter.

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for (Contd.)

The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

(vi) During the year, the Cipla Health Limited (CHL), a Subsidiary Company has received ex-parte Show Cause Notice (SCN) Orders in FORM DRC-07 for a total tax demand along-with interest and penalty of ₹ 45.56 crores for the years 2017-18 to 2020-21. The Adjudicating Authority passed the Orders without providing the material facts viz. specific allegations against CHL and granting the subsidiary any opportunity of being heard. Based on the legal opinion obtained, management is of the view that the ex-parte orders are passed by the Adjudicating Authority in gross violation of principles of natural justice and the subsidiary will evaluate to file a Writ Petition before the Hon'ble High Court of Delhi inter-alia seeking quashing of the said orders.

B. Details of other litigations

(i) The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹ 5.46 crores along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.

(ii) The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 3,703.40 crores.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Honourable Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Honourable Allahabad High Court on process followed for fixation of pricing norms. These petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Honourable Supreme Court of India. The Honourable Supreme Court in its judgment of 1st August, 2003 remanded the said writ petitions to the Honourable Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Honourable Supreme Court in its judgment. On the Union of India filing transfer petitions,

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for (Contd.)

the Honourable Supreme Court ordered transfer of the said petitions to the Honourable Bombay High Court to it for being heard with the appeal filed against the Honourable Allahabad High Court order. Subsequently, in its order of 20th 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 1st August, 2003 which at that point of time was ₹ 350.15 crores. Complying with the directions passed by the Honourable Supreme Court, Cipla has deposited an amount of ₹ 175.08 crores which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices in these cases post such transfer of cases to Honourable Bombay High Court. Meanwhile, the Honourable Supreme Court vide its Order and Judgment dated 21st October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Honourable Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Honourable Bombay High Court.

The Honourable Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Honourable Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5th 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 25th 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 21st October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Honourable Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Honourable Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 crores. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 3,281.31 crores (after adjusting deposit of ₹ 175.08 crores), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 crores.

In addition, Company had made provision of ₹ 118.49 crores as of 31st March, 2022 (₹ 111.15 crores as of 31st March, 2021) for products not part of the referenced writ proceedings against total demand of ₹ 247.01 crores. Further, no new recovery notices were received by the Company during the year, thus not requiring any fresh cases to be filed by the Company in that regard. Due to COVID-19, courts are hearing only urgent cases, hence the writs that are pending will be heard in due course.

(iii) In March 2006, the Meditab Specialities Limited, ('the Subsidiary Company') acquired on lease, land admeasuring 1,232,000 sq. m. in Kerim Industrial Estate at But Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for the setting up and development of a Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, the Subsidiary Company entered into sub-lease of this land with a SEZ occupier with an undertaking to provide infrastructural facilities. Following public agitation, the State Government of Goa brought about changes in policy regarding SEZ in the State of Goa which had the effect of the Subsidiary Company not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. The Subsidiary Company's writ petition on the challenge to the show cause was disposed by the Honourable Bombay High Court stating that the State Government of Goa was competent to alter the SEZ policy. It was also held that the Subsidiary Company may apply for re-allotment of the same land to be utilised for purpose other than SEZ. The Subsidiary Company filed a Special Leave Petition before the Honourable Supreme Court and in which parties were directed to maintain status quo. Also by order dated 18th October, 2013 the Hon'ble Supreme Court has granted the Special Leave to Appeal to the Subsidiary Company and the interim orders continue till the appeal is finally heard. Vide a GO dated 30th July, 2018, issued by the Goa Government, it was resolved that the lands which were alotted 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 31st July, 2018 disposed the appeals of 6 SEZ owners and the Subsidiary Company is the sole continuing litigant. Further, vide order dated 22nd October, 2018, the Honourable Supreme Court has ordered that, the appeal filed by the Subsidiary Company shall be listed for hearing in due course.

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for (Contd.)

The Subsidiary Company has been legally advised that it has good case both on facts and on law succeeding in its appeal. The Subsidiary Company is therefore of the view that no provision is required to be made on the amount incurred towards cost of land and on the development of SEZ amounting to ₹ 10.48 crores as at 31st March, 2022 (31st March, 2021: ₹ 10.48 crores)

Note 46: Employee Benefits

Employee benefit expense of the Group includes various short-term employee expenses, defined benefits expenses, expenses toward defined contribution on plans and other long-term employee benefits. Total employee benefits, including share based payments, incurred during the year ended 31st March, 2022 and 31st March, 2021 amounted to ₹ 3,529.91 crores and ₹ 3,251.83 crores respectively.

Disclosure in respect of contributions to provident and other funds as follows:

₹ in crores

Particulars	For the Year ended 31st March, 2022	For the Year ended 31st March, 2021
Defined contribution plans		
Employees' pension scheme	50.28	36.51
Provident fund	18.03	19.65
Contribution for 401(k) fund*	16.42	13.31
Others - ESIS, Labour welfare fund, etc.	17.27	11.14
	102.00	**80.61**
Defined benefit plans		
Gratuity (refer table 1 below)	23.62	27.94
Provident fund (refer table 2 below)	38.52	39.61
	62.14	**67.55**
Total contribution to provident fund and other fund	**164.14**	**148.16**

*The Group maintains a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contribution are equal to 100% of employee contribution.

Note 46: Employee Benefits (Contd.)

Disclosure in respect of defined benefit plan :

a. **Description of the plan:**

Retirement benefit plans of the Group include gratuity for the Holding Company, Indian subsidiaries and provident fund for the Holding Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and Indian subsidiaries make contributions to the Gratuity Fund. Provident Fund is managed by the Holding Company through trust Employees Provident Fund (the "Provident Fund").

b. **Governance of the plan:**

The Holding Company and India subsidiaries has set up an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy. Further, since these funds are income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act, 1961 and Rules.

c. **Investment strategy:**

The Holding Company and Indian subsidiaries' investment strategy in respect of their funded plans is implemented within the framework of the applicable statutory requirements. The plans expose these companies to a number of actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The companies have developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to these companies of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

d. **Table 1: Disclosures for defined benefit plans based on actuarial reports**

₹ in crores

Particulars	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	185.84	179.52
Liability transferred Out/ Divestments	(1.14)	-

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

₹ in crores

Particulars	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
Interest cost	12.33	11.91
Current service cost	23.57	25.62
Actuarial changes arising from changes in demographic assumptions	(0.01)	1.34
Actuarial changes arising from changes in financial assumptions	(4.97)	0.82
Actuarial changes arising from changes in experience assumptions	(7.14)	(15.16)
Benefits paid	(30.52)	(18.21)
Liability at the end of the year	**177.96**	**185.84**
ii. Change in fair value of assets		
Opening fair value of plan assets	178.75	145.48
Assets transferred Out/Divestments	(1.14)	-
Expected return on plan assets	12.29	9.59
Return on plan assets excluding interest income	5.48	5.98
Contributions by employer	21.66	33.54
Benefits paid	(32.70)	(15.84)
Closing fair value of plan assets	**184.34**	**178.75**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(177.96)	(185.84)
Fair value of plan assets as at year end	184.34	178.75
Net asset/(liability) recognised	**6.38**	**(7.09)**

Note 46: Employee Benefits (Contd.)

₹ in crores

Particulars	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
iv. Expenses recognised in profit or loss		
Current service cost	23.57	25.62
Interest on defined benefit obligation	12.34	11.91
Expected return on plan assets (Interest income only)	(12.29)	(9.59)
Total expense recognised in profit or loss	**23.62**	**27.94**
v. Expenses recognised in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	(0.01)	1.34
Actuarial changes arising from changes in financial assumptions	(4.97)	0.82
Actuarial changes arising from changes in experience assumptions	(7.14)	(15.16)
Actuarial (gain)/loss return on plan assets, excluding interest income	(5.48)	(5.98)
Net (income)/expense for the period recognised in OCI	**(17.60)**	**(18.98)**
vi. Actual return on plan assets		
Expected return on plan assets	12.29	9.59
Actuarial gain/(loss) on plan assets	5.48	5.98
Actual return on plan assets	**17.77**	**15.57**

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

₹ in crores

Particulars	2022 Gratuity (Funded Plan)	2021 Gratuity (Funded Plan)
vii. Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	22.19	20.49

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 31st March, 2022	For the year ended 31st March, 2021
Financial assumptions:		
Discounted rate (per annum)	6.82% to 7.21%	6.33% to 6.87%
Expected rate of return on plan assets	6.82% to 7.21%	6.33% to 6.87%
Expected rate of future salary increase		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2nd/3rd year	5.00%	5.00%
Demographic assumptions:		
Mortality rate (Holding Company)	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Mortality rate (Indian Domestic Subsidiaries)	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate
Retirement age	60 years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	15.00%	15.00%
- For Service 5 years and above	5.00%	1% to 5 %

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

Note 46: Employee Benefits (Contd.)

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Discount rate (1% movement increase)	(14.50)	(15.37)
Discount rate (1% movement decrease)	16.70	18.09
Future salary growth (1% movement increase)	17.05	18.46
Future salary growth (1% movement decrease)	(14.76)	(15.65)
Attrition rate (1% movement increase)	2.60	2.49
Attrition rate (1% movement decrease)	(2.94)	(2.81)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments from the fund

₹ in crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2022	As at 31st March, 2021
1st following year	14.43	13.80
2nd following year	12.98	15.52
3rd following year	17.37	13.43
4th following year	13.45	17.69
5th following year	16.79	14.99
Sum of years 6 to 10	69.45	70.61
Sum of years 11 and above	245.78	231.86

Average estimated future working life is 8 to 12 years (31st March, 2021: 8 to 12 years)

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

e. Table 2: The details of the Group's defined benefit plans in respect of the owned provident fund trust for the Holding Company based on actuarial report

₹ in crores

	Particulars	31st March, 2022 Provident Fund (Funded Plan)	31st March, 2021 Provident Fund (Funded Plan)
i.	**Change in defined benefit obligation**		
	Opening defined benefit obligation	1,215.17	1,085.93
	Interest cost	101.88	92.81
	Current service cost	38.52	39.61
	Employee contribution	90.33	85.76
	Liability transferred in	25.60	15.06
	Benefits paid	(187.68)	(128.49)
	Other experience adjustment	(31.03)	24.49
	Liability at the end of the year	**1,252.79**	**1,215.17**
ii.	**Change in fair value of assets**		
	Opening fair value of plan assets	1,232.23	1,094.00
	Expected return on plan assets	101.88	92.81
	Actuarial gain	(31.03)	24.49
	Contributions by employer	128.85	125.37
	Transfer of plan assets	25.60	15.06
	Benefits paid	(187.68)	(128.49)
	Other experience adjustment	9.50	8.99
	Closing fair value of plan assets	**1,279.35**	**1,232.23**
iii.	**Amount recognised in balance sheet**		
	Present value of obligations as at year end	(1,252.79)	(1,215.17)
	Fair value of plan assets as at year end	1,279.35	1,232.23
	Funded status	(26.56)	(17.06)
	Net asset/(liability) recognised	**-**	**-**

Note 46: Employee Benefits (Contd.)

₹ in crores

	Particulars	31st March, 2022 Provident Fund (Funded Plan)	31st March, 2021 Provident Fund (Funded Plan)
iv.	**Expenses recognised in profit or loss**		
	Current service cost	38.52	39.61
	Interest cost	101.88	92.81
	Expected return on plan assets	(101.88)	(92.81)
	Total expense recognised in profit or loss	**38.52**	**39.61**
v.	**Actual return on plan assets**		
	Expected return on plan assets	101.88	92.81
	Actuarial gain on plan assets	(31.03)	24.49
	Actual return on plan assets	**70.85**	**117.30**
vi.	**Asset information**		
	Investment in PSU bonds	515.31	513.62
	Investment in government securities	581.17	565.90
	Bank special deposit	15.58	15.58
	Investment in other securities	46.01	41.12
	Short-term debt instruments and related investments	0.01	
	Equity/insurer managed funds/ mutual funds	121.27	93.71
	Cash and cash equivalents	-	2.30
	Total assets at the end of the year	**1,279.35**	**1,232.23**
vii.	**Principal actuarial assumptions used**		
	Discounted rate (per annum)	7.21%	6.87%
	Expected rate of return on plan assets (per annum)	8.10%	8.50%

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd.)

₹ in crores

Particulars	31st March, 2022 Provident Fund (Funded Plan)	31st March, 2021 Provident Fund (Funded Plan)
Expected rate of future salary increase (per annum)		
- For the next 1 year	7.00%	7.00%
- Thereafter starting from the 2nd year	5.00%	5.00%
viii. Experience adjustments		
Defined benefit obligation	1,252.79	1,215.17
Plan assets	(1,279.35)	(1,232.23)
Deficit/(surplus)	**(26.56)**	**(17.06)**
Experience adjustment on plan assets - (loss)/gain	(31.03)	24.49

f. **Compensated absences note:**

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Group towards this obligation was ₹ 135.69 crores and ₹ 168.12 crores as at 31st March, 2022 and 31st March, 2021, respectively.

Note 46: Share based payments (Contd.)

g. **Cash settled share based payment:**

Certain employees of the Group are eligible for share based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's share price at the time of vesting. As of 31st March, 2022, there was ₹ 6.62 crores (31st March, 2021: ₹ 5.63 crores) of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1 years.

This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

Note 47: Share based payments

1. Parent Company

Cipla Limited

A. **Employee stock option scheme ('ESOS')**

The Company has implemented Employee Stock Option Scheme 2013 - A ('ESOS 2013 - A') as approved by the shareholders on 22nd August, 2013. The ESOS 2013 - A Scheme covers the permanent employees of the Company and its subsidiaries and directors (excluding promoter directors) [collectively "eligible employees"]. The nomination and remuneration committee of the Board of Cipla Limited administers the ESOS 2013 - A Scheme and grants stock options to eligible employees. Details of the options granted during the year under the Scheme(s) are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	14th May, 2021	1,38,144	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	14th May, 2021	25,095	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	26th October, 2021	9,752	2.00	2 Year	5 years from Vesting date
ESOS 2013 - A	26th October, 2021	9,752	2.00	1 Year	5 years from Vesting date

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd.)

Weighted average share price for options exercised during the year:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	926.41

Stock option activity under the scheme(s) for the year ended 31st March, 2022 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	8,32,207	2.00	2.00	4.79
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	-
Outstanding at the end of the year	6,13,677	2.00	2.00	4.45
Exercisable at the end of the year	2,56,349	2.00	2.00	2.91

Stock option activity under the scheme(s) for the year ended 31st March, 2021 is set out below:

ESOS 2013 - A	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	9,25,007	2.00	2.00	4.57
Granted during the year	2,66,459	2.00	2.00	-
Forfeited/cancelled during the year	94,099	2.00	2.00	-
Lapsed during the year	41,120	2.00	2.00	-
Exercised during the year	2,24,040	2.00	2.00	-
Outstanding at the end of the year	8,32,207	2.00	2.00	4.79
Exercisable at the end of the year	3,08,586	2.00	2.00	3.38

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31st March, 2022	31st March, 2021
Expected dividend yield (%)	0.35%	1.05%
Expected volatility	29.40%	26.67%
Risk-free interest rate	5.34%	5.46%
Weighted average share price (₹)	898.95	569.75
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.02	4.45
Weighted average fair value of options (₹)	884.67	542.15

B. Employee Stock Appreciation Rights ('ESAR') Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme')" as approved by the shareholders by postal ballot on 25th March, 2021. The scheme covers the employees who are in permanent employment, including director(s) other than independent directors of the Company and its subsidiaries [collectively "eligible

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd.)

employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	14th May, 2021	2,71,329	2.00	3 years graded vesting	248.90	5 years from Vesting date
ESAR 2021	14th May, 2021	90,398	2.00	1 Year	286.62	5 years from Vesting date
ESAR 2021	26th October, 2021	37,041	2.00	1 Year	236.90	5 years from Vesting date
ESAR 2021	26th October, 2021	31,970	2.00	3 years graded vesting	274.48	5 years from Vesting date

No ESARs have been exercised under the scheme during the year.

Stock option activity under the scheme(s) for the year ended 31st 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)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	4,30,738	916.61	913.38 - 933.54	-
Forfeited/cancelled during the year	32,362	913.38	913.38	-
Outstanding at the end of the year	**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	ESAR 2021
Expected dividend yield (%)	0.37%
Expected volatility	28.71%
Risk-free interest rate	5.41%
Weighted average share price (₹)	899.12
Exercise price (₹)	916.61
Expected life of options granted in years	4.21
Weighted average fair value of options (₹)	273.53

2. Subsidiary Company

Cipla Health Limited

The expense recognised for employee services received during the year is shown in the following table:

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	4.44	4.72

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd.)

A. Employee stock option scheme ('ESOS')

The Subsidiary Company had implemented "ESOS 2016", as approved by the Shareholders on 22nd March, 2016. During the year, the subsidiary company has cancelled this scheme on 25th November, 2021. During the year, there are no options granted under this scheme.

The carrying amount of the liability relating to the ESOS at 31st March, 2022 was ₹ Nil (31st March, 2021: ₹ 6.40 crores)

The options were granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 10 each.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

₹ in crores

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	**20,297**	**10.00**	**89,774**	**10.00**
Granted during the year	-	10.00	825	10.00
Forfeited/Cancelled during the year	16,355	10.00	8,714	10.00
Extinguishment of rights during the year*	3,942	10.00	61,588	10.00
Outstanding at the end of the year	**-**	**10.00**	**20,297**	**10.00**
Exercisable at the end of the year	-	10.00	-	10.00

The following table lists the inputs to the models used for the years ended 31st March, 2022 and 31st March, 2021:

₹ in crores

Particulars	31st March, 2022	31st March, 2021
Expected dividend yield (%)	Not applicable	0%
Expected volatility (%)		25.13%
Risk free investment rate (%)		7.08%
Exercise price at date of grant		10
Share price at date of grant		₹ 6,155.00
Vesting period		1 to 4 years
Exercise period		At the time of liquidity event
Model used		Black Scholes

*During the year ended 31st March, 2022 and 31st March, 2021, the ESOP holders entered into a tripartite agreement with the Holding Company and Cipla Health Limited, a Subsidiary Company wherein they agreed to extinguish their right of exercise of ESOPs vested against the total payment of ₹ 4.78 crores (31st March, 2021: ₹ 36.01 crores) from the Holding Company. On account of this ESOP reserve amounting to ₹ 3.69 crores (31st March, 2021: ₹ 17.20 crores) was reversed and differential amount of ₹ 1.09 crores (31st March, 2021: ₹ 18.81 crores) has been booked as capital reserve. Further payment made has been classified as part of financing activity in the Consolidated Cash Flow Statement.

B. Employee Stock Appreciation Rights ('ESAR') Scheme

The Subsidiary Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021/the Scheme')" as approved by the shareholders on 1st 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	1st September 2021	28,344.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	1st March 2022	301.00	10.00	1 to 4 Years	8,334.50	At time of liquidity event

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd.)

Particulars	As at 31st 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)
Outstanding at the beginning of the year	-	-	-	-
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	-
Outstanding at the end of the year	**25,931**	**16,316.00**	**16,316.00**	**1.77**
Exercisable at the end of the year	-	-	-	-

The following table lists the inputs to the models used for the years ended 31st March, 2022.

Particulars	For the year ended 31st March, 2022
Expected dividend yield (%)	0%
Expected volatility (%)	65.00%
Risk free investment rate (%)	5.14%
Exercise price at date of grant	₹ 16,316.00
Share price at date of grant	₹ 8,334.25
Vesting period	3.58 years
Exercise period	At time of liquidity event
Model used	Black Scholes

The effect of share based payment transactions on the entity's profit for the period and earnings per share is presented below:

Particulars	31st March, 2022	31st March, 2021
Profit after tax as reported (₹ in crores)	2,516.75	2,404.87
Share based payment expense (₹ in crores)*	24.12	19.54
Earnings per share adjusted		
Basic (₹)	31.50	30.07
Diluted (₹)	31.47	30.03

*includes ₹ Nil crores (31st March, 2021: ₹ 0.04 crores) pertaining to Jay Precision Pharmaceuticals Private limited.

Note 48: Related party disclosures

Information on related party transactions as required by Ind AS 24 - Related Party Disclosures for the year ended 31st March, 2022

A. Associates

Stempeutics Research Private Limited

Avenue Therapeutics Inc.

Brandmed (Pty) Limited

AMPSolar Power Systems Private Limited

GoApptiv Private Limited (Acquisition of 21.85% and associate from 27th July, 2020)

Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)

Clean Max Auriga Power LLP (acquired 33% stake effective from 14th December, 2021)

Note 48: Related party disclosures (Contd.)

AMP Energy Green Eleven Private Limited (acquired 32.49% on fully diluted basis from 8th February, 2022)

B. Key Management personnel

Ms Samina Hamied - Executive Vice-Chairperson

Mr Umang Vohra - Managing Director and Global Chief Executive Officer

Mr Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3rd May, 2022)

C. Non-executive Chairman and Non-executive Vice-Chairman Dr Y K Hamied, Chairman

Mr M K Hamied, Vice-Chairman

Notes to the Consolidated Financial Statements

D. Non executive Directors

Mr Ashok Sinha

Mr Adil Zainulbhai

Ms Punita Lal

Ms Naina Lal Kidwai (Resigned w.e.f. close of business hours on 31st March, 2022)

Dr Peter Mugyenyi

Mr S Radhakrishnan

Mr Robert Stewart (w.e.f. 14th May, 2021)

Mr P R Ramesh (w.e.f. 1st July, 2021)

E. Entities over which the Company is able to exercise significant influence/control

Cipla Foundation

Cipla Cancer & AIDS Foundation

Cipla Employees Stock Option Trust (De-registered)

Cipla Health Employees Stock Option Trust

Chest Research Foundation (formerly known as Hamied Foundation)

F. Post-employment benefit trusts

Cipla Limited Employees Provident Fund

Cipla Limited Employees Gratuity Fund

Goldencross Pharma Private Limited Employees Group Gratuity Fund

Meditab Specialities Limited Employees Comprehensive Gratuity Scheme

Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme

Cipla Biotec Private Limited Employees Gratuity Fund

Sitec Labs Private Limited Employees Group Gratuity Scheme

Cipla Health Limited Employees Gratuity scheme

Jay Precision Pharmaceuticals Employees Group Gratuity Trust

Disclosure in respect of related parties

During the year, the following transactions were carried out with the related parties in the ordinary course of business:

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A. Investment in equity shares of Associates		
AMPSolar Power Systems Private Limited (refer note 6)	0.01	
GoApptiv Private Limited (refer note 6)	-	1.80
Clean Max Auriga Power LLP	6.75	-
AMP Energy Green Eleven Private Limited	0.75	-
	7.51	**1.80**
B. Investment in Compulsory Convertible Debentures of Associates		
AMP Energy Green Eleven Private Limited	6.75	-
	6.75	**-**
C. Investment in Compulsory Convertible Preference Share of Associates		
GoApptiv Private Limited (refer note 6)	-	7.20
AMPSolar Power Systems Private Limited	1.16	
	1.16	**7.20**
D. Remuneration to Key Management Personnel and Directors		
Short-term employee benefits	25.73	19.62
Post-employment benefits*	0.51	0.51
Commission to directors	13.79	11.46
Sitting fee	1.36	0.98
Share based payments expense	4.47	5.23
	45.86	**37.80**

*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.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
E. Contribution to provident fund and other fund		
Cipla Health Limited Employees Gratuity scheme	0.38	-
Cipla Limited Employees Gratuity Fund	20.00	28.10
Cipla Limited Employees Provident Fund	38.52	39.64
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	-	1.53

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd.)

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	-	1.20
Sitec Labs Private Limited Employees Group Gratuity Scheme	-	1.98
Goldencross Pharma Private Limited Employees Group Gratuity Fund	-	0.80
	58.90	**73.25**
F. Service Charges and reimbursement paid		
GoApptiv Private Limited	37.90	15.34
Stempeutics Research Private Limited	1.05	1.16
	38.95	**16.50**
G. Donations given		
Cipla foundation	55.76	33.19
	55.76	**33.19**
H. Rent Received		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
	0.00	**0.00**
I. Interest Income		
Brandmed (Pty) Limited	0.02	-
	0.02	**-**
J. Purchase of assets		
Stempeutics Research Private Limited	-	2.00
	-	**2.00**
K. Freight charges paid		
Stempeutics Research Private Limited	0.02	-
	0.02	**-**
L. Reimbursement of operating/other expenses		
GoApptiv Private Limited	-	0.65
	-	**0.65**
M. Electricity charges paid		
AMPSolar Power Systems Private Limited	15.93	2.42
	15.93	**2.42**
N. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)	**22.16**	**17.72**
O. Dividend Paid to Key Management Personnel and Directors	**108.49**	**-**

Note 48: Related party disclosures (Contd.)

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
P. Contribution payable to provident/gratuity fund		
Cipla Limited Employees Provident fund	10.95	11.02
Cipla Health Limited Employees Gratuity scheme	0.96	0.95
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	0.22	-
Cipla Limited Employees Gratuity fund	-	4.26
Sitec Labs Private Limited Employees Group Gratuity Scheme	0.13	0.08
Goldencross Pharma Private Limited Employees Group Gratuity Fund	0.21	0.12
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	0.10	0.22
	12.57	**16.65**
Q. Advances receivable from gratuity fund		
Cipla Limited Employees Gratuity fund	9.30	-
Sitec Labs Private Limited Employees Group Gratuity Scheme	-	1.11
Goldencross Pharma Private Limited Employees Group Gratuity Fund	-	0.04
Cipla Biotec Private Limited Employees Gratuity Fund	0.01	0.01
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	-	0.01
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	-	0.12
	9.31	**1.29**

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd.)

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
R. Payable to associates and others		
GoApptiv Private Limited	1.70	0.29
Stempeutics Research Private Limited	0.52	-
Cipla Foundation	0.33	-
	2.55	**0.29**
S. Payable towards acquisition of stake in associate		
Brandmed (Pty) Limited	-	2.47
	-	**2.47**
T. Purchase of goods		
Brandmed (Pty) Limited	0.77	4.99
Stempeutics Research Private Limited	0.46	-
	1.23	**4.99**
U. Loan given/receivable		
Brandmed (Pty) Limited	2.61	-
	2.61	**-**

Note 49: Corporate social responsibility (CSR) expenditure

The Group meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Group. The Group spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilised through the year on the activities which are specified in Schedule VII of the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development projects, Research and Development and any other activity permissible under Schedule VII of the Act.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A) Amount required to be spent by the Group during the year	55.43	45.23
B) Amount of expenditure incurred on construction/ acquisition of assets	-	-
C) Amount of expenditure incurred on purposes other than (B) above	55.76	45.27

Note 49: Corporate social responsibility (CSR) expenditure (Contd..)

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions #	55.76	33.19
G) Provision movement during the year:		
Opening balance	-	-
Addition during the year	55.76	45.27
Utilised during the year	(55.43)	(45.23)
Closing balance	**0.33**	**0.04**

#This includes contribution to Cipla Foundation which is a trust, with the main objective of working across focus areas of Health, Education, Skilling, Environmental Sustainability & Disaster Response and COVID-19 relief projects.

The Group does not have any ongoing projects as at 31st March, 2022 and 31st March, 2021.

The Group did not set-off any excess CSR amount spent during the year 2020-21 against current year's CSR obligation. The Company will be setting off the excess spend of ₹ 0.33 crores during the year 2021-22 against the next year's CSR obligation.

Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

Note 51: Subsequent events

There are no other subsequent events that occurred after the reporting date.

Note 52: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 53: Restructuring operations

The board at its meeting held on 26th October, 2021 decided not to proceed with the draft scheme of arrangement as approved by the Board in its meeting held on 29th January, 2021.

Notes to the Consolidated Financial Statements

Subsequently, the Board at its meeting held on 25th January, 2022 considered and approved the transfer of the India based US business undertaking to CPLS for a consideration of ₹ 1,400 crores and the Consumer Business Undertaking to CHL for a consideration of ₹ 80 crores as a going concern on a slump sale basis through a Business Transfer Agreement ("BTA"). The final consideration is subject to the adjustments as on the date of transfer as per the terms of BTA. The Company is currently in the process of completing the regulatory and legal process for transfer as on 31st March, 2022. Since the transactions are with parties under common control, there is no impact on the consolidated financial for the year ended 31st March, 2022.

Note 54: Unforeseeable losses

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses. Long-term derivative contract related to interest rate swaps are accounted, as required under the applicable law or Ind AS.

Note 55: Additional disclosure with respect to amendment to Schedule III

a. The entities included in group, covered under the Act, do not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.

b. The entities included in group, covered under the Act, do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 55: Additional disclosure with respect to amendment to Schedule III (Contd.)

c. The entities included in group, covered under the Act, has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

d. The entities included in group, covered under the Act, do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period

e. The entities included in group, covered under the Act, have not traded or invested in Crypto Currency or Virtual Currency during the financial year.

f. The entities included in group, covered under the Act, has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

g. The entities included in group, covered under the Act, have not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.

h. The entities included in group, covered under the Act, have complied with the number of layers prescribed under the Companies Act, 2013.

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 31st March, 2022:

₹ in crores

Sr. no.	Name of Struck off Company Transactions	Nature of transactions	Transactions during the year	Balance outstanding	Relationship with the Struck off company
1	FEMTO I CARE PVT LTD	Professional fee	0.00*	-	Vendor- Non Related

*Denote transaction amount less than ₹ 1 lac

j. The entities included in group, covered under the Act, has not invested or advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes to the Consolidated Financial Statements

Note 56: Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is the Chief Executive Officer of the Group, who assesses the financial performance and position of the Group and makes strategic decisions. The Group's reportable segments are as follows:

1 Pharmaceuticals - This segment develops, manufactures, sells and distributes generic or branded generic medicines as well as Active Pharmaceutical Ingredients ("API").

2 New ventures - This includes the operations of the Company, a consumer healthcare, Biosimilars and speciality business.

The CODM reviews revenue and gross profit as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

₹ in crores

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	21,351.27	18,878.24
b) New ventures	531.51	401.27
Total	**21,882.78**	**19,279.51**
Less: Inter segment revenue	119.44	119.92
Total Income from Operations	**21,763.34**	**19,159.59**
Segment results:		
Profit/(loss) before tax and interest from each segment		
a) Pharmaceuticals	3,943.73	3,633.71
b) New ventures	(161.99)	(182.95)
Total	**3,781.74**	**3,450.76**
Less: Finance cost	106.35	160.70
Profit (+)/loss (-) before exceptional items and tax	**3,675.39**	**3,290.06**
Less: Exceptional items - New ventures (refer note 44A)	182.12	-
Total profit/(loss) before tax	**3,493.27**	**3,290.06**

Segment assets and liabilities

As some of the assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The Management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

1 India

2 United States of America

3 South Africa

4 Rest of the world

The geographical segments derives their revenues from the sale of pharmaceuticals products (generics, speciality) and milestone payments. The Management reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

Analysis of Revenue (including other operating revenue) (by customer's location)

₹ in crores

Year	India	United States of America	South Africa	Rest of the World	Total
2022	9,827.54	4,431.35	2,632.95	4,871.50	21,763.34
2021	7,735.73	4,091.40	2,303.00	5,029.46	19,159.59

Analysis of non-current assets (excluding investment in associates, income tax and deferred tax assets and financial assets) (by assets location)

₹ in crores

Year	India	United States of America	South Africa	Rest of the World	Total
2022	4,779.92	2,957.11	2,027.46	903.93	10,668.42
2021	4,999.37	2,852.03	1,982.71	805.87	10,639.98

Notes to the Consolidated Financial Statements

Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates

₹ 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
Parent Company								
Cipla Limited	106.61%	22,513.55	117.53%	2,957.93	1.62%	6.10	102.44%	2,964.03
Subsidiaries								
Indian								
Goldencross Pharma Limited	0.83%	175.04	0.53%	13.23	0.08%	0.30	0.47%	13.53
Meditab Specialities Limited	1.81%	383.07	9.75%	245.38	0.02%	0.06	8.48%	245.44
Jay Precision Pharmaceuticals Private Limited	0.71%	149.59	1.20%	30.25	0.02%	0.08	1.05%	30.33
Medispray Laboratories Private Limited	0.90%	189.96	2.49%	62.70	0.15%	0.58	2.19%	63.28
Sitec Labs Limited	0.52%	109.89	0.39%	9.69	(0.14%)	(0.54)	0.32%	9.15
Cipla Pharma and Life Sciences Limited (formerly known as Cipla BioTec Limited)	0.80%	168.37	3.31%	83.22	0.00%	0.01	2.88%	83.23
Cipla Health Limited	0.53%	111.18	(1.23%)	(30.89)	0.01%	0.02	(1.07%)	(30.87)
Cipla Digital Health Limited	0.00%	0.30	(0.01%)	(0.20)	0.00%	-	-	(0.20)
Cipla Pharmaceuticals Limited	0.16%	33.60	(0.04%)	(0.90)	0.00%	-	(0.03%)	(0.90)
Foreign								
Cipla Medpro South Africa (Pty) Limited	(0.59%)	(125.01)	1.63%	41.11	(0.37%)	(1.40)	1.37%	39.71
Cipla Kenya Limited	0.01%	2.59	0.01%	0.32	0.00%	-	0.01%	0.32
Cipla Medpro Holdings (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla-Medpro (Pty) Limited	2.29%	484.53	1.49%	37.38	0.00%	-	1.29%	37.38
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(2.81)	(0.03%)	(0.70)	0.00%	-	(0.02%)	(0.70)
Cipla Medpro Botswana (Pty) Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Cipla Select (Pty) Limited (formerly known as Cipla OLTP (Pty) Limited)	(0.04%)	(9.48)	0.38%	9.60	0.00%	-	0.33%	9.60
Medpro Pharmaceutica (Pty) Limited	1.40%	295.61	3.34%	84.07	0.00%	-	2.91%	84.07
Mirren (Pty) Limited	0.10%	20.97	(1.00%)	(25.09)	0.00%	-	(0.87%)	(25.09)
Cipla Medpro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	0.65%	137.56	0.00%	0.01	0.00%	-	0.00%	0.01
Inyanga trading 386 (Pty) Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Biotec South Africa (Pty) Limited	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
Cipla Holding B.V.	0.42%	88.24	0.05%	1.33	0.00%	-	0.05%	1.33
Cipla (EU) Limited	24.79%	5,234.55	1.12%	28.17	1.40%	5.28	1.16%	33.45
Saba Investment Limited	1.27%	267.22	0.10%	2.50	0.00%	-	0.09%	2.50
Cipla Australia Pty Limited	0.20%	41.71	(1.58%)	(39.68)	0.00%	-	(1.37%)	(39.68)
Meditab Holdings Limited	2.33%	491.82	(0.03%)	(0.74)	25.99%	97.93	3.36%	97.19
Cipla USA Inc.	1.32%	278.07	3.58%	90.18	0.00%	-	3.12%	90.18
Cipla Malaysia Sdn. Bhd.	0.02%	4.05	0.01%	0.36	0.00%	-	0.01%	0.36
Cipla Europe NV	0.32%	68.55	0.07%	1.65	0.00%	-	0.06%	1.65
Cipla Quality Chemical Industries Limited	1.60%	338.88	2.00%	50.39	0.00%	-	1.74%	50.39

Notes to the Consolidated Financial Statements

Note 57: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd.)

₹ 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
Breathe Free Lanka (Private) Limited	0.04%	8.25	0.17%	4.26	0.00%	-	0.15%	4.26
Cipla Medica Pharmaceutical and Chemical Industries Limited	(0.06%)	(11.64)	(0.71%)	(17.81)	0.00%	-	(0.62%)	(17.81)
Cipla Gulf FZ-LLC	0.11%	23.98	(0.01%)	(0.15)	0.00%	-	(0.01%)	(0.15)
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.09%	19.00	(0.01%)	(0.29)	0.00%	-	(0.01%)	(0.29)
Cipla Maroc SA	0.33%	70.30	0.34%	8.57	0.00%	-	0.30%	8.57
InvaGen Pharmaceuticals Inc.	14.64%	3,091.06	(13.67%)	(344.15)	2.66%	10.04	(11.55%)	(334.11)
Cipla Middle East Pharmaceuticals FZ-LLC	0.02%	4.86	(0.09%)	(2.34)	0.00%	-	(0.08%)	(2.34)
Cipla Philippines Inc.	0.00%	0.51	(0.00%)	(0.10)	0.00%	-	(0.00%)	(0.10)
Cipla Algérie	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Colombia SAS	0.08%	17.24	0.15%	3.81	0.00%	-	0.13%	3.81
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.95%	201.30	(0.58%)	(14.50)	0.00%	-	(0.50%)	(14.50)
Cipla (China) Pharmaceutical Co., Ltd	0.06%	13.47	0.01%	0.36	0.00%	-	0.01%	0.36
Exelan Pharmaceuticals Inc.	0.55%	117.11	1.09%	27.54	0.00%	-	0.95%	27.54
Cipla Technologies LLC	0.86%	182.62	(1.04%)	(26.16)	0.00%	-	(0.90%)	(26.16)
Madison Pharmaceuticals Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Therapeutics Inc.	0.02%	4.22	(1.17%)	(29.56)	0.00%	-	(1.02%)	(29.56)
Cipla Health Employees Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Employee Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Subtotal		**35,193.89**		**3,260.76**		**118.46**		**3,379.23**
Inter-company Elimination and Consolidation Adjustments	(68.18%)	(14,398.02)	(27.87%)	(701.29)	70.39%	265.21	(15.07%)	(436.08)
Non-controlling Interest in Subsidiaries	1.31%	275.69	(1.19%)	(29.90)	(1.82%)	(6.87)	(1.27%)	(36.77)
Associates								
AMPSolar Power Systems Private Limited	0.00%	0.80	0.00%	-	0.00%	-	0.00%	-
Avenue Therapeutics, Inc.	0.00%	-	(0.46%)	(11.57)	0.00%	-	(0.40%)	(11.57)
Brandmed (Pty) Limited	0.13%	26.98	(0.09%)	(2.35)	0.00%	-	(0.08%)	(2.35)
GoApptiv Private Limited	0.05%	10.74	0.04%	1.10	0.00%	-	0.04%	1.10
AMP Energy Green Eleven Private Limited	0.00%	0.61	0.00%	-	0.00%	-	0.00%	-
Stempeutics Research Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Clean Max Auriga Power LLP	0.03%	6.68	0.00%	-	0.00%	-	0.00%	-
Grand Total		**21,117.38**		**2,516.75**		**376.80**		**2,893.55**

Note: Net assets and share in profit or loss for the Parent Company, subsidiaries, associates and other consolidating entities are as per the standalone financial statements of the respective entities.

Notes to the Consolidated Financial Statements

Note 58: Authorisation of financial statements

The Consolidated financial statements for the year ended 31st March, 2022 were approved by the Board of Directors on 10th May, 2022.

As per our report of even date attached

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Reg. No.: 001076N/N500013

Ashish Gupta
Partner
Membership No.: 504662

Mumbai, 10th May, 2022

For and on behalf of the **Board of Directors**

Umang Vohra
Managing Director and
Global Chief Executive Officer
DIN: 02296740

Samina Hamied
Executive
Vice-Chairperson
DIN: 00027923

Dinesh Jain
Interim Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2022