26th July, 2024

(1) BSE Ltd.
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Scrip Code: 500087

(2) National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza, 5th floor
Plot no. C/1, G Block
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Scrip Code: CIPLA

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

Sub: Notice of the 88th Annual General Meeting (AGM) along with a copy of the Integrated Annual Report for FY 2023-24

Dear Sir/Madam,

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

1. Notice of the 88th AGM (including e-voting instructions) (AGM Notice)
2. Integrated Annual Report for FY 2023-24 (Integrated Annual Report)

The important information w.r.t the 88th AGM and e-voting are as follows:

- The 88th AGM of the Company is scheduled to be held on Tuesday, 20th August, 2024, at 3:00 p.m. (IST) through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).

- The AGM Notice and the Integrated Annual Report is also available on the Company's website at https://www.cipla.com/investors/annual-reports and are being sent to all the eligible shareholders, whose email IDs are registered with the Company/ Depositories, by email.

- The Company has provided the e-voting facility to its shareholders to exercise their right to vote on the resolutions proposed to be passed at the AGM.

- Only those shareholders, whose name is recorded in the register of members or in the register of beneficial owners maintained with the depositories as of the cut-off date, i.e., Tuesday, 13th August 2024, will be entitled to vote on the resolutions as mentioned in the AGM Notice.

- The remote e-voting will commence on Friday, 16th August, 2024 at 9.00 a.m. (IST) and will end on Monday, 19th August, 2024 at 5.00 p.m. (IST).

- The e-voting facility will also be available during the AGM. Shareholders attending the AGM through VC/ OAVM facility who could not cast their vote by remote e-voting will be able to vote during the AGM.

- Other important information including detailed procedure for remote e-voting before and during the AGM has been provided in the notes forming part of the AGM Notice.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For **Cipla Limited**

RAJENDRA KUMAR CHOPRA
Digitally signed by RAJENDRA KUMAR CHOPRA
Date: 2024.07.26 21:06:45 +05'30'

Rajendra Chopra
Company Secretary

Encl: As above

Prepared by: Muskan Jain

Cipla Limited

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

Phone: +91 22 4191 6000, Fax: +91 22 4191 6120, **Email:** cosecretary@cipla.com , **Website:** www.cipla.com

Corporate Identity Number: L24239MH1935PLC002380

Notice of 88th Annual General Meeting

NOTICE is hereby given that 88th Annual General Meeting of Cipla Limited will be held on Tuesday, 20th August, 2024 at 3.00 PM (IST) through video conferencing ('VC') / other audio visual means ('OAVM') to transact the following businesses:

Ordinary Business(es):

To consider and if thought fit, to pass the following resolutions as ordinary resolutions.

1. **To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2024 and the reports of the Board of Directors and Auditor thereon**

   "Resolved that the audited standalone financial statements of the Company for the financial year ended 31st March, 2024 and the reports of the Board of Directors and Auditor thereon as circulated to the members with the notice of the Annual General Meeting, be and are hereby received, considered and adopted."

2. **To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2024 and the report of the Auditor thereon**

   "Resolved that the audited consolidated financial statements of the Company for the financial year ended 31st March, 2024 and the report of Auditor thereon, as circulated to the members with the notice of the Annual General Meeting, be and are hereby received, considered and adopted."

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

   "Resolved that the final dividend of ₹ 13/- (Rupees Thirteen Only) per equity share of the Company, as recommended by the Board of Directors for the financial year ended 31st March 2024, be and is hereby declared and that such dividend be paid to those members whose names appear in the Register of Members as at the close of business hours on Friday, 2nd August, 2024."

Special Business(es):

To consider and if thought fit, to pass the following resolutions as ordinary resolutions.

4. **To approve to not to fill the vacancy caused by retirement of Mr S Radhakrishnan**

   "Resolved that pursuant to the provisions of Section 152(7) of the Companies Act, 2013 and other applicable provisions, if any, the vacancy caused by retirement of Mr S Radhakrishnan (DIN: 02313000) shall not be filled as he has expressed his desire not to seek re-appointment as director of the Company."

5. **To approve the continuation of Dr Y K Hamied as Non-Executive Director**

   "Resolved that pursuant to Regulation 17(1D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, approval of the members of the Company be and is hereby accorded for continuation of Dr Y K Hamied (DIN: 00029049) as Non-Executive Director of the Company not liable to retire by rotation."

6. **To ratify remuneration of the cost auditor for the financial year ending 31st March, 2025**

   "Resolved that pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, the remuneration of ₹ 12,50,000/- (Rupees Twelve Lacs Fifty Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses to be paid to M/s Joshi Apte and Associates (Firm Registration No. 000240), the Cost Auditor, to audit the cost records maintained by the Company for the financial year ending 31st March, 2025, as approved by the Board on the recommendation of the Audit Committee, be and is hereby ratified and confirmed.

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

By order of the Board of Directors

For **Cipla Limited**

Date: 10th May, 2024

Place: Mumbai

Rajendra Chopra

Company Secretary

NOTES:

1. The Ministry of Corporate Affairs ('MCA') has, vide its Circular nos. 20/2020, 14/2020, 17/2020, 02/2021, 02/2022, 10/2022 the latest being 09/2023 dated 25th September 2023 and the Securities and Exchange Board of India ('SEBI') vide its circular no. SEBI/HO/CFD/ CFD-PoD-2/P/CIR/2023/167 dated 7th October, 2023 and other applicable circulars issued in this regard, (hereinafter collectively referred to as 'the Circulars'), have permitted holding of the Annual General Meeting ('AGM') through video conferencing ('VC')/ other audio visual means ('OAVM'). Hence, the AGM of the Company is being held through VC/ OAVM. The deemed venue for AGM shall be the registered office of the Company, i.e. Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.

2. Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 ('Act').

3. The members can join the AGM through VC/OAVM mode 15 minutes before the scheduled time or any time thereafter till the conclusion of the meeting by following the procedure mentioned in the notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on a first-come-first-serve basis. This will not include large shareholders (holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel and auditors, among others, who are allowed to attend the AGM without restriction on account of a first-come-first-serve basis and can connect with the Company at cipla.agm@cipla.com.

4. Since this AGM is being held pursuant to the Circulars through VC/OAVM, physical attendance of members has been dispensed with, accordingly, the facility for appointment of proxies by the members will not be available for the AGM.

   Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. In compliance with the provisions of Section 113 of the Act, Corporate/ Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (PDF/JPG format) of the board resolution/ power of attorney/authority letter etc. to the Scrutiniser at e-mail id: ciplascrutinizer@gmail.com with copy marked to evoting@nsdl.com to attend the AGM through VC/OAVM and to vote through remote electronic voting ('e-voting').

5. In compliance with the Circulars, notice of the AGM along with the Integrated Annual Report 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depositories. The printed copy of the Integrated Annual Report and the Notice of AGM will be sent to only those members who request for the same at cipla.agm@cipla.com. The members are requested to mention their Folio No./DP id and Client id while submitting the request.

6. Since the AGM will be held through VC/OAVM, the route map, proxy form and attendance slip are not attached to this notice.

7. Members will be provided with a facility of e-voting and for attending the AGM through VC/OAVM by the National Securities Depository Limited ('NSDL') e-Voting system i.e. www.evoting.nsdl.com.

8. Notice of the AGM along with the Integrated Annual Report 2023-24 are also available on the website of the Company, i.e., www.cipla.com on websites of the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and also on website of NSDL (i.e. www.evoting.nsdl.com).

9. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and Certificate from the statutory auditor of the Company under Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available for inspection in electronic form by the members during the AGM. All documents referred to in the notice will also be available for inspection in electronic form without any fee by the members from the date of circulation of this notice up to the date of AGM on Tuesday, 20th August, 2024 during business hours. Members seeking to inspect such documents may send a request on the email id cipla.agm@cipla.com at least one working day before the date on which they intend to inspect the document.

10. The explanatory statement pursuant to Section 102 of the Act is attached hereunder and forms part of the notice. As required under the Secretarial Standard – 2 and Regulations 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') the relevant information of directors seeking appointment / re-appointment is attached as Annexure 1. Though not statutorily required, the explanatory statement to ordinary business(es) item no. 1 to 3 is being provided as additional information to the members. The Board of Directors has considered item nos. 4 to 6 as unavoidable and therefore included it as special business(es) in this notice.

11. **Important instruction for shareholders holding shares in physical form.**

    i. SEBI, vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated the listed company to issue the securities in dematerialized form only while processing investor service requests viz. issue of duplicate securities certificate; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/folios; Transmission and Transposition. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.

    ii. As per the SEBI Circular, the Company/ RTA can entertain service request of members holding the shares in physical mode only upon the provision of KYC details viz., PAN, contact details, bank account details and specimen signature. Any folios for which any of the above KYC details are missing will be ineligible for lodging a grievance/ service request.

    iii. Members are requested to submit their KYC details and service requests in duly executed prescribed forms with requisite proofs as listed in the forms, to the Company's RTA, KFin Technologies Limited ('KFin'), Unit: Cipla Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Alternatively, e-signed service requests can also be sent by email to einward.ris@kfintech.com from registered email Id.

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

12. Members holding shares in demat form should contact their depository participant for updation of their records.

13. **Record Date and Dividend:**

    i. The dividend for the year ended 31st March, 2024 as recommended by the Board, upon approval at the AGM, will be paid to those members whose names will appear in the Company's Register of Members as at the close of business hours on Friday, 2nd August, 2024 i.e. Record Date. In respect of shares held in dematerialised form, the dividend will be payable based on beneficial ownership as per details furnished by NSDL and Central Depository Services (India) Limited ('CDSL').

    ii. With effect from 1st April, 2024, as per the SEBI Circular dated 10th June, 2024, shareholders holding shares in physical form and who have not completed any of their KYC details, will be eligible to receive dividend, only upon completion of KYC details. Members are therefore advised to update their KYC details on priority, if not done already, following the procedure as mentioned in point 11(iii).

    iii. Members holding shares in dematerialised form may please note that, in accordance with the direction of the Stock Exchanges, bank details as furnished by the respective depositories will be used for the purpose of distribution of dividend. For members who have not updated their bank account details, cheque will be sent at their address registered with the Depositories. To avoid delay in receiving dividend, members are advised to update their KYC with their depositories, where shares are held in dematerialised mode.

    iv. Pursuant to the provisions of Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') dividends that remain unpaid or unclaimed for a period of seven year or more, are mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF'). Accordingly, unpaid or unclaimed dividends up to the financial year 2015-16 have been transferred to the IEPF.

    As per the provisions of Section 124(6) of the Act read with the IEPF Rules as amended, all shares in respect of which dividends have remained unclaimed for seven consecutive years or more for the financial year ended 31st March, 2016 were transferred by the Company to the IEPF in November 2023. The Company had sent individual communications to the concerned shareholders whose shares were liable to be transferred to the IEPF.

Members may note that unclaimed final dividend for the financial year ended 31st March, 2017 will become due for transfer to the IEPF on Thursday, 12th September, 2024. Those members who have not encashed the unclaimed dividend for the said period and also for the subsequent years are requested to contact our Registrar and Share Transfer Agent, KFin at einward.ris@kfintech.com /Shares Department of the Company at cosecretary@cipla.com.

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

As per the provisions of Section 125 of the Act and the IEPF Rules, members whose unclaimed the dividend, unclaimed redemption amount of preference shares, unclaimed sale proceeds of fractional shares, equity shares have been transferred to IEPF, may claim the refund by making an application to the IEPF Authority in Form IEPF-5 available on www.iepf.gov.in.

TDS on Dividend Amount

14. Pursuant to the Finance Act, 2020, dividends paid or distributed by the Company after 1st April, 2020 shall be taxable in the hands of the shareholders. The Companies are required to deduct tax at source from dividends paid to shareholders. The rate of deduction of tax depends on residential status of the shareholder, the documents submitted by the shareholder and accepted by the Company.

For resident individual shareholders:

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

- At 10% if aggregate amount of dividend to be received by the shareholder during the given financial year (FY 2024-25) exceeds ₹ 5,000/- and valid PAN is provided by the shareholder. However, if shareholder provides duly filled form 15G (applicable only to individual) / Form 15H (applicable to an Individual above the age of 60 years) for relevant financial year (FY 2024-25) complete in all respects and all the required eligibility conditions are met then, NIL tax shall be deducted at source.

  Further as per Finance Act, 2023, the new taxation regime under section 115BAC of the Act is the default tax regime. Accordingly, we shall consider the forms for exemption only in cases where estimated total income in case of 15G is <= 300,000 and in case of 15H is <= 700,000 as per provisions of section 197A of the Act.

- In case of invalid or non-availability of PAN, tax will be deducted at the rate of 20%.

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

- At 10% on the entire amount of dividend to be received by the shareholder without any threshold. However, on submission of any lower withholding tax certificate or any exemption status under any provision of the Income Tax Act obtained by shareholder for FY 2024-25, the withholding tax shall be at the rate mentioned in the certificate issued by the authority and the same submitted to the Company.

- In case of invalid or non-availability of PAN, the withholding tax shall be at 20%.

- Resident shareholders who are eligible to provide declarations in Form 15G or 15H as may be applicable to them, may fill up the relevant declaration and submit at the link provided: https://easydividend.nexdigm.com/Shareholders

  The User Manual for filling and submission of declarations on the above link is available on the website of the Company at https://www.cipla.com/sites/default/files/Taxation_of_Dividend_Distribution_in_India.pdf.

For other category shareholders, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) Category I and II, Government (Central/State Government) etc:

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

- Declaration and registration certificate by shareholder qualifying as Insurer as per Section 2(7A) of the Insurance Act, 1938.

- Declaration and registration certificate by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income Tax Act, 1961.

- Declaration and registration certificate by Category I/II Alternate Investment Fund ('AIF') registered with SEBI.

- Self attested copy of valid approval granted by Commissioner as per relevant Income Tax Rules of Fourth Schedule of Income Tax Act to Recognized Provident Fund / Approved Gratuity Fund/ Approved Superannuation Fund.

- The aforesaid declarations is to be submitted through the link : https://easydividend.nexdigm.com/Shareholders

For non-resident shareholders including Foreign Portfolio Investor (FPI)/(FII) Category:

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

- Self-attested copy of the PAN allotted by the Indian Income Tax authorities if any.

- Self-attested copy of Tax Residency Certificate ('TRC') obtained from the tax authorities of the country of which the shareholder is resident for FY 2024-25.

- Self-attested copy of acknowledgement and copy of Form 10F filed online for FY 2024-25 in https://www.incometax.gov.in/iec/foportal/.

- Self-declaration, certifying the following points that no PE declaration should cover points given below:

    i. Non-Resident is and will continue to remain a tax resident of the country of residence during FY 2024-25.

    ii. Non-Resident is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company.

    iii. Non-Resident has no reason to believe that the claim for the benefits of the DTAA is impaired in any manner.

    iv. Non-Resident is the ultimate beneficial owner of the shareholding in the Company and Dividend receivable from the Company.

    v. Non-Resident does not have a taxable presence or a permanent establishment in India during FY 2024-25.

    vi. The aforesaid declarations is to be submitted through the link : https://easydividend.nexdigm.com/Shareholders/

For non-filers of Return of Income:

- At 20% on the entire amount of dividend to be received by the shareholder. If the shareholder has not filed the return of income for FY 2021 -22; and Tax Deducted at Source and Tax Collected at Source in the year in case of the shareholder is ₹ 50,000/- or more.

- The non-resident shareholders who does not have a permanent establishment is excluded from the scope of a specified person.

- For the purpose of compliance under Section 206AB, the Company will verify the status (i.e., whether Specified Person or not) from the Government enabled online utility for this purpose and deduct TDS accordingly.

Benefit under Rule 37BA

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

General Instructions:

- All the documents submitted by the shareholder will be verified by the Company / its Authorised Representative and the Company will consider the same while deducting appropriate taxes, if they are in accordance with the provisions of the Income Tax Act, 1961.

- For resident shareholders, the rate of TDS would not be increased by surcharge and cess. For non-resident shareholders, the rate of TDS would be increased by applicable surcharge and cess.

- The Company is not obligated to apply the beneficial DTAA rates at the time of withholding tax on the dividend amount. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non-resident shareholder.

- The Company will arrange to email a soft copy of the TDS certificate at the registered email id of the shareholders within statutory timelines mentioned in the Income Tax Rules. The shareholders will also be able to see the credit of TDS in their Form

26AS, which can be downloaded from their e-filing account at https://incometaxindiaefiling.gov.in.

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

- In the event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the shareholders, such shareholders will be responsible to pay and indemnify such income-tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income-tax/appellate authority.

- The above withholding tax is in summarised form of law and not detailed analysis nor any tax advice. For detailed tax advice related to their tax matters, shareholders are advised to seek professional guidance.

15. We are pleased to provide the facility of live webcast of proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM by logging on the website at https://evoting.nsdl.com by following the instructions mentioned in the notice below or on the website of the Company, i.e., www.cipla.com, under the 'Investors section'.

16. The Chairman or the authorized person shall declare the e-voting results, along with the consolidated scrutiniser's report within the timeframe prescribed under the Act and the Listing Regulations. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

17. The results declared along with the scrutiniser's report will be placed on the website of the Company, i.e., www.cipla.com, under the 'Investors section' and on the NSDL website i.e. https://evoting.nsdl.com. The results shall also be communicated to the stock exchanges.

18. The members are hereby informed that for addressing the unresolved disputes pertaining to or emanating from investor services between listed the Company and/or RTAs and its shareholders, SEBI vide circular dated 30th May, 2022 introduced Standard Operating Procedure to be followed under the Stock Exchange arbitration process. The mechanism can be initiated only post exhausting all actions for resolution of complaints including those received through the SCORES Portal. The circular is available on the website of the Company, i.e., www.cipla.com, under the 'Investors section'.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for Access to NSDL e-Voting system. After successful login, you can see link of "VC link" placed under "Join meeting" menu against the Company name. You are requested to click on this link. The link for VC will be available in Shareholder/Member login where the EVEN of the Company will be displayed. Please note that the members who do not have the User id and Password for e-Voting or have forgotten the User id and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

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

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

   - Send a request at evoting@nsdl.com or use Toll Free no. 022 - 4886 7000; or

   - Contact Mr Amit Vishal or Ms Pallavi Mhatre, NSDL at the designated email id: evoting@nsdl.com.

3. Please note that members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connections to avoid any kind of glitches.

4. Members who would like to express their views or ask questions during the AGM may pre-register themselves as a speaker by sending a request from their registered email id mentioning their name, DP id and Client id/folio number, PAN and mobile number at cipla.agm@cipla.com by Monday, 19th August, 2024 up to 5.00 pm. The members may send their questions in advance within the stipulated period to enable the management to respond to these queries objectively at the AGM. Only those members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

VOTING THROUGH ELECTRONIC MEANS:

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

2. The Board of Directors of the Company has appointed Mr B Narasimhan, Practicing Company Secretary and failing him, Mr Avinash Bagul, Practicing Company Secretary as the Scrutiniser to scrutinise the remote e-voting process and e-voting in a fair and transparent manner.

3. The members, whose names appear in the Register of Members/ Beneficial Owners as on Tuesday, 13th August, 2024, are entitled to vote on the resolutions set forth in this notice. A person who is not a member as on the cut-off date should treat this notice of AGM for information purpose only.

4. The remote e-voting period begins on Friday, 16th August, 2024 at 9.00 am and ends on Monday, 19th August, 2024 at 5.00 pm. The remote e-voting module shall be disabled by NSDL for voting thereafter. Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date for e-voting i.e., Tuesday, 13th August, 2024 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

5. In addition, the facility for voting through electronic voting system will also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting will be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting will be eligible to attend the AGM, however, they will not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at https://www.evoting.nsdl.com/.

How do I vote electronically using NSDL e-Voting system?

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

Step 1: Access the NSDL e-Voting system

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

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

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

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	a) Existing **IDeAS** users can visit the e-Services website of NSDL https://eservices.nsdl.com on a personal computer or a mobile. On the e-Services home page, click on the '**Beneficial Owner**' icon under '**Login**' which is available under '**IDeAS**' section , this will prompt you to enter your existing User id and Password. After successful authentication, you will be able to see e-voting services under Value Added Services. Click on '**Access to e-Voting**' under e-voting services and you will be able to see the e-Voting page. Click on the Company name or **e-voting service provider i.e. NSDL** and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or for joining the virtual meeting and voting during the meeting. b) If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select '**Register Online for IDeAS Portal**' or click on the link https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login method
	c) Visit the e-Voting website of NSDL. Open the web browser by typing the following URL: https://www.evoting.nsdl.com/ on a personal computer or a mobile. Once the home page of e-voting system is launched, click on the icon '**Login**' which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User id (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see the e-voting page. Click on the Company name or **e-voting service provider i.e. NSDL** and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or joining the virtual meeting and voting during the meeting. d) Members can also download NSDL Mobile App '**NSDL Speede**' facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual shareholders holding securities in demat mode with CDSL	a) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The Users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible Companies where the evoting is in progress as per the information provided by the Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. b) If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. c) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

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

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

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

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free nos. 022 - 4886 7000
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at 1800 22 55 33

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

How do I login to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ on a personal computer or a mobile.

2. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.

3. A new screen will open. You have to enter your User id, Password/OTP and a Verification Code as shown on the screen.

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

4. Your User id details are given below:

Manner of holding shares – Demat (NSDL or CDSL) or Physical	Your User id is:
a) For members who hold shares in demat account with NSDL	8 character DP id followed by 8 Digit Client id For example, if your DP id is IN300*** and Client id is 12****** then your user id is IN300***12******
b) For members who hold shares in demat account with CDSL	16 Digit Beneficiary id For example, if your Beneficiary id is 12************** then your user id is 12**************
c) For members holding shares in physical form	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is CIP000***and EVEN is 129499 then user id is 129499CIP000***

5. Password details for shareholders other than individual shareholders are given below:

   a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you enter the 'initial password', the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email id is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email id. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client id for NSDL account, last 8 digits of client id for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User id' and your 'initial password'.

      (ii) If your email id is not registered, please follow steps mentioned as the process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

   a) Click on '**Forgot User Details/Password?**' (if you are holding shares in your demat account with NSDL or CDSL). This option is available on www.evoting.nsdl.com.

   b) Click on '**Physical User Reset Password?**' (if you are holding shares in physical mode). This option is available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by the above two options, you can send a request at evoting@nsdl.com mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting votes on the e-Voting system of NSDL.

7. After entering your password, tick on 'Agree to Terms and Conditions' by selecting the check box.

8. Now, you will have to click on 'Login' button.

9. After you click on the 'Login' button, the home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system

How do I cast my vote electronically and join General Meeting on NSDL e-Voting system?

a) After successful login at Step 1, you will be able to see all the Companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.

b) Select 'EVEN' of the Company for which you wish to cast your vote during the remote e-Voting period. Caste your vote during the General Meeting. For joining the virtual meeting, you need to click on VC link placed under 'Join Meeting'.

c) Now you are ready for e-voting as the Voting page opens.

d) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

e) Upon confirmation, the message 'Vote cast successfully' will be displayed.

f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

g) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ciplascrutinizer@gmail.com with a copy marked to evoting@nsdl.com.

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended to not share your password with any other person and to take the utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on 022 - 4886 7000; or send a request to Mr Amit Vishal or Ms Pallavi Mhatre, NSDL at the designated email id: evoting@nsdl.com .

Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of email IDs for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide a signed request letter mentioning folio number, name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card and Aadhaar/ utility bill (not older than 3 months) by email to einward.ris@kfintech.com.

   In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name, client master or copy of consolidated account statement, self-attested scanned copy of PAN card and Aadhar/ Utility bill (not older than 3 months) to einward.ris@kfintech.com.

2. Alternatively, shareholders/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.

3. If you are an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.

4. Any person holding shares in physical form and non-individual shareholders who acquire shares of the Company and become members of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. Tuesday, 13th August, 2024, may obtain the login id and password by sending a request at evoting@nsdl.com or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user id and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on 022 - 4886 7000. In case of individual shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Tuesday, 13th August, 2024 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

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

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those members/ shareholders who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, will be eligible to vote through e-voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/ AGM. However, they will not be eligible to vote at the EGM/AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM will be the same person mentioned for remote e-voting.

STATEMENT SETTING OUT ALL MATERIAL FACTS CONCERNING EACH OF THE BUSINESS(ES) TO BE TRANSACTED AT THE 88th ANNUAL GENERAL MEETING AS STATED IN THE NOTICE DATED 10th MAY, 2024: [Pursuant to Section 102 of the Companies Act, 2013]

Item Nos. 1 and 2: Ordinary Resolution

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

The Board of Directors (hereinafter referred to as the Board), on the recommendation of the Audit Committee, has approved the standalone and consolidated financial statements for the financial year ended 31st March, 2024. Detailed elucidation of the financial statements has been provided in various sections of the Annual Report, including the Board's Report and the Management Discussion & Analysis Report section of the Integrated Annual Report.

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

- sent to the members at their registered email address; and
- uploaded on the website of the Company, i.e., www.cipla.com, under the 'Investors section'.

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

The Board has selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of 31st March, 2024 and of the profit of the Company for the financial year ended 31st March, 2024.

In case members have any query or question on the financial statements, they are requested to send their queries/questions to the Company Secretary at the email id cipla.agm@cipla.com by Monday, 19th August, 2024 to enable the management to objectively respond to these queries at the AGM.

The Board recommends the resolutions as set out in item nos. 1 and 2 for approval of the members as ordinary resolutions.

None of the directors and key managerial personnel and/ or their relatives are in any way, financially or otherwise, interested or concerned in these resolutions except as a member to the extent of their shareholding in the Company.

Item No. 3: Ordinary Resolution

In terms of the provisions of Section 123 of the Act, the members approve and declare the dividend recommended by the Board.

Pursuant to the Dividend Distribution Policy of the Company, the Board has recommended a final dividend of ₹ 13/- per equity share for the financial year ended 31st March 2024. In case the shares are held in physical form, the dividend recommended by the Board, if approved, will be paid to those members whose name will appear in the Register of Members as at the close of business hours on Friday, 2nd August, 2024 i.e. Record date and in respect of shares held in dematerialised form, the dividend will be paid to those members whose names are furnished by NSDL and CDSL as beneficial owners as on that date.

The Company will endeavor to pay the dividend within 7 working days from the date of the declaration but not later than 30 days from the date of the ensuing AGM.

The Board recommends the resolution as set out in item no. 3 for approval of the members as an ordinary resolution.

None of the directors and key managerial personnel and/ or their relatives are in any way, financially or otherwise, interested or concerned in this resolution except as a member to the extent of their shareholding in the Company.

Item No. 4: Ordinary Resolution

In terms of the provisions of Section 152 of the Act at least two-thirds of the total number of directors (excluding independent directors), shall be liable to retire by rotation, out of which at least one-third of the total number of such directors shall retire at every AGM. In compliance with this requirement, Mr S Radhakrishnan, Non-Executive Director of the Company, is due to retire by rotation at this meeting. While eligible for re-appointment, Mr S Radhakrishnan has conveyed his desire not to seek reappointment.

Mr S Radhakrishnan has been associated with the Company for over 37 years and played a pivotal role in the overall journey and growth of the Company. Mr S Radhakrishnan retired from the position of Whole-Time Director in November 2017 and continued as Non-Executive Director since then.

The Board placed on record its sincere appreciation for Mr S Radhakrishnan's astute leadership, constructive input and thoughtful guidance, in various roles throughout his journey at the Company.

Since after the retirement of Mr S Radhakrishnan, the composition of the Board of Directors will be adequate and continue to meet the compliance requirements. Consequently, the Board has expressly resolved not to fill up this vacancy.

The Board recommends the resolution as set out in item no. 4 for approval of the members as an ordinary resolution.

None of the directors and key managerial personnel and/or their relatives are in any way, financially or otherwise, interested or concerned in this resolution except as a member to the extent of their shareholding in the Company.

Item No. 5: Ordinary Resolution

Dr Y K Hamied is Non-Executive Chairman of the Company and represents the second generation of Company's founding family. He joined Cipla at the age of 24 years and was appointed as Managing Director in 1976. He became Non Executive Non-Independent Chairman in 1989. He retired as the Managing Director w.e.f. 31st March 2013 and is continuing as the Non-executive since 1st April, 2013. He is a world-renowned scientist and holds PhD in organic chemistry from University of Cambridge.

Pursuant to the special resolution passed by the shareholders in their 82nd Annual General Meeting held on 30th August, 2018 and as per Article 114 of the Articles of Association of the Company, Dr Y K Hamied was appointed as the permanent director (i.e. a director not liable to retire by rotation pursuant to the provisions of Section 152 (6) of the Companies Act, 2013) on the Board of the Company.

In compliance with Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the shareholders vide special resolution passed in the 82nd Annual General Meeting on 30th August, 2018 approved the continuation of Dr Hamied (aged 87 years) on the Board of the Company beyond 75 years of age.

As per Regulation 17(1D) of the SEBI Listing Regulations, which came into effect on 15th July 2023, the continuation of a director (other than Whole Time Director, Managing Director, Manager, Independent Directors and Director liable to retire by rotation) serving on the board of a listed entity is subject to approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment. In case a director is serving on the board of a listed entity as on 31st March, 2024, without the approval of the shareholders for the last five years or more, the continuation of such director shall be subject to the approval of shareholders in the first general meeting to be held after 31st March, 2024.

In compliance with the requirement of the above referred Regulation 17 (1D) of the SEBI Listing Regulations and in view of the valuable contribution, experience and expertise of Dr Hamied, the Board recommends the continuation of Dr Hamied on the Board of the Company as Non-Executive Non-Independent Director, not liable to retire by rotation as set out in item no. 5 for approval of the members as an ordinary resolution.

Dr Y K Hamied is entitled to sitting fees and commission as per the Policy on Payment of Remuneration to the Non-Executive Directors including Independent Directors. The Policy has been disclosed in the Report on Corporate Governance in the Annual Report.

Detailed profile of Dr Y K Hamied is available on the website of the Company, i.e., www.cipla.com under the 'Investors section'. Details as required under Regulation 36(3) of the SEBI Listing Regulations , the Secretarial Standard – 2 and other provisions of the applicable laws are provided in Annexure 1 to the explanatory statement.

Except Dr Y K Hamied, Mr M K Hamied and their relatives, none of the other directors and key managerial personnel of the Company and/or their relatives are in any way, financially or otherwise, interested or concerned in this resolution except as a member to the extent of their shareholding in the Company.

Item No. 6: Ordinary Resolution

The Board, on the recommendation of the Audit Committee, has appointed M/s Joshi Apte & Associates – Cost Accountants (Firm Registration No. 000240) as the Cost Auditor to audit of the Company's cost records for the financial year ending on 31st March, 2025 at a remuneration of ₹ 12,50,000/- (Rupees Twelve Lacs Fifty Thousand Only) plus applicable taxes and reimbursement of reasonable out-of-pocket expenses.

In accordance with the provisions of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor is required to be ratified by the members of the Company.

The Board recommends the resolution as set out in item no. 6 for ratification of the members as an ordinary resolution.

None of the directors and key managerial personnel and/or their relatives are in any way, financially or otherwise, interested or concerned in this resolution except as a member to the extent of their shareholding in the Company.

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

Date: 10th May,2024
Place: Mumbai

Rajendra Chopra
Company Secretary

ANNEXURE 1

PROFILE OF DIRECTOR

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

Full Name	Dr Y K Hamied
Director Identification Number (DIN)	00029049
Age	87 years
Original Date of Appointment	21st July, 1972
Qualification	PhD in Organic Chemistry from the University of Cambridge
Experience and Expertise	Pharmaceutics, Business Development, Strategy, Corporate Governance
Remuneration last drawn (including sitting fees)	Mentioned in the Report on Corporate Governance
Remuneration to be paid	
Terms and conditions of appointment or reappointment	As per the resolution set out in item no. 5 of this Notice read with the explanatory statement thereto
Number of board meetings attended during FY 2023-24	As mentioned in the Report on Corporate Governance
Shareholding including shareholding as beneficial owner (Equity Shares)	15,05,21,183 (18.64%)
Relationship with other directors and Key Managerial Personnel	Brother of Mr M K Hamied, Non-Executive Vice-Chairman and Uncle of Ms Samina Hamied, Non-Executive Director
Member/ Chairperson of committees of the Company	Nil
Directorships held in other companies	Famid Sports Private Limited
Membership of committees held in other Indian companies	Nil
Chairpersonship of committees held in other Indian companies	Nil
Listed entities from which the person has resigned in the past three years	Nil

Cipla

Caring For Life

Cipla Limited

Annual Report 2023-24

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

Caring For Life

We asked AI to depict what 'Caring for Life' looked like in a hyper tech-driven world and it felt fitting to use the result in this report since innovation and technology have been at the core of our milestones through FY 2023-2024.

While our purpose of caring for life remains the same, the articulation of this purpose has expanded to adapt to the ever-changing landscape. To us at Cipla, it means staying ahead of innovation across every goal; it means being agile in adopting new age technologies and therapies for patient care; it means the provision of prompt and effective diagnosis by plugging gaps in the diagnostic ecosystem; it means leveraging technology to provide access to the last mile; and it means adopting industry 4.0 technologies to achieve sustainability goals like carbon and water neutrality. While firmly rooted in the past, we at Cipla embrace the future by investing in technology and innovation driven by 'Caring for Life' in all its forms.

About this Report

Welcoming our stakeholders to the Integrated Annual Report for FY 2023-24

We are pleased to present our seventh Integrated Annual Report, offering our readers a comprehensive and holistic understanding of both financial and non-financial performance which includes qualitative and quantitative insights into our strategic initiatives, governance practices, environmental stewardship, social responsibility efforts and more. By integrating these aspects of our performance, we aim to equip our stakeholders with a deeper understanding of our value-creation process.

As we navigate the complexities of today's dynamic business landscape, we remain steadfast in our commitment to delivering long-term value to our stakeholders and making meaningful contributions to the communities in which we operate.

Our reporting guidelines

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

This report has been prepared in accordance with the Global Reporting Initiative ('GRI') standards, 2021. We have also mapped our initiatives, practices and policies with the United Nations Sustainable Development Goals. The financial and statutory information contained in this report is in compliance with the requirements of the Companies Act, 2013, the Indian Accounting Standards, the Secretarial Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations.

Our core elements to enhance value creation

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

It also outlines our financial and non-financial performance across the six resource capitals of the <IR> framework which serves as a foundation for understanding how our organisation creates and delivers value.

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

Reporting Boundary & Scope[1]

This report presents information on financial and non-financial performance of Cipla's global operations for the period 1st April, 2023 to 31st March, 2024. List of entities included in our financial reporting have been provided on page no. 350 of this report. Our non-financial reporting includes only our subsidiaries. Any specific exclusions are provided in respective sections.

Responsibility statement[2]

The Board firmly believes that the report provides an accurate and unbiased overview of the Company's financial, sustainability and operational performance, covering all significant matters relevant to the Company in FY 2023-24 and beyond. The Board recognises that the report's contents were created by different functions and business units with the Management Council's direction.

Assurance[3]

Assurance on financial statements has been provided by our statutory auditor- Walker Chandiok & Co LLP on page no. 223 and 312 of this report. Non-financial information has been independently assured by DNV Business Assurance India Private Limited which can be found on page no. 422 and 427 of this report.

Feedback[4]

We take this opportunity to thank all our stakeholders for their interest in our Company and its performance. We greatly value your feedback on this report and encourage you to write to us.

Stakeholder feedback can be sent to:
Name: Mr Rajendra Chopra
Designation: Company Secretary
E-mail: cosecretary@cipla.com
Telephone: +91 22 41916000

[1] GRI 2-2, GRI 2-3 and Information in line with BRSR Question no. 13 of Section A
[2] GRI 2-14
[3] GRI 2-5
[4] GRI 2-3

About Cipla[1]

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

We are the third-largest pharmaceutical company in India[2] and ranked first in the pharma prescription market of South Africa[2]. We are also amongst the second largest Indian exporter to emerging markets, the sixth largest Indian exporter to Europe[2] and the fourth largest by prescription in the US Gx inhalation products[3]. Our 46 manufacturing sites around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to 78 markets.[4]

Our product portfolio spans complex generics as well as drugs in the respiratory, anti-retroviral, urology, cardiology, anti-infective, CNS and various other key therapeutic segments. We continue to focus on moving up the innovation curve by leveraging data science and digital technology in R&D. With a rich portfolio, we are deepening our presence in the home markets of India, as well as South Africa, North America and other key regulated and emerging markets.

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

Our strategy to use resources efficiently, our efforts to make medicines more available and our robust financial performance collectively provide a strong foundation for a responsible business that is committed to sustainable growth. As a responsible corporate citizen and a partner of choice for global health organisations, peers and all stakeholders, we believe in following a humanitarian approach to healthcare that is driven by the objective of 'Caring for Life' through deep rooted community ties.

For more details, please visit www.cipla.com or click on X, Facebook and LinkedIn channels.

[1] GRI 2-1, GRI 2-6
[2] IQVIA MAT February 2024
[3] EXIM IntelliMax data for Emerging Markets (ex-SAGA, CIS, China) for FY 2023-24
[4] Represent countries/markets where sales are more than USD 0.5 million

Cipla

OneCipla Credo

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

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

This is our **OneCipla Credo**

OUR WINNING ASPIRATION

OUR FIRST PRINCIPLES

CIPLA LEADERSHIP ESSENTIALS

PATIENTS

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

LEADERSHIP IN CORE MARKETS

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

COMMERCIAL EXCELLENCE

- Accelerated revenue growth and sustainable margin expansion

COLLABORATE TO SUCCEED

INNOVATE TO EXCEL

PERFORM WITH ACCOUNTABILITY

LEAD WITH EMPATHY

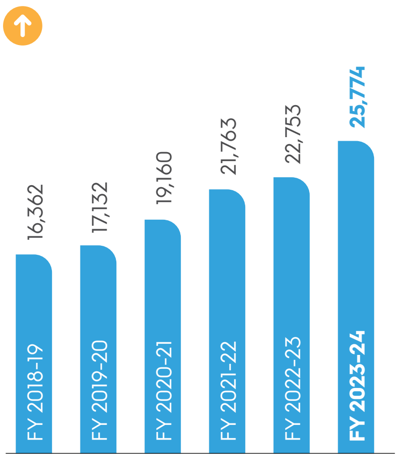
ACT WITH AGILITY

Financial Highlights

Revenue from Operations

(in ₹ crores)

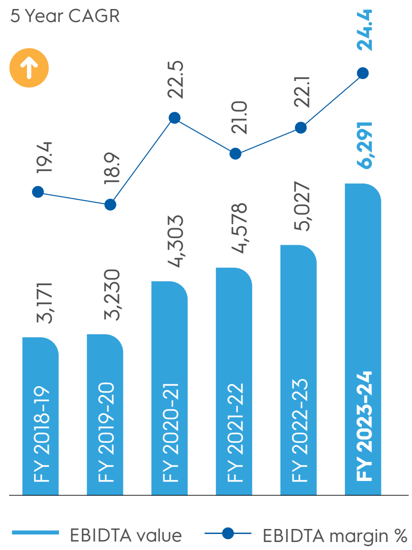
10%
5 Year CAGR



EBITDA and EBITDA Margin[1]

(in ₹ crores)

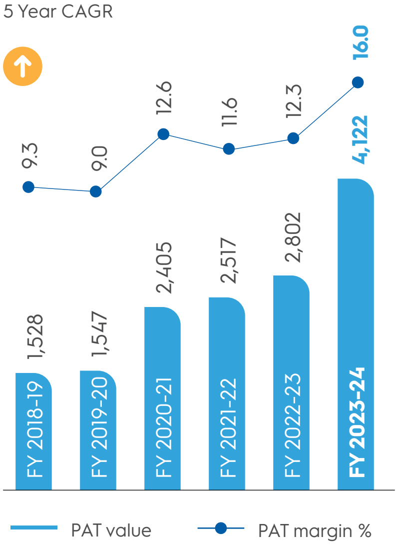
15%
5 Year CAGR



PAT and PAT Margin[2]

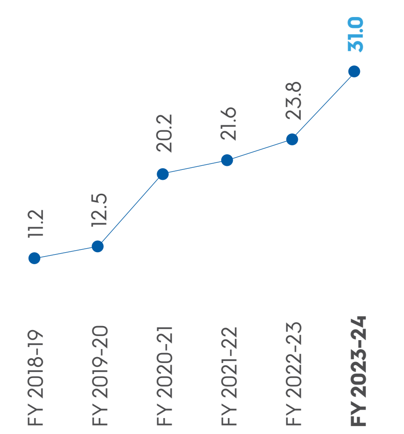
(in ₹ crores)

22%
5 Year CAGR



Return on Invested Capital (RoIC)[3]

(in %)



FY 2023-24

Revenue

13%
YoY Growth

EBITDA Margin

24.4%

PAT Margin

16%

Free Cash Flow

2,928
(₹ in crores)

RoIC

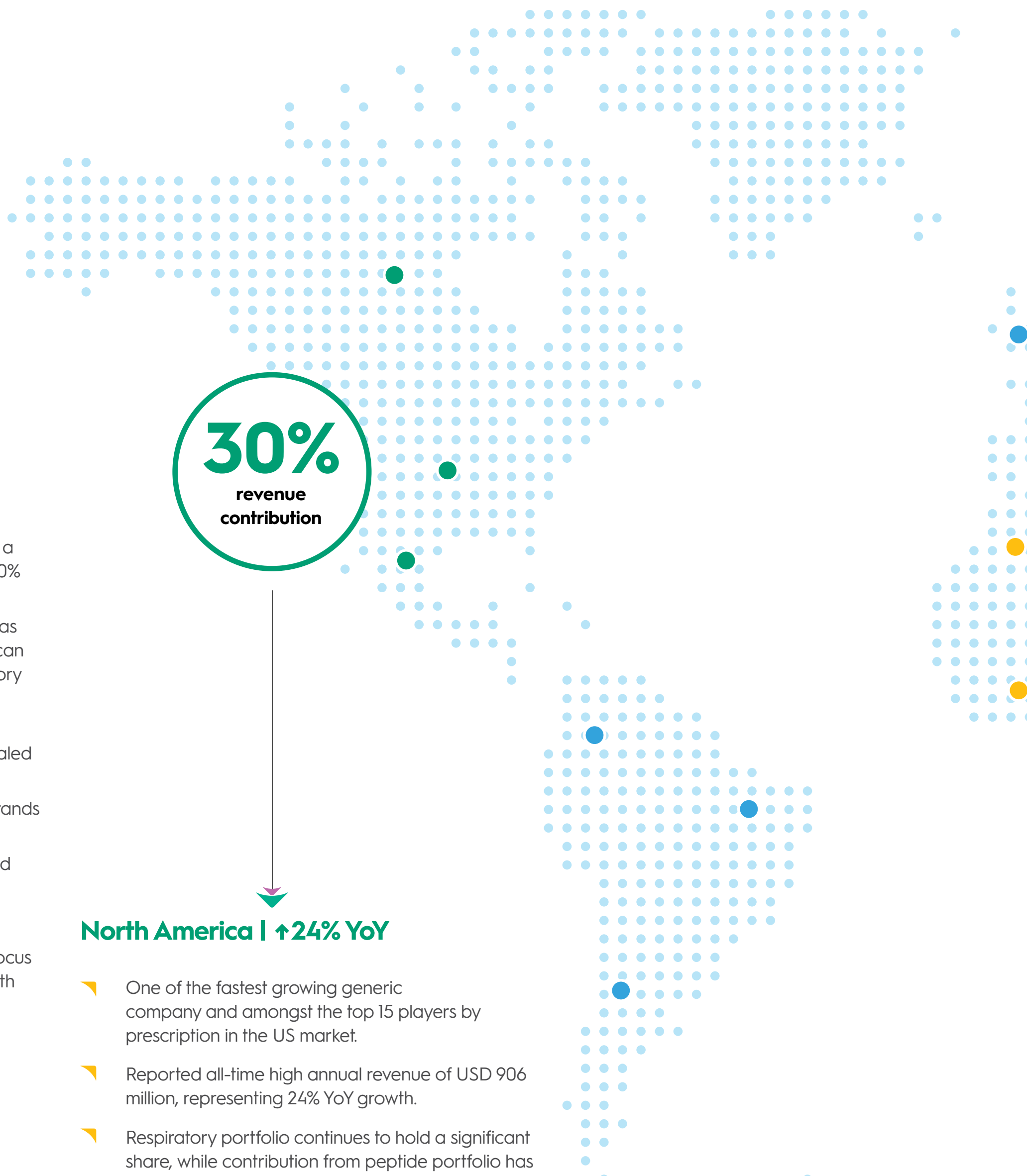
720 BPS
YoY Growth

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

[2]Net profit after tax attributable to shareholders for FY 2021-22, FY 2022-23 and FY 2023-24 includes one-time impact of impairments

[3]RoIC = EBITDA - depreciation and amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowing)]

Global Reach[1]



43%
revenue contribution

One-India (Branded prescription, trade generics & consumer health) | ↑10% YoY

1. India Branded Prescription

- Continued to outpace market growth, backed by a robust chronic portfolio that delivered a healthy 10% market[2] YoY growth.
- The market[2] share of chronic in overall portfolio has improved by ~100 bps YoY to 61%. The expansion can be largely attributed to key therapies like respiratory and cardiac, posting a strong market[2] growth of 10% respectively.
- Adding a niche set of innovative products like inhaled insulin, plazomicin, etc. to diversify the portfolio.
- Consistent focus on growing major brands; 20+ brands crossed ₹ 100 crores mark in the market[2].
- Partnered with Sanofi India for the distribution and promotion of CNS product range in India.

2. India Trade Generics

- Largest Trade Generic business in India with the focus of building big brands; There are seven brands with revenue greater than ₹ 50 crores.
- Expanding portfolio breadth with 40+ new launches during the year.
- Strengthening channel relationships by entering tier 2 to tier 6 cities complemented by expanding retail taskforce.
- Recently changed in the distribution model for consolidating the channel and increasing direct touchpoints. This enabled the levers to further expand and consolidate the leadership position in the market.

3. India Consumer Health

- Continuous focus on strengthening the consumer health business by maintaining brand equity of the top brands.
- Nicotex[3], Omnigel[4] and Cipladine[4] ranked #1 in the market.
- Foraying further into cosmetics and personal care with acquisition of OTC brands like Astaberry® from Ivia Beaute Private Limited.
- Continued to drive illness to wellness theme by strong brand-building initiatives, expanding distribution and delivering category innovations.
- Strong emphasis on improving EBITDA margins, already in the mid-teens.

30%
revenue contribution

North America | ↑24% YoY

- One of the fastest growing generic company and amongst the top 15 players by prescription in the US market.
- Reported all-time high annual revenue of USD 906 million, representing 24% YoY growth.
- Respiratory portfolio continues to hold a significant share, while contribution from peptide portfolio has led to growth in our base business.
- Increase in Lanreotide market share by ~21%, setting up benchmark in 505(b)(2) market[5].
- The market share for Albuterol was in the range of 12-13% during the financial year. With a robust strategy in place to improve market share, there has already been growth by 15.5% as per IQVIA week ending 26th April, 2024.
- Filed five assets including gSymbicort and gQvar, with launches expected within three years. In peptides and complex generics, 12 assets were filed and few launches are planned in the horizon of next two to four years. The Company is targeting to file two respiratory assets with significant revenues in the next 12-15 months and launch four peptide assets in FY 2024-25.

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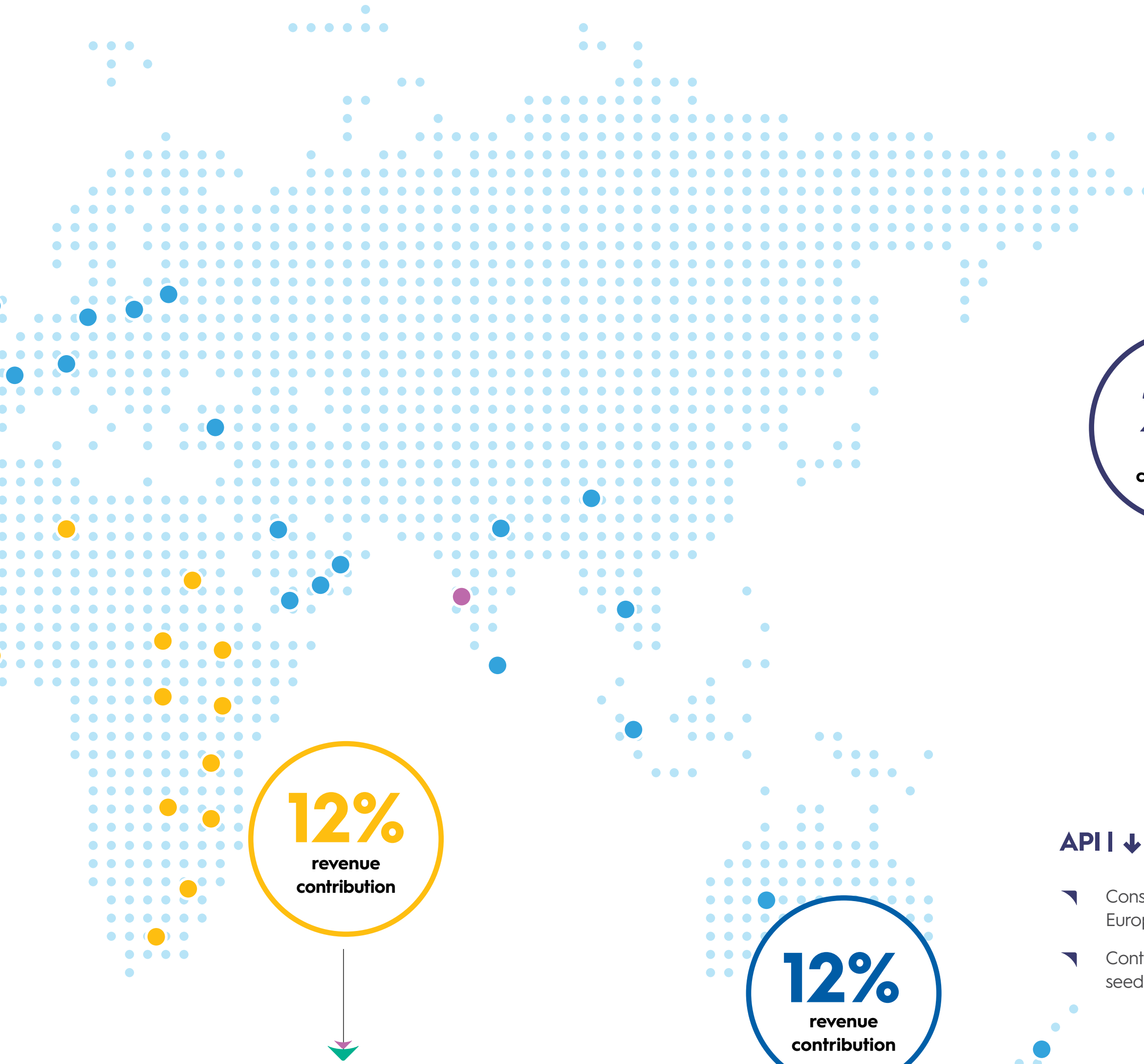
[1] GRI 2-1, GRI 2-6
[2] India & SA: Market share data and rankings as per IQVIA MAT March 2024
[3] Market data as per IQVIA March 2024
[4] Market data as per AC Neilsen March 2024
[5] North America: TRx market share data as per IQVIA week ending 29th February, 2024



SAGA (South Africa, Sub-Saharan Africa, Global Access) | ↑3% YoY

- Achieved leadership position in the pharma prescription market[2] by consistently outpacing market growth over the past few years.
- Cipla's private market business continues to outperform the market[2] with a strong growth of 11.2%, growing at ~5x faster than the market. This strong performance is noted across key therapies like Respiratory, CNS and Anti-infectives.
- 30+ new brands were launched in the market across multiple therapies during the financial year.
- Acquired and integrated Actor Pharma (Pty) Limited for enhancing the OTC business and portfolio in South Africa.
- The private market business improved its share to 82% in South Africa.

Emerging Markets and Europe | ↑2% YoY growth (growth in ₹)

- Ranked # 3 in Sri Lanka and # 9 in Nepal Pharma Market[6].
- Lung leadership in focused Direct to Market (DTM) [7] (Algeria, Morocco, Nepal and Sri Lanka).
- Oncology and respiratory product filings in Emerging and European markets to strengthen future pipeline, filing of key peptide products for key markets.
- New launches in FY 2023-24 along with continued focus on growth through organic launches and partnerships.

2%
revenue contribution

API | ↓1% YoY

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

[6]Market data as per IQVIA MAT February 2024
[7]Market data as per IQVIA MAT December 2023
[8]Balance % contribution to sales over and above the geographies mentioned pertains to other operating income | Figures have been rounded-off | Revenue growth numbers are in local currency.

Board of Directors[1]

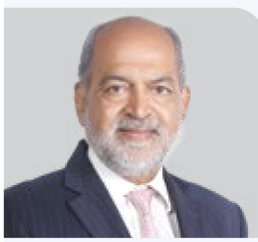
Dr Y K Hamied
Chairman

Mr M K Hamied
Vice Chairman

Ms Samina Hamied
Non-Executive Non- Independent Director

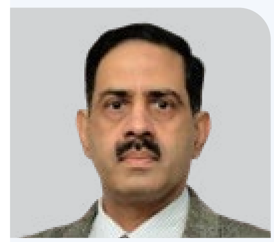
Mr Umang Vohra
Managing Director and Global Chief Executive Officer

Mr S Radhakrishnan
Non-Executive Non-Independent Director



Mr Adil Zainulbhai
Independent Director

Mr Ashok Sinha
Independent Director

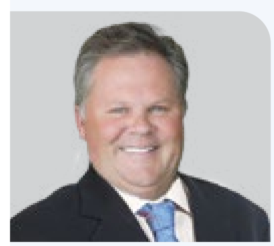


Dr Balram Bhargava
Independent Director

Dr Mandar Vaidya
Independent Director

Mr P R Ramesh
Independent Director

Ms Punita Lal
Independent Director



Mr Robert Stewart
Independent Director

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

[1]GRI 2-9

Management Council

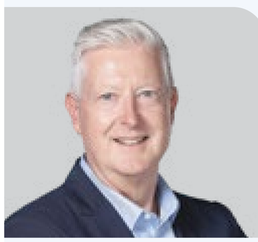
Mr Umang Vohra
Managing Director and Global Chief Executive Officer

Mr Ashish Adukia
Global Chief Financial Officer

Dr Raju Mistry
Global Chief People Officer

Mr Pradeep Bhadauria
Global Chief Scientific Officer

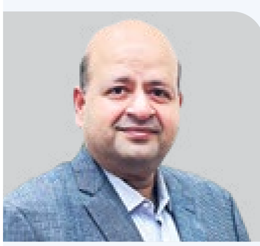
Mr Achin Gupta
CEO One India Business



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

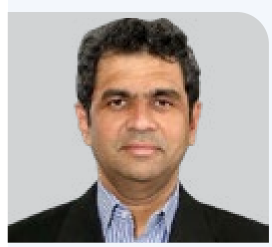
Mr Marc Falkin
CEO North America

Mr Swapn Malpani
CEO Emerging Markets and Europe



Mr Vijayasarathi Ramaswami
Global Head of Quality

Mr Rajeev Kumar Sinha
Global Chief Manufacturing Officer



Dr Jaideep Gogtay
Global Chief Medical Officer

Ms Sneha Hiranandani
Chief Information Officer

Mr Sai Mungara
Global Head Supply Chain

Ten-Year Highlights[1]

Consolidated

(₹ in crores)

	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015
Income Statement Data										
Revenue from operation	25,774	22,753	21,763	19,160	17,132	16,362	15,219	14,630	13,790	11,345
Profit for the year^	4,122	2,802	2,517	2,405	1,547	1,528	1,411	1,006	1,360	1,181
Dividend	686	404	403	-	564^^	242	161	161	161	161
Balance Sheet Data										
Total equity attributable to owners	26,706	23,408	20,842	18,327	15,763	15,012	14,229	12,525	11,516	10,789
Property, plant and equipment - Net block	4,642	4,584	4,839	4,618	4,805	5,114	5,315	5,009	4,605	4,141
Cash and cash equivalents#	8,267	6,273	4,965	3,756	2,018	2,747	2,074	1,463	1,458	956
Total Debt	247	520	824	1,756	2,816	4,316	4,098	4,113	5,192	1,702
Additional Data										
Earnings per share - Diluted(₹)	51.01	34.69	31.17	29.79	19.16	18.93	17.50	12.50	16.89	14.66

[1]GRI 2-6
* figures from FY 2015-16 to FY 2023-24 are in compliance with Ind AS
^ profit after tax attributable to the shareholders
# Includes cash and cash equivalents including fixed deposits, current investments, margin deposits and excluding unclaimed dividend balances
^^ includes interim dividend for FY 2019-20

Corporate Information[1]

Founder
Dr K A Hamied
(1898-1972)

Chairman
Dr Y K Hamied

Vice-Chairman
Mr M K Hamied

Non-Executive Non-Independent Directors
Ms Samina Hamied
Mr S Radhakrishnan

Managing Director and Global Chief Executive Officer
Mr Umang Vohra

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

Global Chief Financial Officer
Mr Ashish Adukia

Company Secretary and Compliance Officer
Mr Rajendra Chopra

Statutory Auditor
Walker Chandiok & Co LLP

Chief Internal Auditor
Mr Deepak Viegas

Secretarial Auditor
BNP & Associates

Cost Auditor
M/s Joshi Apte & Associates

Corporate Identity Number
L24239MH1935PLC002380

Registered Office
Cipla House
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400 013,
Maharashtra
Tel. No.: +91 22 41916000
Fax No.: +91 22 41916120
Email id: cosecretary@cipla.com
Website: www.cipla.com

/ Cipla_Global
/ Cipla
/ Cipla

Registrar and Share Transfer Agent
KFin Technologies Limited
(Unit: Cipla Limited)
Selenium, Tower B, Plot No. 31 & 32,
Gachibowli, Financial District, Nanakramguda,
Serilingampally, Hyderabad – 500 032, Telangana
Tel. No.: +91 40 6716 2222 / 79611000
Email id: einward.ris@kfintech.com
Website: www.kfintech.com

[1]GRI 2-1

Chairman's Message

"Our shareholders have shown faith in our Company and we are committed to doing our best in providing healthcare with a focus on equitable access so that none should be denied medication. Cipla looks forward to another year of progress in science, innovation and technology as we continue our journey of 'Caring for Life'."

Dear Shareholders,

When Cipla was founded in 1935 by the late Dr K A Hamied, it was built with the firm resolve to provide equitable access to quality healthcare in India. 88 years later, Cipla continues to honour that commitment. What started with one small factory in Bombay Central has now expanded to multiple manufacturing units across the world. Today, we provide medicines to 78 markets globally. Everything we do centres around our purpose of 'Caring for Life' and to provide the best in healthcare.

At Cipla, scientific innovation is the foundation and core of our business structure. Over the years, we have significantly contributed towards combatting a wide spectrum of diseases. This ranges from respiratory disease to HIV/AIDS to cancer and many more. Cipla is carefully looking at the future by investing in newer technologies in the areas of devices, diagnostics, biotech, stem-cells, gene therapy, CAR-T and mRNA. In addition to studying new areas of treatment, we are also expanding manufacturing, marketing and distribution by leveraging digitalisation and automation that will help achieve our future goals. These developments are showing promising results and will benefit more patients in the years to come. While Cipla is rooted in its legacy of care, we also have a firm eye on the future through our commitment to innovation, both fundamental and incremental.

We live in a world shrouded with uncertainty and volatility as we face the after-effects of pandemics, climate change and loss of biodiversity across the globe. Now, more than ever before, it is imperative that we leverage science and technology to create products and processes that will allow us to forge a forward path. The world requires science-based innovations in healthcare, investment in R&D and global partnerships so that new solutions may be found to meet the uncertain future ahead on both medical and environmental fronts. Cipla's expertise, knowledge, experience and research acumen developed over the years will go a long way to help society in the future.

Today, Cipla is among the leading generic pharmaceuticals companies both in India and Africa with a growing presence in the US and emerging markets and we firmly believe that it is our responsibility to promote positive humanitarian change beyond business. Over the years, our palliative care centres have cared for over 50,000 patients and their families across 27 cities in India. Through meaningful partnerships, we are working with many communities to scale up water conservation and water management efforts, particularly in the areas of the south and west coast of India. Globally, our employees regularly volunteer their time to give back to society while they continue to raise awareness around major diseases. These initiatives by the Cipla family are a testament to our unwavering resolve towards humanitarian work.

The milestones Cipla has achieved would not have been possible without the hard work, dedication and passion of all our Ciplaites, our partners, the medical community, the management of the Company and our Board of Directors. Our shareholders have shown faith in our Company and we are committed to doing our best in providing healthcare with a focus on equitable access so that none should be denied medication. Cipla looks forward to another year of progress in science, innovation and technology as we continue our journey of 'Caring for Life'.

I wish good health to each one of you and your families.

Warm Regards,

Y. K. Hamied

Y K Hamied
Chairman

MD & GCEO's Message[1]

It is fascinating to witness and participate in the innovative trends in mRNA technology, neurotechnology sensors, cancer reversal and more. We are investing heavily in new age tech-based solutions like CAR-T cell therapy, peptides, oligonucleotides and biosimilars that we believe will create a large-scale impact in the future. By leveraging AI's predictive capabilities, we continue to foster innovation and efficiency across R&D processes. We will continue to further our digital initiatives to create better and more efficient patient outcomes.

[1]GRI 2-22

Dear Shareholders,

In today's swiftly evolving world, we're presented with a host of new opportunities, challenges and learnings every day. It is an exciting time for us to move forward on our innovation-led and care-driven commitment to provide the best healthcare solutions, across the globe. Groundbreaking innovations in science and technology are transforming patient care by fundamentally changing the way we prevent, diagnose and treat diseases. With a forward-looking focus on 'Caring for Life', Cipla is committed to creating positive impact through research and data-driven solutions to help make healthcare accessible and equitable.

We had a phenomenal year that included overachieving our financial targets, winning the "Great Place to Work" title for the sixth time in a row, foraying into digital health, scaling up our wellness journey, growing large brands, investing in strategic opportunities and R&D, building meaningful partnerships and witnessing an exciting growth story in our key markets of India, US and South Africa.

Unleashing the power of One Cipla

As One Cipla, the organisation has achieved milestones and outperformed targets across every region and the multiple businesses in its fold. Our One-India business achieved a revenue of ₹ 10,865 crores and posted a healthy growth of 10% for the year. Our India Rx business outpaced market growth driven by growth in our chronic portfolio. Adding to our lung leadership milestones, our flagship inhaler, Foracort, is now the leading brand in the Indian pharma market[2]. Cipla is now among the top two (by number of brands) in the top 100 list in the Indian pharma market[2]. Our India Generics business witnessed a change in the distribution model, aimed at consolidating channels & increasing direct touchpoints for improved trade visibility. India's Gx business also recorded a double-digit growth YoY, on account of strong execution in key therapies, deepening the distribution network in tier 2-6 cities, 40+ new launches and technological interventions.

Our Cipla Health brands Nicotex[2], Omnigel[3] and Cipladine[3] emerged as market leaders in each of their segments. Cipla Health acquired brands like Astaberry®, Ikin® and Bhimsaini® to further solidify our presence in the expansive and dynamic beauty and personal care sector while also building on our well-established footprint in tier 2-6 markets.

Our North America business reported an all-time high annual revenue of USD 906 million, 24% growth over last year, led by traction in a differentiated portfolio and sustained demand for the base business. We scaled up Lanreotide, achieving a market share of 20%+[4] during the year. Our efforts continue towards being able to increase the Albuterol market share, which already occupies 15.5% of the market[5] share. South Africa private market continued to show momentum[2], recording an 11.2% YoY growth in the secondary vs market growth of 2.1% backed by therapies like Respiratory, CNS and Anti-Infectives. Although we saw challenging phases with USFDA audits, I am glad to report that our China facility cleared the USFDA audit and is expected to supply to the US by the second half of FY 2024-25. Our facilities of Patalganga and Kurkumbh in India were also cleared with a VAI. Our Goa site was issued observations and our Indore plant is currently being remediated. Finding resolution for these regulatory issues continues to be our top priority. We have worked extensively to remediate our sites, creating a blueprint for solid expansion in India and are working closely with the USFDA to remediate these sites.

Investing in healthcare of the future

At Cipla, our 88-year legacy of care serves as an anchor as we propel into the future by adopting technology to help create efficient, innovative and sustainable processes across each touchpoint throughout the organisation. As we continue to ramp up our efforts in Lung Leadership, AMR and Wellness, we will also explore new areas of therapies. We aim to develop drugs, digital efforts, nutraceuticals and the overall ecosystem for obesity and obesity-related diseases like CVS, PCOS and liver conditions. Similar efforts have also been planned in the areas of mental health and in oncology. In continuation of our commitment to developing a robust antimicrobial portfolio, we have received approvals to bring the novel Plazomicin injection to India. Cipla remains steadfast in its resolve to build capabilities and continues to drive stewardship activities to counter the global threat of AMR.

[2]IQVIA MAT March 2024
[3]AC Neilsen March 2024
[4]IQVIA week ending 29th February, 2024
[5]Market share data as per IQVIA week ending 26th April, 2024

It is fascinating to witness and participate in the innovative trends in mRNA technology, neurotechnology sensors, cancer reversal and more. We are investing heavily in new age tech-based solutions like CAR-T cell therapy, peptides, oligonucleotides and biosimilars that we believe will create a large-scale impact in the future. By leveraging AI's predictive capabilities, we continue to foster innovation and efficiency across R&D processes. We will continue to further our digital initiatives to create better and more efficient patient outcomes.

As we move forward towards a promising future, we aim to focus on agility by investing in therapies of the future, deepening our focus on innovation, supporting our consumers' wellness journeys and unlocking the power of digital for better patient outcomes with a compassionate approach that goes beyond the pursuit of profit. We will invest in big brands, strategic alliances and global partnerships that will allow us to democratise healthcare services.

Caring for our patients, people and the planet

In a volatile world, purpose is key to being able to navigate uncertainties and, historically, our purpose of 'Caring for Life' has allowed us to steer through challenges while ensuring that everything we do is underscored by care. Our ESG positioning of CARE inclines us uniquely to grow sustainably while also caring for our patients, people and the planet.

Continuing our commitment to our patients, our campaigns for Tuffies in India and Bronki Boosters in South Africa have empowered kids with asthma by helping them overcome limitations through a series of comic books, videos and more. Through Berok Zindagi and our Breathefree initiatives, we have impacted millions of patients and their families. Cipla USA participated in the Lung Force Walk in collaboration with the American Lung Association to raise awareness and funds to defeat lung cancer and advocate for lung health. Still, there is much to be done and our award-winning patient initiatives along with our widest portfolio of drugs and devices are aimed towards building an ecosystem of care - helping millions breathe better.

Nothing we achieve at Cipla would be possible without our Ciplaites across the world, working tirelessly to achieve targets while also creating impact. We recently launched an Employee Value Proposition (EVP) in an endeavor to make our talent thrive in their careers. We conduct regular activities to foster diversity and inclusion along with workshops and roadshows for employee safety. Through a pilot collaboration with TEACH, we worked with hearing-impaired students to help them build career ready skills to enter the corporate world. We remain steadfast in our commitment to creating an inclusive, equitable and diverse culture at Cipla. In collaboration with the Cipla Foundation, our employees regularly volunteer or participate in crowdfunding campaigns. To help the community, our people have contributed over 1,00,000 hours of volunteering. I am deeply grateful to each one of you for upholding our purpose of 'Caring for Life'.

As a responsible corporate citizen, we make focused efforts to limit any adverse impact on the planet from our operations. By 2025, we aim to achieve carbon and water neutrality and zero waste to landfill for our India manufacturing locations. To achieve these sustainability goals, we make robust efforts including the increased use of renewable energy and alternative fuels, enhancement of rainwater harvesting activities and the reduction of blue water usage through wastewater management and increased recycling and co-processing of waste. These efforts have enabled significant results in the form of 29% renewable energy consumed, 84% wastewater recycled and a Zero Waste to Landfill Certification being awarded to both our sites in Goa. We were also awarded the ESG Champion Award in the Pharmaceuticals & Healthcare category by KPMG at their ESG Conclave and Awards 2023.

While we celebrate the milestones achieved this year, we underpin our commitment to sustainable growth through cost discipline and robust governance practices. We have already adopted Industry 4.0 technologies across our manufacturing processes and continue to work towards creating efficiencies within the supply chain through resilient supply chain management and ethical practices. Our strong supplier code of conduct and sustainable supply chain policy integrate sustainability across all operations. We also empower our suppliers through rigorous assessments, ESG capacity building sessions and guidance on adopting and managing ESG principles effectively. We firmly believe that sustainability is no longer a choice but a business imperative and across One Cipla, we are committed to achieving our sustainability goals.

Scripting a new growth story

Globally, it is an inspiring time for the pharmaceutical industry and I am looking forward to Cipla playing a role in pushing the boundaries of healthcare through innovation and digitisation. I believe that, as an agile organisation, we are prepared to react and cater to changing consumer behaviour and trends in the healthcare sector. We aim to create innovative products across multiple therapy areas as we dial up our efforts in diagnostics and foray into devices. In tandem with the evolving trends like the consumerisation of healthcare and, as a result of digitisation, the disruption in its delivery, Cipla aims to pioneer 'integrated healthcare' through a holistic approach. Marked by personalisation and patient centricity, these efforts will be driven primarily by our longstanding purpose of 'Caring for Life'.

Cipla has completely professionalised over the last ten years and by harnessing the power of the incredible spirit of One Cipla, we look to build on our strengths while also forging a path towards newer frontiers of growth.

I would like to take this opportunity to thank Samina Hamied for her partnership over the last nine years. Her indelible contributions will always remain a part of Cipla's legacy. As always, my heartfelt gratitude to our Board members, Management committee, partners and employees for continuing to trust us to bring the best in healthcare to the last mile.

Best Wishes,

Umang Vohra
Managing Director and Global Chief Executive Officer

#1 Milestones of Excellence

From pioneering digital solutions to launching innovative products, we are proud of the #1s achieved in the last year. We are grateful to every stakeholder and Ciplaite that has helped us made these giant strides to move forward on our journey of innovation and impact.

#1 brand in the Indian pharma market for asthma management - Foracort[1]

#1 brand in nicotine replacement therapy in India - Nicotex[1]

#1 brand in medicated ointments in India - Cipladine[4]

#1 brand in pain care in India - Omnigel[4]

#1 fastest growing Gx Company for the last four years in USA[2]

#1 in the inhalation market in Nepal & Sri Lanka[3]

#1 in Rx (by value) in South Africa[1]

#1 in new launches (by value) in South Africa[1]

#1 in Excellence in Digital Transformation – ET Human Capital Awards

#1 in total market for System Anti-Infectives in South Africa[1]

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[1]IQVIA (MAT March 2024)
[2]Fastest growing generic company in the US with annual US generic revenue of USD 500 million or higher. Source: Internal analysis of publicly available information
[3]IQVIA (MAT December 2023)
[4]AC Nielsen, March 2024

Caring for Life

Cipla is committed to fostering equitable opportunities, driving social well-being and embracing diversity to help build a future where everyone thrives.

CARING FOR THE PLANET

- **29% renewable energy used**
- **43% of water recycled and reused**
- **100%** equivalent pre and post-consumer plastic waste collected and **sent for recycling**
- **54%** of our **manufacturing units** have **Zero Liquid Discharge operational plants**

CARING FOR PATIENTS

Crossing the Nation

Raise awareness and funds for cancer patients through a 3,000 km run across the United States.

Grassroot Initiatives

Water conservation projects in villages across Karnataka, Tamil Nadu and Maharashtra.

Palliative Care

50,000+ patients served across 27 cities in India through 30 palliative care organisations that provided palliative care services.

Sha'p Left Nurse Surgeries

Served **51,000+ patients,** delivered **4,75,000+ medicine parcels** benefiting **2,50,000+ people via 47 pickup points** and created **120+ job opportunities** across South Africa.

Awards and Accolades

ESG Champion Award in Pharmaceutical & Healthcare sector at KPMG India ESG Excellence Awards 2023

Ranked first in the Pharmaceuticals & Healthcare Sector and **fifth in the Top 50 Most Sustainable Companies** at the third edition of Businessworld India's Most Sustainable Companies Awards 2022- 23

Best Pharmaceutical Company in EHS segment award conferred by Transformance Forums

Silver Shield for Excellence in Financial Reporting for 2022-23 at Institute of Chartered Accountants of India Award

Ranked #2 in Top Rated Pharma Companies at AmbitionBox Employee Choice Awards 2024

ET Edge Award for Employee Excellence 2023 at ET Edge Awards

Exceptional Employee Experience recognition at Economic Times Human Capital Experience Awards 2023

Golden Peacock National Training Award for Excellence in Learning and Development at the IOD's UAE Global Convention (31st World Congress) on Leadership for Business Excellence & Innovation

Silver for Excellence in Learning Impact Measurement and High Impact Certification Program at ETHRWorld Future Skill Awards

Recognized for **Excellence in Health and Wellness Initiatives** at the SHRM HR Excellence Awards 2023

Featured in **India's Best Workplaces in Pharmaceuticals, Healthcare and Biotech 2023 List** and certified as **Great Place To Work® for sixth year in a row** by the Great Place to Work® Institute, India- February 2024 to February 2025

Certified as **Best Places to Work in Morocco 2024** for two times in a row

Cipla USA certified as **Great Place to Work®** in USA- August 2023 to August 2024

Excellent position under Pharmaceuticals category at the Confederation of Indian Industry's SCALE (Supply chain And Logistics Excellence) Awards 2023

Excellence in Supply Chain, Logistics & Distribution and Excellence in Use of Technology at Economic Times RE-Pharma Awards 2024

Best End-to-End Digital Transformation Award and Best Supply Chain Design and Integrated Business Planning Award at Ninth India Logistics & Supply Chain Awards

Excellence in Risk Mitigation at the Eighth Annual Institute for Supply Management - India Conference & Chief Procurement Officer Awards 2023

Excellence in Supply Chain Resilience and Risk Management, Supply Chain Digital Transformation at BW Businessworld Awards

Gold for **Use of Digital/ Social Media** and **Bronze for Use of Content** at the BW Businessworld Marketing Excel Awards

Gold for **Excellence in Digital Transformation and Bronze** for **Excellence in Health & Wellness** at ETHR Human Capital Awards

Digital Healthcare Platform of the Year at ET Healthcare Awards

Wins big at 11th Edition of Elets Healthcare Innovation Awards for **Patient Centric Brand in Child Health, Leading Public Health Initiative** and **Leading Mobile Health Application**

Breathefree Digital Educator wins **Silver in the Transformational Growth category** at Indian Marketing Awards

Best Customer Retention Strategy Award for CASPER, **Best Customer Engagement Initiative of the Year Award** for 'Healthcare Superstar' campaign and **Best Use of Technology in Mobile Application** for 'Ciplamed Flix' Application at Digital Customer Experience Confex & Awards 2023

Our #Berokzindagi campaign won **Silver in Health and Wellness Sector** and **Indian Achievers Award** for Outstanding Achievement at Brand Equity India DG Awards '23; **Best Marketing Campaign (Silver)** in the Healthcare & Pharmaceutical category at Indian Marketing Awards; **Excellence in Patient Outreach** at Indian Pharma Awards 2023; and **Silver Feather Award** for Best Marketing Campaign 2023 in Healthcare & Pharma sector

Our 'Pink of Health' campaign won **Gold in Digital Marketing category**, 'I AM Responsible' campaign won **Gold in PR category** and 'Acidity Score Clinic' won **Silver in Artificial Intelligence category** at ACEF 12th Global Customer Engagement Forum & Awards 2023

Cipla Health won **DMA Trailblazer Award for Pioneering India's Smoke - Free Revolution with Nicotex**

Cipla Health's Nicotex won **Gold** for **Best Use of Chatbot for Customer Engagement** and **Bronze** for **Best Use of Chatbot for Brand Awareness** and Cipladine won **Silver for Best Digital Video-Cipladine** at DMA SPARKIES Awards

Cipla Health's Nicotex won **Bronze in Health, Wellness and Pharmaceutical & Mobile category** and **Cofsils won Bronze in Display category** at DMA Echo Awards

Cipla Health's Nicotex bags **Gold** for **Best Use of Technology for community management / building** at the Creative Abbys

Nicotex bags **Silver for Best Brand Integration & Best use of Digital Medium;** and **Bronze for Best use of Influencer.** Brand Cipladine wins **Silver for Best Television Campaign** and Brand Omnigel wins **Bronze for Best use of Moment Marketing** at Exchange4media Health & Wellness Marketing Awards

Our Value Creation Model[1]

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

Drivers

Inspiration and Ethos

- Patient centricity
- Innovation

Operating Environment

- Market trends
- Regulatory demands
- Global developments

Stakeholder Demands

- Internal stakeholder
- External stakeholder

Opportunities and Risks

- Leveraging opportunities
- Management and mitigation of risk

Inputs

Financial Capital

- Capital expenditures: ₹ **1,098 crores**
- Working capital: ₹ **7,535 crores**
- Net-debt to equity: **-0.29**

Manufactured Capital

- **46** manufacturing facilities in five countries
- **2.87%** of total capex invested towards minimising the environmental and social impacts of our products and processes

Intellectual Capital

- ₹ **1,571 crores** of R&D expenditure
- Strong IPD team of **1,700+** professionals supporting complex product development
- Evaluated **40+** molecules
- Initiated **31** clinical trials involving **1000+ patients from 80+ study sites nationwide**

Human Capital

- **27,000+** global employee strength across 17 countries and six continents
- **15 lacs+** total overall training hours
- **79%** succession cover for critical senior management roles
- **83%** of our global manufacturing units are certified under ISO 45001:2018

Social and Relationship Capital

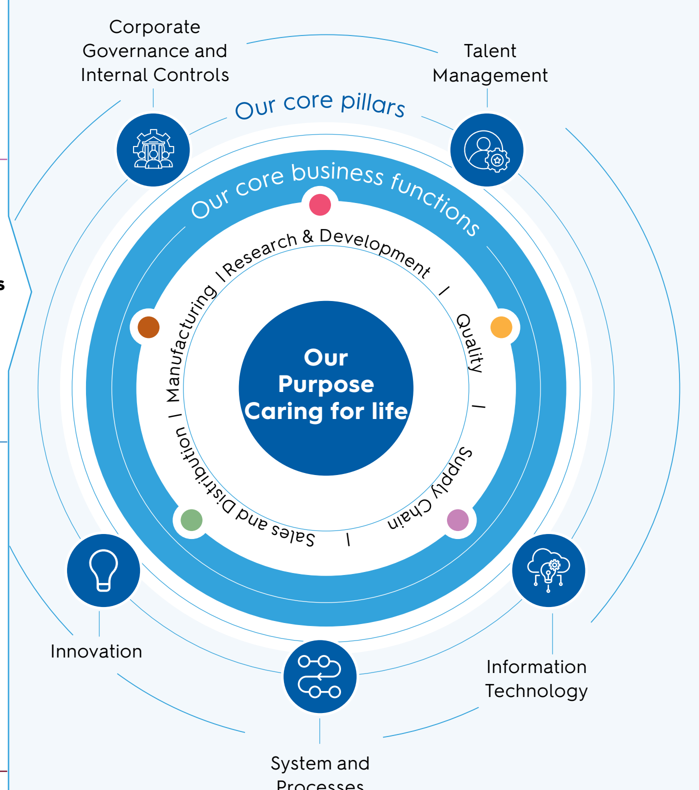
- ₹ **85.59 crores** spent on corporate social responsibility activities and other social spends
- **65%** of total procurement budget spent on local sourcing
- Assessed suppliers accounting for **~28.48%** of our total procurement expenditure

Natural Capital

- **29%** renewable energy consumed across global operations
- **54%** of our manufacturing units have implemented Zero Liquid Discharge mechanism

OneCipla Credo

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



Strategic Objectives

- Achieve excellence in our **PASSION AREAS**
- Focus on **INNOVATION**
- **PIONEERING** – Thinking beyond pharma
- **EXECUTION** – Focus on key geographies and key business functions
- **CHAMPIONING CARE** – AMR and ESG

[1]GRI 2-6

Outputs

Financial Capital

- Revenue: ₹ **25,774** crores (13% YoY growth)
- EBITDA: ₹ **6,291** crores with a margin of **24.4%**
- Return on Equity: **16.0%**

Manufactured Capital

- Diversified product portfolio of **1,500** products in **50+** dosage forms and **65** therapeutic categories
- **No fatalities** were reported associated with our products

Intellectual Capital

- Successful launch of **101** new products across geographies
- **298** patents as of 31st March, 2024
- **2,204** cumulative DMFs and **277** cumulative ANDAs and NDAs filed
- **10** clinical trials have been successfully completed

Human Capital

- Certified as Great Place to Work sixth times in a row
- Recipient of Ambition Box Employers Choice Award
- **Zero fatalities** across our manufacturing facilities
- Attrition rate for permanent employees reduced from **21.96%** to **18.74%**
  Female diversity ratio improved from **14.31% to 15.28%**

Social and Relationship Capital

- Social initiative touched lives of **4,75,000+** individuals across India
- **50,000+** patients and families served through palliative care partnerships
- Derisked products worth USD 147 million through alternate vendor development mechanism
- Berok Zindagi campaign reached over **300 million+**
- Marketed **123** out of 591 molecules listed in WHO Essential Medicine List
- **4 lacs+** interactions with healthcare professionals
- **90%** compliance on vendor quality audits

Natural Capital

- **81,054** tonnes of CO_2e emissions avoided through increased use of renewable energy
- **43%** of water recycled as a percentage of water withdrawal
- Zero Waste to Landfill Certification for our manufacturing units in Goa
- **100%** EPR compliance for pre and post consumer plastic waste

Outcomes

Financial Capital

- Sustainable growth margins, high returns, strong cash flow, healthy balance sheet and balanced capital allocation
- Stable and continuous returns to shareholders

Manufactured Capital

- Optimised infrastructure, efficient production processes and enhanced operational reliability
- Robust IT infrastructure and improved quality culture

Intellectual Capital

- Investments in R&D facilitated continuous improvement in operational efficiency, enhanced R&D capabilities and increase in number of product launches during the year

Human Capital

- Skilled and motivated workforce contributing to higher productivity and employee satisfaction resulting in reduction in attrition rates
- Development of talent pipelines and succession planning for long-term organisational resilience
- Safe, inclusive and diverse ecosystem within the Company

Social and Relationship Capital

- Improved access to high quality medicines to drive positive healthcare outcomes, through reliable supply chain management and strong relationships with all stakeholders
- Contributing resources, expertise, and support to community projects and initiatives improved quality of life and social well-being
- Building strong relationships, enhancing trust and mutual understanding with local communities through engagement and collaboration initiatives

Natural Capital

- Sustainable business practices for environmental stewardship and positive impact on nature and climate
- Continued progress towards achieving carbon neutrality, water neutrality and zero waste to landfill for our India Manufacturing operations

Impact

Key brands[2]

Refer 'Milestone of Excellence' on page no. 18


Foracort


Duolin


Budecort


Dytor


Urimax

[2]IQVIA MAT June 2024, Sub brands have been grouped

Our Strategy towards improved patient outcomes

As we expand our global presence, our growth is driven by our efforts to increase access of affordable medicines and bring in meaningful innovation to deliver better patient outcomes. Sustainability and responsibility are core to our business and are deeply integrated in our day-to-day decision-making as well as our long-term strategy.

Global healthcare landscape

The landscape of global healthcare is experiencing unprecedented transformation, driven by rising healthcare expenditures and evolving patient needs, advancements in treatment and diagnosis, rapid innovation and the expanding role of Artificial Intelligence ('AI'). With a growing burden of chronic conditions, heightened competition across sectors, changing demographics and increased government engagement in healthcare reforms, the traditional healthcare model is swiftly becoming outdated, paving the way for innovative approaches to healthcare delivery.

Today, digitisation is disrupting the healthcare delivery model by bridging the gap between rising consumer expectations and lagging healthcare services. This shift has led patients to increasingly seek healthcare information and services online. With heightened patient education and awareness as well as an increase in lifestyle-related chronic conditions among younger populations, there is a growing emphasis on health and wellness. Patients are becoming more engaged in their treatment journeys, driving the trend of healthcare consumerisation.

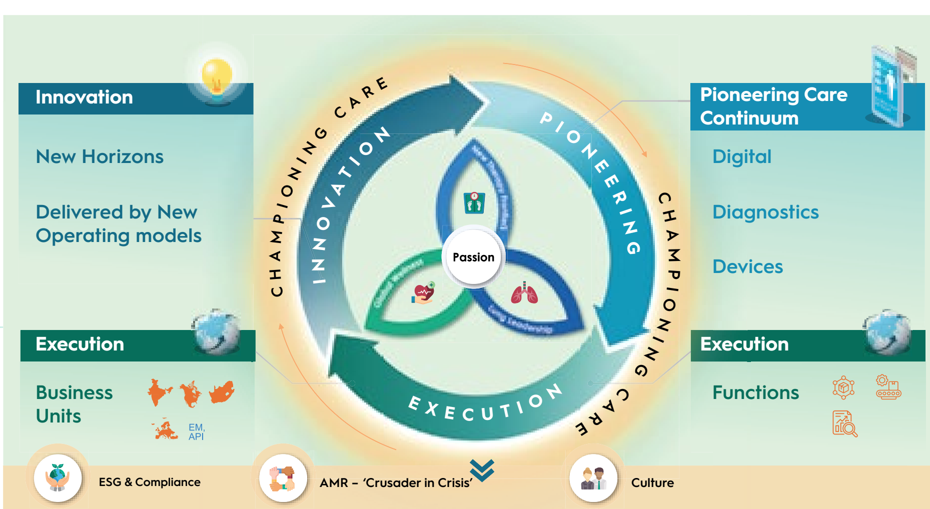
The global drug pipeline includes several innovative modalities such as mRNA, CAR-T and gene therapy. Coupled with advancements in diagnostic techniques and genomic profiling, these new modalities are poised to personalise and predict healthcare outcomes rather than relying on standardised approaches. Pharmaceutical companies are embracing a 'Going Beyond the Pill' strategy, expanding into adjacent areas like diagnostics, devices and digital therapeutics through strategic partnerships and acquisitions to provide comprehensive patient care.

In light of these significant shifts in the healthcare industry, we revised our Strategic Vision last year and have outlined our Strategic Vision for 2028 below, emphasising on our passion areas, hinged on Innovation, Pioneering care continuum and our execution engine.

We have delivered on the Strategic Business Objectives ('SBOs') set in 2019 across our passion areas like Lung Leadership, Antimicrobial Resistance ('AMR') and Wellness. We have built an expansive respiratory drug-device portfolio in India and are ramping up our respiratory portfolio in Emerging Markets and Europe ('EMEU'). We continue to drive university partnerships, surveillance programs and AMR alliance memberships. We have activated important levers in our economic engines (India, SAGA, US and EMEU). We have also strengthened our core capabilities like IPD, manufacturing, human resources and other ecosystem partnerships to build a solid foundation for future growth.

The Strategic Vision 2028 will further catapult Cipla into a new orbit to serve its purpose of 'Caring for Life'.

Cipla's Strategic Vision 2028



Our PASSION Areas

While we continue to be passionate about Lung Leadership and Wellness, it is imperative for us to expand our horizons and chart new frontiers of growth in therapies, such as Obesity, Central Nervous System ('CNS') and Oncology. We have articulated these as New Therapy Frontiers in our Strategic Vision 2028.

A Lung Leadership

Aspire to

- Expand the respiratory market in India by playing across the care continuum of drugs, diagnostics, devices and digital.
- Attain leadership position in other key markets.

In India, Cipla dominates respiratory therapy with 25% market share in the overall market and 70% market share in Cipla's covered market (Inhalation + Nebulization)[1]. We continue to progress deeper in Asthma and Chronic Obstructive Pulmonary Disease ('COPD') therapy areas.

Our Aim and Strategy:

- Going beyond Asthma and COPD by having programmes in therapy, covering areas like Interstitial Lung Disease, Lung Cancer, Pulmonary Hypertension and Allergic Bronchopulmonary Aspergillosis.
- 50+ filings and 80+ launches globally in next 5 years.

We will continue to build our differentiated drug device portfolio. (Currently, we have 26 double and triple combinations with Ciphaler and Synchrobreathe in our development pipeline). We will also continue to dial up our patient-centric communication with campaigns to increase adoption of inhalers among Asthma and COPD patients. Berok Zindagi has moved beyond from being just an awareness campaign, to a movement transforming perceptions in the hope of improving the lives of those living with asthma. With 300 million+ views[2] in the last financial year, the campaign has received widespread media coverage with 860+ news stories. We have recently launched a novel campaign 'Tuffies' with an aim to build awareness and address myths associated with asthma in kids and expand our presence in the paediatric segment. During the year, we launched the 'Tuffies Ki School Yatra' in 550 schools, reaching more than two lac kids and teachers and engaging with 4,000+ doctors.[3] Our ambition of becoming a leader in respiratory therapy has been further realised by the launch of Breathefree app.

With our cost-effective, pneumotach portable Spirometer - Spirofy, we want to democratise access to diagnosis. We also launched Spirofy in Nepal which helped in increasing diagnosis of respiratory ailments in the rural parts.

We plan to introduce the Spirofy device in multiple countries like Sri Lanka, Myanmar, Malaysia, Oman and Sub-Saharan Africa in coming years.

[1] IQVIA March 2024
[2, 3] Internal estimates

B Wellness

Aspire to contribute

15%

to Cipla's revenue by FY 2027-28

Consumer wellness franchise based out of India crossed ₹ 1,000 crore revenue.[4] We were either ranked #1 or #2 in key categories of pain recovery, nicotine replacement therapy, cough and cold, antiseptic creams and oral rehydration salts.[5] Over the period, we have built strong capabilities in sharp consumer insighting which helps us to deliver customised products as per varying regional needs of India.

We have solidified our presence in the dynamic beauty and personal care sector by acquiring key brands from Ivia Beaute Private Limited like Astaberry, Ikin, Bhimsaini, etc. With a strong brand legacy, Astaberry offers unique products to help consumers to address their skincare needs and will also help us to penetrate into grocery channel in tier 2+ towns better.

During FY 2023-24, Cipla Medpro South Africa (Pty) Limited, a wholly owned subsidiary of our Company in South Africa acquired 100% equity stake in Actor Pharma (Pty) Limited ("Actor"), a Company that has established brand equity in consumer driven markets and has a solid pipeline of new launches in niche markets. This acquisition offers Cipla a high mix of over the counter ("OTC"), revenue and a portfolio that supplements our strengths. By integrating Actor business into our operations, we anticipate synergies that will optimise cost structures and bolster revenue streams. Additionally, the expanded market reach and diversified product portfolio resulting from acquisition will strengthen our competitive position, allowing us to capture new opportunities.

Wellness for us is not just limited to OTC business of Cipla Health Limited and South Africa but is now transcending to India trade generics business with strong brands in cough and cold and emerging brands in gut health.

Our Aim and Strategy:

- To become the largest consumer healthcare company in India and South Africa.
- Building large consumer brands ranking at #1 and #2 position in respective categories.
- Strengthening play across emerging consumer health segments through organic and inorganic route.

C New Frontiers

Strengthening Oncology and CNS, foraying into Obesity

The global oncology market was valued at USD 222.4 billion in 2023 and is poised to grow to USD 521.6 billion by 2033.[6] As per World Health Organisation ("WHO"), an estimated 35 million new cancer cases to occur in or by 2050 with a steep rise in lower middle-income countries. From being the first Company in India to introduce drugs Vincristine and Vinblastine in 1984 to successfully developing several nanotech based products for cancer, such as paclitaxel injection, we are making constant efforts to strengthen our Oncology portfolio. At the same time, due to advancement in genomics, there is a spurt in development of novel technologies/ platform in precision

[4, 5] IQVIA MAT March 2024
[6] IQVIA Oncology Trends 2023

and personalised medicine, resulting in better clinical outcome for the patients. In oncology, we are exploring new treatment platforms, which can help bring advance oncology solutions to low and middle income countries ('LMIC').

The market for GLP-1 is growing at an unprecedented rate and by 2033 will be worth more than USD 125 billion.[7] With increased awareness among physicians and patients, especially in recognising obesity as a therapy area and only two major players available, there is a significant market opportunity to capture.

To harness this huge market potential of GLP-1, we plan to introduce Semaglutide for the management of obesity in India at opportune time.

In CNS therapy area, we have expanded access to high quality innovative portfolio by inking an in-licensing deal with Sanofi for distribution and promotion of Sanofi India's CNS product range including Frisium®, a leading brand in the anti-epileptic category. We intend to pursue similar in-licensing deals or acquisitions within this space.

Focus on INNOVATION

The generics business will experience pricing optimisation across various geographies. So, we will scale up our focus on innovation and pivot to various innovation modalities.

To build our innovation engine, we plan to develop our in-house capabilities as well as strike more strategic alliances. We classify our efforts in Horizon 2 (biosimilars, specialty, complex injectables, peptides) and Horizon 3 (advanced new age technology).

Horizon 2

For Horizon 2, we are building strong in-house capabilities for specialty and exploring Contract Development and Manufacturing Organisations ("CDMO") partnerships for peptides, Long-Acting Injectables ("LAIs") and specialty products.

Horizon 3

For Horizon 3, we are scaling up new age platforms such as cell and gene therapy, mRNA and Stem cells to build a long-term competitive advantage. We are striving hard to take the breakthrough technology of Stempeutics Research Private Limited to regulated markets. We are working closely with one of our investee company, Ethris GmBH to co-develop mRNA assets for India and LMICs.

PIONEERING the care continuum: Aspire to go "Beyond Pharma"

The boundaries between sectors in healthcare are becoming less distinct, with companies providing solutions that encompass various aspects of patients' lives. As points of care shift, companies are increasingly competing for the attention and engagement of patients. We are achieving significant breakthroughs in adjacencies such as diagnostics, digital therapeutic solutions and integrated pulmonary care. This will not only complement our core business but will also offer us a competitive edge in delivering solutions spanning across the entire healthcare continuum.

[7]Global Data Obesity Report 2023

Breathefree application

Breathefree application has helped patients of asthma and COPD to better manage their condition with interventions such as daily action plan, breathing exercises, medicine reminders, content and health tracking. Over 7.5 lac users have joined and benefited from this with more than one lac users actively utilising the platform every month.[8]

Our Aim and Strategy:

- Establish Breathefree as the leading respiratory digital therapeutics platform of choice.
- Integrate physician treatment plans seamlessly with digital disease management platforms and lifestyle interventions, delivering value to both patients and healthcare providers.
- Enhanced focus on enabling 'Right Diagnosis at the Right time' via non-invasive, non-intrusive digital ways of screening.

Breathefree Wellness Centers

We want to strengthen our thought leadership in respiratory with One-Stop Lung Health Solution - Breathefree Wellness Centres. The Breathefree Wellness ecosystem will involve respiratory focused diagnostics & services, pulmonary rehabilitation, counselling and other services related to respiratory care.

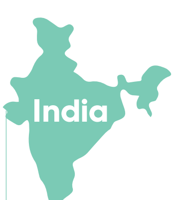
Channel transformation initiatives

Cipla aims to bridge current gap in the diagnostic ecosystem in India by launching point of care (POC) diagnostic solutions. Through our investment and partnership with Achira Labs Private Limited, we plan to develop affordable, innovative POC diagnostic offering in India. We are seeing traction in the POC device Cippoint, launched last year.

GoApptiv Private Limited, in which Cipla had invested few years back, continues to increase reach of pharmaceutical drugs in tier 2+ towns. Cipla has further increased its stake in GoApptiv Private Limited in FY 2023-24 to support GoApptiv further in its endeavours.

Harnessing our EXECUTION Engine

Cipla has built strong core capabilities for execution and we aim to leverage the same by building a bolder presence across our key markets. Going forward, we plan to have laser sharp focus on high potential geographies.



Continue leadership in core markets and focus on tier 2-6 cities

Sharper focus on top cities vs entire countries. To target "Missing Middle" segment

Continue to focus on deep markets, robust portfolio, on-time launches and strategic partnerships to drive growth

Amplify our new launches through investment in R&D and business development opportunities

This will be supported by our strong, reliant and responsible manufacturing operations, supply chain resilience and optimisation, quality automation, by AI and digital transformation.

[8]Internal estimates

One India

Aspire to achieve

- ₹20,000 crores revenue by FY 2027-28; touching 400 million lives in India.

FORACORT

First Cipla brand to be ranked no. 1 in IPM[9]

In FY 2023-24, One India business grew by double digits on the core business propelled by aggressive growth of big brands like Foracort, Seroflo, Dytor, Pantosec, Omnigel, Cheston, Cipcal, Nicotex and Prolyte.

Our Aim and Strategy:

Building leading brands such as Foracort and Omnigel in their respective categories.

In IPM, our goal is to rank within the top five in therapy areas including diabetes, ophthalmology, CNS and dermatology and within the top three in cardiology.

Deepen penetration across tier 2-6 markets by leveraging GoApptiv, phygital solutions for trade generics business and recently gained distribution strength in grocer channel for Cipla Health Limited (CHL).

One Africa

To attain

- Highest growth in private market and improve ranks across geographies and therapies.

We are experiencing growth exceeding 5 times that of the total private market in South Africa, with our growth rate at 11.2% compared to the market's 2.1%.[10] For the first time, Cipla has secured the top position in the prescription market and remains the third largest pharmaceutical corporation in South Africa's private market.[11]

In FY 2023-24, we successfully entered the vaccines tender market by securing contracts for the Pneumococcal conjugate vaccine and the Measles Rubella vaccine.

Following recent developments in our business, including our expansion into the Ghana market and the integration of our four North Africa regions (Morocco, Algeria, Libya and Egypt) into the South Africa, Sub-Saharan Africa and Cipla Global Access ("SAGA") operations, we have rebranded our SAGA business as 'One Africa'.

[9]IQVIA MAT February 2024
[10,11]IQVIA MAT March 2024

Our Aim and Strategy:

- Continue our respiratory leadership in South Africa and build an innovative portfolio by launching new products and strengthening partnerships.
- Maintain focus in Sub Saharan Africa ("SSA") region by growing and launching new products in anti-infectives, cardiovascular, renal and metabolism, respiratory, pain and gastrointestinal therapies.
- Targeting "missing middle" and focusing on growth initiatives in top cities across Africa.

Europe and Emerging Markets ('EMEU')

Cipla's EMEU markets generated a total revenue of USD 373 million in FY 2023-24.

Our Aim and Strategy:

- Continue to drive profitable growth.
- Further deepen our presence in deep, meaningful markets by building a robust product portfolio.
- Strengthening our commercial capabilities to support growth aspirations.
- Rigour on new product launches (both in house and in licensed).
- Focus on acceleration of ongoing business development and in-licensing deals across key markets to drive inorganic growth and portfolio expansion.
- Streamlining operations to be more agile and enable better support to our customers and partners, across all our markets.

North America

Cipla's North America business delivered the highest ever revenue by scaling USD 906 million led by strong traction in the differentiated portfolio. We have successfully filed ANDA for gSymbicort and gQVAR.

Our Aim and Strategy:

- Deepen our presence in the complex Gx segment by launching more complex generic products (LAI, peptides) and 505b2.
- Become the second largest generic player (by prescriptions) in inhalation-based products by 2030.
- Investments in selective biosimilars within the respiratory and oncology segment (through licensing or co-development alliances).

Manufacturing

Achieve reliable and responsible manufacturing operations through strengthening core capabilities

Building on Indore unit's success as the 'Advanced 4IR Lighthouse' by the World Economic Forum ('WEF'), 15+ Industry 4.0 use cases were implemented across India operations in FY 2023-24 to embed data-led decision making. We have embedded digital, analytics and automation ("DAA") by enhancing capabilities around data science and data engineering with DAA Quotient improving from 25% to 70% over the program horizon. We now have drones for chimney inspection, robotic inspection for storage tanks, smart leak detection system and partial discharge detection.

Our Aim and Strategy:

- Building deep platform capabilities.
- Expand platform capabilities by going into complex injectables, peptides, microspheres and biosimilars.
- Build cost leadership in operations.

Quality

Focusing on achieving 100% compliance through process improvements and automation

Our Aim and Strategy:

- Transition towards paperless labs, online real time testing and elimination of test data transcription across our quality control labs.
- Use Predictive Analytics to develop robust process capabilities, reduce rejections, failure rates and consequently improve the quality of investigation.
- Drive governance through a business intelligence dashboard for real time tracking and visibility of business-critical metrics.
- Automate various processes through adoption of Gen AI use cases like natural language processing, voice recognition and video analytics to eliminate manual activities, reviews and errors.

Supply Chain Management

Our goal is to be recognised as an top rated pharma supply chain globally

Our Aim and Strategy:

- Leverage AI, machine learning ("ML"), 4 IR technology and generative AI to improve efficiency and visibility of operations.
- Scale-up and strengthen current and ongoing initiatives including drone delivery, Warehouse Management System ('WMS') and Transportation Management System ('TMS') and build agility and resilience across the networks for shorter response time.
- Creation of Center of Excellence ('COEs') and extending best practices to other key markets.
- Strengthen our distribution network globally by implementing a differentiated geography centric strategy addressing market dynamics and growth trajectory.

Information Technology (IT)

IT is the backbone of various advancements happening across businesses and functions. Our focus is to cultivate a culture of awareness within our organisation, to enable us to navigate the digital landscape with confidence.

Our Aim and Strategy: Embedding AI, Machine Learning ('ML') models in R&D, manufacturing, supply chain and quality

- To optimise trial designs and enhance research accuracy in our R&D function.
- Using AI/ ML for real-time inventory visibility, demand forecasting, floor automation and better supply chain visibility.
- Optimising processes by minimising unnecessary human touchpoints and integrating diverse technologies for scalability.
- Create touchless factories by upgrading technology and reducing manual dependence.

Championing Care

Cipla's "Championing Care" philosophy is embedded in our soul and continues to guide our efforts throughout the journey. We strongly believe in the culture we are creating which is empowering agile mindset.

Antimicrobial Resistance ('AMR')

We have undertaken various themes in AMR, such as repurposing of older drugs, neonatal sepsis, cUTI and antifungal drugs. Over the course of last year, we have received approval from Central Drugs Standard Control Organisation ('CDSCO') to market novel antibiotic Plazomicin for cUTI in India. We have also collaborated with Central Drug Research Institute ('CDRI') for development of Amphotericin-b Eye drops with another four innovative products in development. We have also participated in AMR Stewardship activities OASIS and Win Over AMR program.

Our Aim and Strategy:

Establish Cipla as "Crusader in crisis" by providing access, awareness and stewardship.

Human Resource

We are committed to nurturing our 'Leadership Pipeline' by preparing capable successors for key leadership positions. Our goal is to ensure that 80% of critical roles have succession coverage by FY 2026-27, supported by the establishment of a fully operational technical capability building center by FY 2025-26.

Our Aim and Strategy:

Driving inclusion and diversity agenda and enhance diversity across leadership levels to represent gender, age, ethnicity and person with disabilities.

Further nourishing futuristic workplace practices by strengthening our employer brand.

Environment, Social and Governance ('ESG')

Please refer our section 'Fostering a sustainable future on page 34 of the Report for more information on our ESG goals and way forward.

Fostering a Sustainable Future

At Cipla, our approach to sustainability is closely integrated with our long-term ambition to build smarter solutions that are aligned with our purpose of 'Caring for Life'.

Our Goals

We have devised critical sustainability goals that enable us to have a positive impact on all our stakeholders, environment and the communities where we operate. These goals assist us in our endeavor of driving and delivering value creation. We are continuously working towards achieving the following goals for our Indian manufacturing operations[1] by December 2025.

Way forward

Energy and climate

To achieve carbon neutrality, we will continue to place critical focus on the implementation of targeted initiatives for energy efficiency and an increased use of renewable power. We aim to achieve 50% share of renewable electricity in our India Manufacturing Operations by December 2025. In FY 2023-24, 33.6% of the energy consumed by our India Manufacturing Operations was from renewable sources. We will also continue to invest in technology and innovation for enhanced energy efficiency. Our efforts in the past year supported energy saving of approximately 4,127 MWh.

As a responsible corporate citizen, we understand the criticality of assessing and addressing physical and transition climate related risks and opportunities for our businesses. In line with this, we conducted a climate risk assessment following the Task Force on Climate Related Financial Disclosures ('TCFD') framework. Findings from the assessment show that we are not susceptible to any immediate high or medium risks. We are dedicated to safeguarding the environment and our operations. We will consistently evaluate the changing landscape and devise action plans to address emerging risks.

Water

Our approach to water conservation and efficient usage is based on three critical aspects: increased use of rainwater, reduction in the use of blue water through wastewater management and supporting communities through water conservation initiatives. At present, 54% of our manufacturing units have Zero Liquid Discharge ('ZLD') operational systems. We will continue to leverage opportunities to recycle and reuse water, harvest rainwater and recharge borewells wherever legally permitted.

We are committed to serving local communities who face acute water shortage through implementation of watershed programmes such as check dams, ponds, rooftop harvesting systems, etc. In partnership with local partners, we are working towards developing multiple rainwater harvesting structures in 19 villages across three states in India. This year these interventions are cascaded to Dhar district in Madhya Pradesh. Along with infrastructural development, we will continue to prioritise generating community awareness on water conservation, reduction of wastewater and water-efficient agricultural practices.

We undertake afforestation activities and biodiversity studies around water harvesting structures to protect the local biodiversity.

Waste

Our commitment to zero waste to landfill focuses on increasing the quantity of waste that is recycled or co-processed and hence reduces the need of incineration and landfill disposal. In the past year, our manufacturing units in Goa have received an external Zero Waste to Landfill certification. We aim to cascade this certification across all our Indian manufacturing locations in the subsequent financial years. We are committed to maintaining 100% Extended Producer Responsibility (EPR) for both pre-consumer and post-consumer plastic waste.

Antimicrobial Resistance ('AMR')[2]

We maintain strict adherence with the Common Antibiotic Manufacturing Framework of the AMR Industry Alliance. We will continue to comply with relevant local environmental regulations, implement EHS management programmes and training, focus on treatment of wastewater

[1]India Manufacturing Operations includes manufacturing units of Cipla Limited and its subsidiaries in India (Goldencross Pharma Limited, Medispray Laboratories Private Limited and Meditab Specialities Limited)
[2]GRI 303-2

and solid waste containing antibiotics. To ensure this, we make focused investments in appropriate treatment technologies at our large manufacturing units. Our antibiotic suppliers are also made aware of AMR requirements and expectations through detailed assessments. We undertake refresher sessions for suppliers at regular intervals. All our own antibiotic manufacturing sites are complying with safe discharge targets established by the AMR Industry Alliance.

Biodiversity

In FY 2022-23, we became a signatory to the Indian Business and Biodiversity Initiative ('IBBI') and have committed to assessing and responding to biodiversity related risks and opportunities for sustainable operations. In line with Task force on Nature related Financial Disclosure ('TNFD'), we have undertaken a biodiversity risk assessment of our Indian operations in FY 2023-24 to identify nature related gaps, their impacts and dependencies on nature. The aim of this study was to develop a technical standard on biodiversity, a detailed action plan and create a monitoring mechanism to reduce any adverse impact on biodiversity from our operations. We continue to focus on reforestation and afforestation activities along with water conservation projects to further protect the flora and fauna in and around our operations. We have undertaken biodiversity assessments at our external water conservation locations to identify the impact of our intervention on flora and fauna.

Wellbeing of our workforce

Our workforce forms the bedrock of our operational success. We are committed to providing our people with a safe and inclusive working environment that supports the achievement of their full potential. We prioritise the physical, mental and financial well-being of our people and provide them with ample opportunities for personal and professional growth and development. We prioritise the well-being of our employees through robust policies that promote a positive environment and support the development of a diverse and skilled workforce. Additionally, sufficient opportunities for career advancement are also provided to our people through cross functional and geographical movements, internal job postings and cyclical promotions. Furthermore, we are committed to ensuring the safety of our people. For this, we undertake several occupational health and safety initiatives that aim to ensure zero harm, zero incidents and zero fatalities.

Governance for sustainability[3]

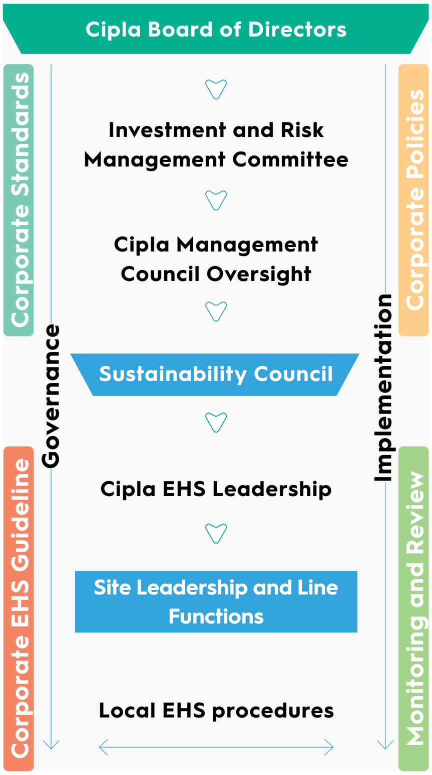
Chaired by our Chief Technology Officer ('CTO'), our Sustainability Council is mandated with the responsibility of our sustainability performance. The council meets on a quarterly basis and provides regular update to the Board of Directors (hereinafter referred as Board). This Council was created specifically to leverage opportunities of sustainability and innovation in our operations and monitoring the progress of our set goals and targets.

The Council consists of highly skilled and engaged leaders and Management Council members from respective cross functional departments. There is a dedicated Central Sustainability Team who reports directly to the CTO and provides regular updates to the management and is responsible for end-to-end implementation of our sustainability initiatives. From FY 2024-25, after the superannuation of the CTO, the Council will be chaired by our Global Chief Manufacturing Officer. We also have an IT enabled sustainability tool that supports enhanced data integrity and better analytics. The Council's charter is available on the website of the Company at: https://www.cipla.com/sites/default/files/sustainability_council_charter.pdf.

From FY 2023-24, Investment and Risk Management Committee of the Board has been designated with the responsibility of governance and execution of our Environment, Social and Governance ('ESG') initiatives, as well as identification of critical risks and devising mitigation plans for the same. Our ESG goals form a part of the key non-financial performance indicators of our Global Chief Executive Officer and Managing Director's goals. These goals have been approved by the Board and the Nomination and Remuneration Committee ('NRC') and are tracked on a periodic basis.

In FY 2023-24, the Company had a target of reduction of GHG emissions, water withdrawal, waste generation, along with employee wellbeing & zero fatality. These ESG goals at the organisation level are then cascaded down to relevant leadership positions with significant weightage. At the end of the year, the performance of the organisation against these targets is reviewed and approved by the NRC and Board. The performance is also assessed at a functional level. Positive performance on these environmental KPIs vis-a-vis targets is incentivised through variable pay for the relevant business leaders.

For further information on ESG roles and responsibilities, please refer Natural Capital on page no. **111** of the Report.



[3]GRI 2-12, GRI 2-13, GRI 2-14

Sustainable Development Goals

3.2, 3.4

Our 'Miles for Smiles' initiative, with Operation Smile, funded 130+ cleft and corrective lip surgeries, thereby reducing neonatal and under five child mortality caused by the condition.

3.3

Cipla South Africa is involved in Daplameds, National Department of Health programme to foster retention-in-care for HIV and non-communicable diseases patients.

Extended shelf life of Tenofovir/ Lamivudine/Dolutegravir (TLD) formulation to ensure sustained therapeutic benefits over longer periods.

3.4

We have launched various public awareness campaigns like BerokZindagi, Breathefree and Tuffies for creating awareness about Asthma and COPD.

3.c

Reached out to ~4 lacs HCPs through various knowledge sharing platforms.

3.b, 3.8

Markets 123 out of 591 molecules listed in WHO's essential medicines list, including four of India's National Antibacterial Surveillance Network's prioritized antibacterial-resistant pathogens.

Secured contracts for Pneumococcal conjugate vaccine and Measles Rubella vaccine in South Africa.

3.d

Initiated a transformative deal with a leading global pharmaceutical company for a long-acting anti-viral injection to enhance medication access in low and middle-income countries.

Continued delivery of lifesaving medicines to 64 countries in FY 2024, with significant growth in TLD, the primary first-line regimen for ARV treatment.

3.8

Cipla Global Access business has made remarkable strides in reaching 1.5 million patients across 56 countries, particularly in low-and middle-income countries (LMICs) in Africa.

29 products listed in WHO List of Prequalified Medicinal Products as part of WHO Prequalification of Medicines Programme (PQP).

5.1

Inclusion & Diversity Policy Handbook establishes principles for a discrimination-free workplace.

Conducts regular Unconscious Bias and Inclusive Etiquette Sensitisation Workshops across sites to raise awareness and mitigate biases through interactive sessions.

5.2

Established a Policy on Prevention of Sexual Harassment (POSH) compliant with regulatory standards.

Dedicated email (icc@cipla.com) provided for transparent and accessible reporting of sexual harassment concerns.

5.5

25% of top management are women employees.

The WeQual, a global membership program offers high-performing women executives resources and support to develop leadership skills and progress to executive-level roles.

5.b

The Women Inspired Network (WIN), functional Communities of Practice and 'Resource Groups' like 'Champions of Care', provide employees with platforms to collaborate, connect and share experiences beyond work.

5.c

Cipla's non-discrimination and anti-harassment policies align with human rights commitments and contribute to achieving SDG 5.

Our pay practices ensure gender-based pay parity, as confirmed and verified by AON an external independent advisory group.

4.1, 4.2, 4.5

In partnership with an organisation, our Mobile Science Lab project reached 16,000+ students across four states in India, offering hands-on science education to students.

3,700 girls were identified and integrated into government schools through our partner organisation.

4.5, 4.a

Supported a school for the blind with a grant to sustain salaries for teachers and caretakers, ensuring quality education through retention of qualified staff.

4.b

Partnered with an organisation for a scholarship initiative supporting children orphaned by the COVID-19 pandemic, preventing dropouts and aiding vulnerable groups, resulting in positive impacts on both children and their families.

6.1

Cipla collaborated with organisations on initiatives addressing water scarcity, declining groundwater levels and climate change impacts in Maharashtra, Tamil Nadu and Karnataka.

6.3

54% of our manufacturing units have Zero Liquid Discharge operational systems.

84% of the wastewater generated was recycled and utilised through our in-house facilities.

43% of water recycled and reused as percentage of water withdrawal.

6.4, 6.5, 6.6

Reduced water withdrawal by 1.6% in Indian manufacturing operations compared to FY 2022-23.

Constructed water harvesting structures like check dams, ponds, trenches and rooftop systems to capture rainwater runoff, replenish groundwater aquifers and support community water needs.

6.b

Conducted awareness sessions with local communities on water conservation, wastewater minimisation and water-efficient agriculture to promote water-positive behavior.

7.2

In FY 2023-24, our global renewable energy consumption (5,82,974 GJ) accounted for 29% of our overall energy consumption, an increase from 27% in FY 2022-23.

7.3

Through implementation of energy efficient initiatives, we have saved an estimated 4,127 MWh of energy across our India Manufacturing Operations in FY 2023-24.

7.b

As of 31st March, 2024, our total operational capacity was:

55 MWp of captive solar power open access;

2.7 MVA of captive wind power open access; and

8.4 MWp of solar rooftop installations across various units in India.

8.5

Our Equal Opportunity policy, drafted in accordance with The Rights of Persons with Disabilities Act, 2016, safeguards the rights and ensures equal opportunities for differently abled individuals.

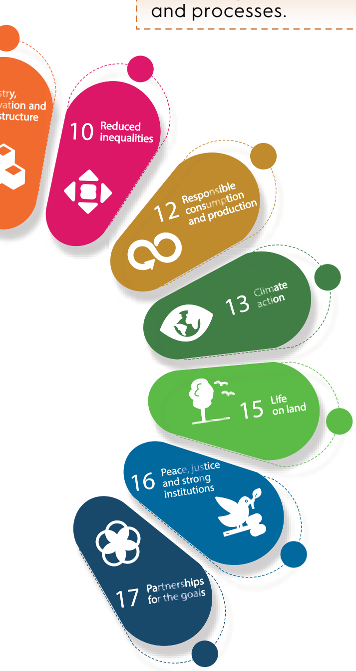
8.7, 8.8

We comply with all applicable labour laws across all operational geographies. None of our operations pose significant risks of child labor, forced labor, violations of workers' rights or freedom of association.

Our comprehensive Human Rights Policy applies to all of our stakeholders.

9.4

In FY 2023-24, we invested 2.87% of our total capex towards minimising the environmental and social impacts of our products and processes.



9.5

We have an IPD team comprising of over 1,700 skilled members that drive our R&D efforts.

Our R&D expenditure amounted to ₹ 1,571 crores (increased by approx. 17% year-on-year).

10.2

Cipla is committed to providing an inclusive and safe work environment, thus enabling our associates to bring their whole and best selves to work. At #EqualCipla, we believe in equality across genders, generations, cultures, choices and abilities.

10.3

We are an equal opportunity employer as stated in our Code of Conduct. We provide opportunities for all candidates without any discrimination and adhere to bias-free hiring. Strict implementation of POSH and human rights policies provide a safe work environment for all.

16.2, 16.b

Cipla has adopted and strictly adheres to policies prohibiting any form of violence, harassment, exploitation, trafficking and other human rights violations. This is applicable for all employees, management personnel, business partners and third party suppliers to Cipla.

In FY 2023-24, there were no instances of complaints for discrimination at workplace, child labour, forced / involuntary labour and/or non-payment of proper wages.

16.5

The Company has an anti-corruption and antibribery policy that is applicable to all associates, business partners (as defined in the policy) of the Company and all its global subsidiaries. The policy details our zero tolerance approach towards corruption and bribery.

13.1

Cipla adopted the TCFD to identify and assess the potential climate risks on its business operations. Through this assessment, all our major Cipla sites, offices and depots were assessed for potential physical and transition climate related risks.

81,054 tonnes of CO_2e emissions avoided through increased use of renewable energy.

17.17

We continue to partner with governmental, non-governmental and community-based organisations to provide direct palliative care services to patients and increase awareness about palliative care.

15.1

Cipla undertook an assessment, based on Taskforce on Nature-related Financial Disclosures (TNFD), of our India manufacturing units in FY 2023- 24 to develop a Technical Standard on Biodiversity, a detailed Biodiversity Action Plan and a monitoring mechanism. We have also developed a robust Biodiversity Policy.

15.2

In FY 2023-24 we implemented initiatives including afforestation, contour trenching and soil conservation, effectively reducing soil erosion and enhancing water retention capacity. In Indore, we have undertaken an afforestation program on a plot of 40 hectares along with the local government. As a result of this initiative, a total of 20,800 trees have been planted for positive biodiversity impact.

12.2

The Community-based water conservation project at Cipla promotes efficient natural resource use by estimating water potential through constructing and maintaining water storage structures. It ensures sustainable water resource management, guaranteeing communities ample water access for diverse needs.

12.4

We have established a formal process for evaluating the inherent hazards of chemicals, raw materials, intermediates & potential exposures while handling. We use similar comparable methodology as ICCA guidance on Chemical risk management for mitigating risk of exposure to pharma compounds.

12.5

100% equivalent pre and post consumer plastic waste collected and sent for recycling.

54% of our manufacturing units have implemented Zero Liquid Discharge mechanism.

12.6, 12.7

Our Sustainability Policy and the Supplier Code of Conduct (SCOC) is comprehensive and widely applicable to all our suppliers, ensuring adherence to the various measures, codes and principles of responsible conduct. The SCOC also outlines sustainability parameters related to social and environmental practices to which all the vendors must adhere and aspire.

12.a

As of 31st March 2024, our total operational capacity was:
55 MWp of captive solar power open access
2.7 MVA of captive wind power open access
8.4 MWp of solar rooftop installations across various units in India.

Stakeholder Engagement[1]

At Cipla, stakeholder engagement serves as a vital pillar of a sustainable business model, offering a pathway to integrate diverse perspectives and priorities into decision-making processes. By actively involving stakeholders such as patients, healthcare professionals, regulatory bodies, suppliers, local communities, etc. we are able to better understand and address the socio-economic and environmental challenges inherent in our operations. We regularly engage with our stakeholders to gather invaluable insights and perspectives to help us understand their needs and expectations and we incorporate it in our learnings to deliver products that ultimately improve the well-being of our end consumers.

Through transparent communication, collaboration and responsiveness to stakeholder needs, we are able to foster trust and credibility with our stakeholders, enabling us to effectively deliver our mission. Moreover, effective engagement also enables us to anticipate and mitigate risks, identify opportunities for innovation and enhance operational efficiency, thereby driving long-term value creation.

Our Stakeholder Engagement Methodology

Identify and prioritise stakeholders

- We assess the interest and potential impact of each stakeholder group, which helps us in determining all revelant key stakeholders and to prioritise engagement efforts

Develop tailored engagement strategies

- Develop tailored engagement strategies for each group based on their interests, needs and communication preferences
- Determine the most effective channels for engaging with each stakeholder group
- Actively listen to stakeholder feedback and gather insights

Measure impact and adapt

- Measure the effectiveness of engagement efforts
- Evaluating and adapting to stakeholder's expectations, managing risks, driving decision making and gaining insights for integrating stakeholder's perspective with Company's strategic planning and operations.
- Continuously review and refine stakeholder engagement approach

[1]GRI 2-16, GRI 2-25, GRI 2-29 and Information in line with BRSR question no. 1 and 2 under essential indicator of Principle 4 and question no. 3 under leadership indicator of Principle 4

The following table outlines our key stakeholders and the various dimensions of engagement with these different groups.

Patients

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns[2] raised during such engagement	Capital linkage
▸ Access to a diverse range of pharmaceutical products and point of care diagnostics for effective medical treatment ▸ Quality and safety of pharmaceutical products ▸ Accessing reliable information about various diseases	Yes[3]	▸ Our patients represent the very purpose of our existence and help us deliver on our commitment of 'Caring for Life'. We are committed to meeting their expectations.	▸ Event based: ▸ Patient care campaigns/ patient support programmes ▸ Influencer awareness campaign- Gaas, Baas, Kapas Ra Saas ▸ Digital educator initiative in Nepal ▸ Influencer awareness campaign in Sri Lanka- Hari Husmak ▸ Continuous: ▸ Berok Zindagi and Breathefree Initiative ▸ Pharmacovigilance/ Drug safety helpline ▸ Websites ▸ Marketing & Communication	▸ Understanding our patients' needs ▸ Raising awareness and combating misinformation about diseases and treatments ▸ Ensuring access to palliative care ▸ Addressing patient inquiries and feedback ▸ Resolving concerns related to our products ▸ Encouraging positive behavioural change	● ● ●

Channel Partners

▸ Deliver high-quality products that meet regulatory standards and exceed customer expectations ▸ Receive support through advertising materials, promotional campaigns and co-marketing initiatives to increase sales and elevate brand awareness ▸ Expect competitive pricing, discounts and incentives to boost profitability	No	Vital for effective distribution and ensuring accessibility of our products to our patients and caregivers	▸ Event based: In-market visits ▸ Periodic: Meetings ▸ Continuous: ▸ Digital connect platforms ▸ Grievance redressal mechanisms	▸ Expanding the availability of our medicines across diverse regions ▸ Cultivating robust partnerships for consistent supply of essential medicines ▸ Increasing market share through enhanced coverage and penetration in both new and established markets ▸ Raising awareness about new product launches and initiatives ▸ Collaborating on creditworthiness and promoting fair business practices ▸ Addressing queries and feedbacks from our channel partners	●

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

[2]There are no significant concerns identified by any of our stakeholders during FY 2023-24
[3]The Company caters to a large number of patients, which includes patients belonging to vulnerable and marginalised group

Suppliers

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage

• Advocate for fair and transparent procurement practices and prompt payments
• Seek to cultivate enduring relationships founded on trust, collaboration and mutual benefit
	No	Providers of all input materials and services that are critical or essential to our operations	• Annual: Conducting ESG workshops to engage suppliers on environmental, social and governance issues
			• Continuous:
			  ▸ Rigorous assessments across various dimensions like quality systems, production facilities and laboratory practices
			  ▸ Regular AMR workshops conducted to address antimicrobial resistance concerns
			  ▸ Grievance redressal mechanisms
			• Periodic: Training sessions focused on material quality, compliance and other relevant topics
				• Ensuring quality through strict adherence to standards and regulatory requirements
				• Addressing gaps in supplier facilities related to cGMP practices to mitigate operational risks
				• Promoting ethical sourcing practices, minimising environmental impact and reducing carbon footprint
				• Providing clear guidance and directives to vendors
				• Maintaining supply consistency to minimise disruptions and foster long-term partnerships for sustainable business continuity
				• Seek supplier confirmation on compliance with our Suppliers' Code of Conduct
					Relationship, Manufactured

Government and Regulators

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage

• Safeguarding public health with quality, safe, efficacious and affordable drugs
• Ensuring compliance with legal and regulatory requirements
• Contributing economically through tax revenue, job creation and innovation
• Assessing social and environmental impacts of our operations
• Participating in healthcare policy initiatives at the national and state level
• Promoting research and development
	No	Engagement on policies that impact our operations and long term business objectives	• Event based:
			  ▸ Engagements with research institutions
			  ▸ Conferences
			  ▸ Panel meetings
			  ▸ Written communications
			  ▸ Facility visits
			• Periodic:
			  ▸ Participation in industry associations and committee
			  ▸ Meetings
				• Engaging in discussions and dialogues on public healthcare, contributing our expertise
				• Strengthening the healthcare ecosystem through policy interventions
				• Ensuring timely access to quality medicines nationwide
				• Establishing Cipla's thought leadership through meetings, conferences and high-level discussions on respiratory health, antimicrobial resistance, wellness and other relevant topics
					Relationship

Financial Intellectual Relationship Manufactured Human Natural Social

Shareholders and Investors

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
Annual profits and return on investment Corporate governance transparency and accountability Risk management and regulatory compliance processes Innovation and research and development initiatives Solvency, profitability and liquidity status Clear growth strategy for upcoming years Environmental, social and governance stance of the Company	No	Shareholders and investors provide essential financial resources, support and guidance crucial for our long-term success	Quarterly: ▸ Earnings calls ▸ Financial results Event based: ▸ Presentations ▸ Meetings and conferences ▸ Investor roadshows ▸ Stock exchange and other communications ▸ Media and newsletters Annually: Integrated annual report Continuous: ▸ Website ▸ Grievance redressal mechanism Annually/ Event based: General meeting	Communicating the business financial and ESG performance and outlining growth strategies or strategic shifts impacting the business Understanding shareholder/investor expectations and actively seeking their guidance and feedback	Relationship, Financial

B2B and Institution Partners

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
Commitment to terms and conditions of the partnership Creating cordial relations for future engagements Clear and continuous communication for fulfillment of agenda	No	B2B and institution partners are crucial for the sale and marketing of our products to reach patients across the globe	Event based: Industry conferences Periodic: Meetings	To collaborate and provide vital medicines to our patients by leveraging their infrastructure capabilities	Relationship

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

Employees

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
Employee health and safety measures Compensation and benefits package Job satisfaction, skill development opportunities and career advancement Support for work-life balance and personal commitments Inclusivity and diversity initiatives Company values and workplace culture Feedback and performance review procedures	No	Employees are the backbone of the business and contribute to sustained growth. They share our vision and values and help deliver on the same.	Continuous: ▸ One-to-one manager interactions ▸ Grievance redressal mechanism Periodic: ▸ Trainings ▸ Skip level meetings ▸ Webinars Quarterly: Townhalls Annual: ▸ Awards and appraisals ▸ Employee engagement survey	Performance reviews and career progression assessments Reinforcing organisational culture and values Establishing a safe, inclusive and diverse environment Offering leadership training and development opportunities Providing diverse employee benefits Soliciting feedback on organisational culture and environment Communicating company's growth strategies and performance Recognising and awarding individuals for impactful contributions Cultivating a culture of learning, development and growth	Human

Communities

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage
Practicing ethical business conduct Creating benefits for local communities through education, skill development and healthcare initiatives	Yes[4]	Create shared value and demonstrate social responsibility through community-focused CSR initiatives	Continuous/ Periodic: CSR initiatives Initiative-based: Need assessment through our CSR partners Continuous: ▸ Grievance redressal mechanism ▸ Website	Identifying new opportunities to partner with and contribute to society Supporting initiatives for a sustainable ecosystem for the community Cultivating positive relationships with diverse communities Addressing social and developmental needs of local communities	Social

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

[4]The Company undertakes various CSR activities for the local communities. Majority of beneficiaries of these CSR activities can be termed as vulnerable or marginalised

Healthcare Professionals

Stakeholder interests	Whether identified as vulnerable and marginalised group (Yes/No)	Relevance	How we engage and frequency	Purpose and scope of engagement including key topics and concerns raised during such engagement	Capital linkage

• Gain access to valuable educational resources
• Access to practical insights and networking opportunities
• Provides a convenient platform for accessing reliable medical information and contributing insights on unmet medical needs and future product portfolio
• Report product side effects, quality concerns and availability issues effectively
	No	Provides vital insights on our product use as well as the trends in management of various disease conditions and the unmet patient needs	• Event based:
			  ▸ National and regional conferences and seminars
			  ▸ Knowledge sharing series
			  ▸ Advisory meetings
			  ▸ Visits by sales personnel
			  ▸ Disease celebration days/ months
			• Continuous:
			  ▸ Digital connect platforms
			  ▸ Grievance redressal mechanisms
				• Sharing ideas and expertise on medicines, diseases and healthcare solutions
				• To understand the need of the patients and the market
				• To identify the changing needs & trends within the healthcare sector
				• To educate and create awareness among patients regarding various diseases thereby facilitating early diagnosis
					●

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

Materiality Assessment[1]

In order to align with stakeholder expectations and proactively recognise and manage emerging risks and opportunities, particularly from an Environmental, Social and Governance ('ESG') perspective, we undertake a comprehensive materiality assessment every three years.

Guided by our FY 2021-22 materiality assessment, we regularly reassess our key priorities to ensure our ESG initiatives closely align with identified risks, business drivers and stakeholder concerns. This year, we have updated our materiality mapping to refine our focus on ESG issues, integrating them more closely with the concept of the six capitals and our overall business operations. Acknowledging dynamic market conditions, we maintain a continuous process of monitoring, reviewing and validating economic, environmental, social and governance factors critical to our long-term value creation.

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

Identify

Potential material topics were identified considering the context of the organisation, as well as macro trends and challenges in the industry.

Prioritise

The identified material topics were prioritised based on the degree of strategic importance and feedback received from internal and external stakeholders on a scale of High, Medium and Low.

Boundary

For this report, the boundary for all our material topics is Cipla's global operations. Any specific limitations are mentioned in relevant section, as applicable.

Review

Before finalising our material list, the topics were reviewed and validated by our key functions, senior management and board members.

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

[1]GRI 2-14, GRI 3-1, GRI 3-2 and information in line with BRSR Question no. 26 of Section A and Question no. 1 & 2 under leadership indicators of Principle 4

Material topics identified	ESG classification	Linkages with the integrated report	Risk or opportunity (R/O)?	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)[2]
High						
Availability and Affordability of medicines	Social	Relationship, Social	Opportunity	The availability and affordability of medicines are pivotal in fostering global health and well-being. Yet, in many instances, high costs of medicines pose as significant barrier, especially in medium-to-low-income regions, hindering individuals' access to essential treatments. Aligned with our organisational ethos of 'Caring for life,' we work diligently towards ensuring access to medicines for all who need them.	N/A	Positive
Product Quality and Safety	Social, Governance	Manufactured	Risk	Our capacity to meet patient demand, create value and build trust with our stakeholders relies heavily on product quality and safety. Any shortfalls in this critical area can have severe consequences on our business and stakeholders.	Refer Enterprise Risk Management on page no. 46	Negative
Data Integrity	Governance	Manufactured	Risk	Maintaining the accuracy, consistency and reliability of data throughout the Company's lifecycle is critical for an organisation as it directly impacts operational efficiency, decision-making processes and compliance with regulatory requirements.	Refer Enterprise Risk Management on page no. 46	Negative
Innovation and Investment in R&D	Social	Intellectual	Opportunity	We are dedicated to continuous innovation to fulfil our promise of delivering cost-effective medications to a growing global patient base while staying ahead in a rapidly changing industry. We actively cultivate and fortify our research capabilities and foster creative thinking throughout our organisation. This enables us to strive for operational excellence and generate meaningful value for stakeholders worldwide, guided by our mission of 'Caring for Life'.	N/A	Positive
Sustainable Supply Chain	Social, Governance	Relationship	Risk	Interruptions in supply and non-compliance with required quality norms by vendors can disrupt our manufacturing process, leading to product shortages and a material adverse impact on our reputation and revenues.	Refer Enterprise Risk Management on page no. 46	Negative
Corporate Governance	Governance	Report on Corporate Governance	Risk	Failure to implement robust governance can significantly impact the Company, potentially leading to diminished trust, higher financing costs and increased vulnerability to risks. Prioritising effective governance not only safeguards our reputation and financial health but also enhances our overall resilience and sustainability in a competitive market landscape.	Refer Enterprise Risk Management on page no. 46	Negative
Capital Allocation and Productivity	Governance	Financial	Opportunity	Effective capital allocation and productivity are crucial in creating value for our stakeholders by directing our financial resources towards strategic investments and expenditures, including opportunities for organic and inorganic growth.	N/A	Positive
Medium						
Promotion of Diversity	Governance	Human	Opportunity	We recognise diversity as a valuable asset to our organisation, as it brings fresh ideas and experiences that can help create innovative solutions for creating long-term value. We strive to foster an inclusive work environment for our employees and celebrate their uniqueness.	N/A	Positive
Employee Health and Safety	Governance	Human	Risk	Employees are the backbone of our business operations and it is our responsibility to provide them with a healthy and safe working environment. Additionally, Employee Health and Safety incidents pose regulatory, reputational and business continuity risks.	Refer Enterprise Risk Management on page no. 46	Negative
Environmental Sustainability	Environmental	Natural	Risk	The consequences of climate change, biodiversity loss and over-use of natural resources have potential to pose significant threats to business continuity and human safety. Therefore, it is imperative to adopt proactive and sustainable measures to mitigate these risks and ensure a resilient future.	Refer Enterprise Risk Management on page no. 46	Negative
Digital Business Model and Digitisation	Governance	Relationship, Manufactured	Opportunity	We actively leverage technology in our organisational processes to optimise our operations, improve patient experiences through digital solutions and expand our reach in delivering healthcare services on a global scale.	N/A	Positive
Patient Experience and Health Awareness	Social	Relationship, Manufactured	Opportunity	Inputs from patients have played an important role in enhancing the development, testing, delivery and administration of pharmaceutical products. We understand and appreciate the importance of patient-centric innovation in fulfilling our mission of 'Caring for Life'.	N/A	Positive
Human Resource Development	Social	Human	Opportunity	Our commitment to identify, nurture and retain top-tier talent is a cornerstone of our success as a market leader. By prioritising the development and satisfaction of our employees, we create a motivated workforce that not only drives our organisation forward but also fosters a positive and engaging work environment.	N/A	Positive
Low						
Community Engagement	Social, Governance	Social	Opportunity	Community Engagements enable us to create shared value for our local communities, foster meaningful relationships, support social development and contribute to the well-being of the areas in which we operate.	N/A	Positive
Business Continuity	Social	Enterprise Risk Management	Risk	As a company operating in a complex regulatory and geopolitical landscape, it is essential to have strong business continuity plans and measures in place. In the absence of such measures, untoward incidents such as natural disasters, workplace accidents, wars, sanctions, sustained cyber-attacks and other similar events can hamper our ability to serve patient needs.	Refer Enterprise Risk Management on page no. 46	Negative

Financial | Intellectual | Relationship | Manufactured | Social | Positive
Human | Natural | Report on Corporate Governance | Enterprise Risk Management | Negative

[2]For further details on positive and negative impact please refer the respective capitals mapped to each material topic

Enterprise Risk Management [1]

As a pharmaceutical business, we operate in a highly regulated environment. We have businesses across various geographies and are thus exposed to a multitude of external risks and complexities. These external risks, coupled with our inability to properly implement our business strategy can materially affect the achievement of our business targets and adversely impact our reputation and financial position.

Our approach to risk management prioritises timely identification and assessment of critical strategic, business and operational risks and effective mitigation of the same. There is a continuous focus on embedding the fundamental principles of risk management, including proactive identification, timely risk conversations and robust implementation of mitigation measures in internal processes. Key de-risking measures and mitigation plan identified by businesses and functions are also integrated into the scorecards of associates as performance targets. The effectiveness of actions taken and progress on de-risking measures are tracked during business reviews and annual appraisal cycles. The annual scorecards for Business and Support team leaders comprise of goals that are of strategic and operational importance to the organisation. The achievement of these goals would inherently require the exercise of activities within a well-defined risk management framework and are rewarded accordingly.

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

Governance of risk management and fostering a risk-aware culture

We have formalised a robust governance structure that ensures a top-down approach for timely risk identification and management. The Board of Directors supported by the Investment and Risk Management Committee ('IRMC'), oversees our risk management system. The below chart represents our risk architecture:

Constituents	Responsibility
Board of Directors	Ultimate responsibility for overseeing processes aimed at addressing risks
Investment and Risk Management Committee	Examining and reviewing adequacy of risk identification and mitigation measures, setting control measures and ensuring compliance
Management Council	Manage major strategic and business risks
Business/ Function Heads	Operational risk management
Enterprise Risk Management Team **Risk Champions (embedded across businesses and functions)**	Proactive identification of risks, facilitating and executing risk mitigation initiatives and analysing residual risk

Our Enterprise Risk Management ('ERM') programme covers key risks across all business areas. The IRMC of the Board reviews and discusses the risk updates on a quarterly basis. In addition to a comprehensive risk management governance framework for timely identification and mitigation of actual and potential risks, we recognise the importance of inculcating an appetite for risk management across the organisation. Providing an all-encompassing and robust risk culture is integral to effective risk management.

[1] GRI 3-3

Risk identification methodology

We have defined a robust risk identification methodology to identify risks across businesses and functions. The methodology considers the impact and likelihood of risks as well as the velocity at which the risks are likely to materialise, considering our existing controls and the conditions prevailing in the external environment. For gauging the impact level of risks, a risk prioritisation framework consisting of financial, reputational, regulatory and health & safety aspects has been defined with materiality thresholds.

Our materiality assessment process enables us to capture stakeholder views on their perception of the pertinent topics for our business. This approach also allows us to consider external views while reviewing the risk register. It enables us to prepare responses to the key risks that can impact our ability to preserve, create or erode the value-creation potential of our business.

Key risks

Following is a summarised account of some of our key risks, its impact and mitigation measures. The mitigation measures are only illustrative and not exhaustive. While every Company, as part of its risk management strategy, tries to put in place mitigation measures to the extent possible, residual risks cannot be wished away.

Pricing, competitive and business model pressures

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Across many markets globally, pharmaceutical product pricing of existing portfolio and new launches is subject to government-led price controls. Pressures exerted by competitors and major customers can also limit ability to increase/ maintain product prices, resulting in price erosion. Additionally, shifts in product prescribing habits of healthcare professionals and/ or patient preference driven by competitive innovation and channel availability may affect the demand of our products. In some geographies and therapies, failure to have adequate market penetration or be among the first companies to launch a product may affect our market share and growth aspirations. The combination of above risk factors can have an adverse impact on our business profitability and product launch decisions.	- Launch of innovative, differentiated and value accretive products for which better pricing can be secured. - Deepening distribution network to improve market volumes. - Focusing on growth of big brands in branded prescription market across geographies. - Exploring growth opportunities through in-licensing deals and enhancing presence in healthcare products based on innovative technologies. - Cost reduction and efficiency improvement measures to support business profitability.	▲	Governance

Product quality

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
The pharmaceutical industry is one of the most heavily regulated industries in the world. This is because of the potential risks associated with pharmaceutical products, which can have significant impact on human health. Consequently, pharmaceutical product manufacturing processes at Cipla sites and those of our contract manufacturers and suppliers are heavily regulated by governmental health and quality authorities globally. Failure to comply with applicable regulations could result in regulatory warnings, failure to secure commercial launches, suspension of manufacturing, product recalls, product liability claims, inability to export, damage to brand reputation or cancellation of approval/license to manufacture.	- Robust Quality Management Systems, adequately assisted by digitisation to adhere with applicable and emerging regulatory requirements applicable to products manufactured at Cipla locations as well as sourced from third parties. - Comprehensive quality improvement and training programme with focus on historically known gaps and challenges. - Implementation of Robotic Process Automation in process and equipment review, data analytics and smart interlocks to monitor critical activities. - Minimising microbiological excursions by enhancing sterile work practices. - Investigate identified non-conformities and define appropriate Corrective and Preventive Action ('CAPA'). - Proactive identification of potential challenges through periodic reviews and audits conducted internally. - Rigorous vendor and contract manufacturer audits on factors such as cGMP and Quality Management System compliance.		Governance

Product development and launch

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
The pharmaceutical product development lifecycle is characterised by risks such as costly upfront investments, potential patent litigation and clinical trial delays. Delays in regulatory reviews and approvals and the regulatory status of our manufacturing sites may also impact the commercial launch of products. Lastly, in the development of innovative and complex products, technical challenges may potentially delay or even terminate development activity.	- Resource prioritisation and de-bottlenecking for key product launches. - Where feasible, moving production to other facilities to reduce the risk of product launches failing due to quality challenges at manufacturing sites. - Use innovative development techniques to mitigate risks of clinical failure and scale-up challenges. - Robust project management to identify schedule slippages and prioritise timely de-risking interventions. - Well-defined process to integrate lessons learned from past development experiences/ failures to mitigate the risk of recurrence.		Governance

Since our growth aspirations partly rely upon the successful development and launch of value accretive products across therapies, disruptions in product development activities can adversely affect our future business and the results of operations.	- Multiple learning and development initiatives to develop in-house R&D team's competencies. - Undertaking collaborations with regulatory bodies, companies and institutions to remain aligned with global best practices and improve disease diagnosis, manufacturing efficiency and strengthen efficacy of drug device combination products.		

Supply chain disruptions

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Interruptions in supply and non-compliance with required quality norms by vendors can disrupt our manufacturing process, leading to product shortages and a material adverse impact on our reputation and revenues. Additionally, prevailing inflationary pressures (Middle East conflict, Sea cargo movement disruption in the Red Sea, Russia-Ukraine war, etc.) continue to impact our procurement cost budgets. Some of the materials we procure are sole-sourced and thus, disruptions faced by the suppliers of these materials could have a more significant impact on us. Finally, variables such as seasonality, under/overestimation in performance of new launches and disruptions in third party/ competition supply chain may result in a variance between forecasted and actual financial performance.	- Implementation of Continuous Improvement Programme that focuses on optimising processes through cost-effective procurement of raw materials, reducing API costs and mitigating risks of supply disruption. - Continuous monitoring to identify potential disruptions due to natural calamities or any other factors and proactive deployment of mitigation measures (alternate sourcing, advance purchases, etc). - Maintaining sufficient inventory balances for key strategic molecules. - Implementing, improving and digitising business planning procedures to enable scenario-based simulations and achieve greater end-to-end supply chain visibility. - Logistics optimisation and cost rationalisation through rate contracts with sea liners and prior scheduling of dispatches. - Prioritising alternate vendor development to optimise procurement cost as well as de-risk single-source procurement.	▲	Governance

Geopolitical volatility

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
The complex environment in which we operate results in uncertainties arising from geopolitical instability, trade sanctions, inflation in commodity prices as well as transportation costs and ever evolving and intricate compliance requirements. We witnessed a	- De-risking through capping overall exposure to high-risk geographies and robust monitoring of risk developments. - Evaluation of local manufacturing/ tie-up possibilities. - Securing receivables through advance payments/ sales backed by letters of credit/ bank guarantees.	▲	Governance

global push on self-reliance, in the countries where we export products. The above uncertainties have a bearing on business value and growth, cash flow cycle, repatriation of funds, disruption in the supply chain, increase costs and foreign exchange volatility.	• Where feasible, hedging foreign exchange risks through forward covers or securing price increases in the local market. • Replacing revenues lost to geopolitical volatility through incremental product launches and by executing in-licensing opportunities.		

Talent management

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Inability to attract and engage highly-skilled personnel may affect our overall productivity, impact the execution of strategic intent and weaken our succession plans. Operational complexity across businesses and functions has risen significantly, which also potentially increases the risk of workforce fatigue. Eventually, this could have a material adverse impact on our business and operational results by hindering our ability to achieve our major business objectives, damaging brand reputation and reducing the diversity of our workforce.	• Targeted recruitment and retention for strategic businesses, geographies and functions. • Job rotation opportunities to leverage complementing skill sets to enhance operational synergy. • Undertaking employee surveys and performing engagement and team-building initiatives to build morale and culture of high performance. • Prioritisation of continuous learning & development initiatives to foster innovation and ensure future-ready workforce. • Continually build and strengthen appropriate measures to ensure de-risking of critical roles.		Social

Information security

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
The pharmaceutical sector continues to be highly targeted by cyber criminals. A significant disruption of IT services due to a breach of cybersecurity or failure to comply with globally applicable data privacy regulations could result in losses, regulatory penalties, or damage to our reputation. This could materially affect our financial condition or results of operations.	• Implementing necessary preventive information security controls complemented by advanced monitoring and detection measures, in line with leading industry practices. • Focus on proactive identification of gaps by building threat intelligence and performing periodic red-teaming reviews. • Performing cybersecurity incident simulation exercises to improve response readiness. • Embedding secure by design and privacy by design concepts across organisation process and systems development. • Monitoring compliance with global data requirements through regulatory compliance framework.		Governance

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

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Our commercial activities causes an adverse impact on the environment and thereby impact society at large. Globally stakeholders are increasingly evaluating companies on the basis of their performance on a variety of ESG matters. Failure to limit our environmental impact, deliver societal value and operate in an ethical manner can have negative consequences on our reputation, operations and the long-term sustainability of our Company's performance.	Our mitigation efforts are aligned with our ESG goals of carbon neutrality, water neutrality and zero waste to landfill across our Cipla India manufacturing operations by 2025. A few of our efforts to achieve these goals and subsequently reduce or mitigate ESG risks include: • Increased use of renewable energy ('RE') and investment in RE projects. • Rainwater harvesting and water recycling. • Improved processing of waste to avoid incineration/ landfill disposal. • Strong and responsible governance of our ESG related targets and performance. We continuously undertake and monitor initiatives aimed at inclusion, safety and wellbeing of our employees, consumers and the society within which we operate.		Environment, Social and Governance

Climate related risks[2]

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Climate-related events present physical risks to our operations that could potentially result in financial losses. These risks can manifest as acute events, including cyclones, droughts, riverine floods and extreme precipitation among others. Additionally, long-term chronic weather patterns such as heatwaves, water stress, coastal flooding and rising sea levels may also significantly disrupt manufacturing operations, supply chains, logistics and overall productivity across our value chain. The transition to a lower-carbon economy necessitates extensive policy, legal, technological and market changes to address mitigation and adaptation towards climate change. There may be considerable financial impacts, as well as reputational risks tied to our ability to effectively adhere to this transition.			Environment

[2]GRI 201-2

Statutory compliance

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
As a global organisation catering to over 78 geographies, we must comply with a wide range of laws and regulations which apply to manufacturing, testing, approval, distribution and marketing of pharmaceutical products. Failure to comply with applicable laws and regulations could result in litigation, commencement of government investigations, which divert management attention and may culminate towards levy of significant financial penalties and loss of reputation.	- Creating effective policies and procedures to ensure compliance and prevent unlawful/ fraudulent activities. - Comprehensive global compliance management framework to track compliance with existing laws & regulations and to stay abreast with emerging regulations. - Continuous monitoring of compliances to avoid surprises and ensure timely remedial action.		Governance

Internal controls and ethics

Risk description and impacts	Mitigation	YoY risk movement	ESG linkage
Non-compliance with internal policies and ethical guidelines could affect achievement of business profitability, dilute value and expose us to reputational loss.	- Comprehensively defined layers of preventive and detective controls to ensure compliance with laid down processes and applicable regulations. - Harnessing risk analytics to automate and identify areas of non-compliance, fraud and business waste. - Promoting ethical behaviour by providing training and awareness sessions on our code of conduct.		Governance

Emerging Risks

In addition to current actual and potential risks, we also evaluate and assess emerging risks at least once in every three years for timely remediation and prevention of any adverse consequences. In line with our risk management framework, emerging risks are also identified based on how likely they are to occur and the potential impact on the business. We identify and classify emerging risks through analysis of internal and external data, industry trends, market study, regulatory requirements and expert insights. This provides for a holistic and systematic approach to correctly gauge potential risks that could evolve to have an adverse impact on the business and allow for implementation of mitigation strategies in a timely manner.

Misuse of Artificial Intelligence

Risk description and impacts	Mitigation	ESG linkage
The recent surge in the capabilities of Artificial Intelligence has enabled development of iterative malware and phishing campaigns which adapt to security systems and continually learn from results of previous attacks and targeted social engineering attacks through voice and video deepfakes. These advancements introduce new risks such as data privacy, cybersecurity vulnerabilities and legal and regulatory implications of implementing AI and further exacerbate the existing cyber risk profile across organisations. Our value chain, from manufacturing to distribution, could be disrupted by sophisticated AI-enabled attacks that could compromise our information technology systems.	- We have implemented robust policies and guidelines within our Information Security Management System ('ISMS') that prioritises data privacy and security. - To address critical areas such as cybersecurity, data privacy, acceptable usage and incident management, we have established 25 ISMS policies and guidelines. - We have robust incident management procedures which are highlighted in our Incident Management policy covering measures and corrective actions taken in case of incidents. - We also undertake periodic vulnerability assessments along with simulated hacker attacks and provide focused training to all employees on data privacy practices and processes.	Governance

Major regulatory changes

Risk description and impacts	Mitigation	ESG linkage
We are witnessing rise in number of amendments in rules and regulations as well as government interpretation and enforcement of applicable rules and regulations governing the manufacture, testing, approval, distribution and marketing of pharmaceutical products. Our operations may be adversely affected by new regulations or amendments to existing ones, which could result in pricing and marketing restrictions, as well as increased costs associated with compliant manufacturing and distribution.	- We have established a framework for ongoing monitoring and compliance aligned with both current and emerging regulations, underscoring our commitment to conducting business and operations with complete legal compliance at all times.	Governance

Manufactured Capital

Strategic Focus Areas

- Product Quality and Safety
- Digitisation
- Data Integrity

Contribution to Sustainable Development Goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our manufacturing capabilities

Capacity highlights (in units) FY 2023-24:

28.34 billion
Tablets and capsules

726.90 million
Respules

1.86 million
Lyophilised injections

51.60 million
Oral liquids

43.20 million
Nasal sprays

129.10 million
Aerosol pMDI

0.70 million
Form fill seal eyedrops

Our philosophy on leveraging our Manufactured Capital

At the heart of our manufacturing capabilities is a deep commitment to patient well-being. We believe that every product we create should meet and exceed regulatory standards and positively impact the health and safety of those who depend on them. To achieve this, we embrace the powerful tools of innovation, digitalisation and automation throughout our operations. By harnessing cutting-edge technology, we streamline processes, boost efficiency and maintain the highest standards of quality in product development and vendor management.

We are dedicated to protecting sensitive information, ensuring that our products are safe and the trust of those who use them is maintained. Guided by our philosophy of 'Caring for Life', we are driven to deliver reliable, high-quality medications that put patient first, always.[1]

[1]GRI 3-3

Fortifying our manufacturing facilities[2]

Our 46 cGMP-compliant manufacturing facilities spread across five countries form backbone of our mission to provide affordable medicines globally. These facilities adhere to the national and international standards and ensure that our medicines are safe, effective and of the highest quality.

We collaborate with Contract Manufacturing Organisations ('CMOs') under two models - 'Loan Licensing' and 'Principal to Principal'. These partnerships allow us to realise cost savings, expand production capacities and enhance management synergies. This strategic approach enables us to focus more effectively on essential core activities, which are crucial for the next phase of our growth.

In FY 2023-24, we commissioned a new Metered Dose Inhaler ('MDI') line at our plant based in Fall River, Massachusetts with commercialisation slated to begin following product approvals in FY 2024-25. We enhanced the capacity of our Goa plant, adding a continuous manufacturing line that will boost production by 1.5 billion units from FY 2024-25. Following the sale of the entire stake held in Cipla Quality Chemical Industries Limited, Uganda, the plant set up in Uganda is no longer part of the Company's manufacturing facilities.

Our commitment to sustainable manufacturing

We are deeply committed to reducing the environmental impact of our manufacturing operations. Across our manufacturing facilities, we have implemented numerous measures to enhance resource efficiency.

By prioritising sustainability, we ensure that our manufacturing processes not only meet current demands but also contribute to a healthier planet for the future.

In FY 2023-24, we invested 2.87% of our total capex-up from 1.59% in FY 2022–23-towards minimising the environmental and social impacts of our products and processes. This investment focused on the following five specific technologies:[3]

Project	Description	Benefits	Location
Zero Liquid Discharge (ZLD)	Implementation of ZLD treatment process in an effluent treatment plant to treat and reuse liquid effluents and eliminating its discharge into surface water.	Zero liquid discharge	Goa Site I and Goa Site II
Rooftop solar panels	Installation of rooftop solar panels for renewable energy generation.	Lower carbon footprint	Kundaim and Satara
Rainwater recharging	Installation of a rainwater recharging system for storing the rainwater for future use	Increase in groundwater table	Satara
Reverse Osmosis (RO) plant	Installation of a RO plant for purifying the wastewater and recycling the purified water back to the cooling tower	Reduction in raw water consumption	Bommasandra
Magnetic bearing chillers	Replacement of existing centrifugal chiller with energy efficient magnetic bearing chillers	Reduced power consumption and noise levels.	Goa and Indore

Digitisation and automation efforts

Digitisation in Manufacturing[4]

Embracing Industry 4.0: Scaling Innovation and Enhancing Efficiency

At Cipla, we are committed to leveraging Industry 4.0 solutions for transforming our manufacturing operations. By integrating Artificial Intelligence (AI) with our existing four IR solutions, we have enhanced both the capability and accuracy of our processes. We have identified and implemented new use cases that address various operational challenges while simplifying processes to meet regulatory requirements.

Expanding our Manufacturing Execution System ('MES')

We have successfully extended the implementation of the Manufacturing Execution System ('MES') to two more facilities, resulting in total of three facilities equipped with integrated MES. This integration ensures seamless

[2]GRI 2-6
[3]Information in line with BRSR Question no. 1 under essential indicators of Principle 2 and Question no. 4 under leadership indicators of Principle 6
[4]GRI 3-3

operations, data accuracy and regulatory compliance across our manufacturing sites.

Upgrading to smart systems

All key sites have been updated with electronic logs and our equipment have been upgraded with centralised or inbuilt Supervisory Control and Data Acquisition ('SCADA') systems. These upgrades not only comply with regulatory requirements but also enhance monitoring and control capabilities, leading to improved operational efficiency.

Deploying new technology

We have deployed a Digital Twin system for real-time monitoring of critical processes and equipment, providing valuable insights and enhancing our capabilities from the outset. Additionally, we have implemented an advanced continuous manufacturing line with state-of-the-art automation at our OSD unit in Goa, ensuring more efficient and consistent production.

Impact of Industry 4.0 Solutions

The adoption of four new IR solutions has delivered substantial benefits. At our Formulation and API sites, we have improved the deviation closeout rate by 3% and 4% respectively, significantly reducing deviation turnaround times.

Advanced analytics interventions have been a game-changer, saving ₹26 lacs through yield improvements at our API plant in Patalganga for FY 2023-24. With immersive virtual reality training at our Indore and Goa units, we have also slashed employee machine onboarding time by over 30%.

Moreover, these innovations have led to a 6% reduction in chiller energy consumption at our Goa site. Our commitment to leveraging technology continues to drive efficiency, savings, and sustainability across our operations.

Future roadmap

Looking ahead, we aim to further leverage digital and four IR solutions to enhance capabilities within our Quality Management Systems. This includes areas such as deviation management, CAPA, OOS, APQR, CPP and Alarm trending. By doing so, we will increase the agility of our manufacturing compliance with evolving regulatory expectations.

During FY 2023-24, we invested in the following projects as a part of our technology and automation initiatives:

Project	Description	Benefits	Location
Rommelag Form-Fill-Seal ('FFS') technology	Adding a new Rommelag line increases production capacity, reduces footprint and saves on low density polyethylene ('LDPE') granules.	Maximised reliability Improved operational efficiency Integrated processes Cost saving	Goa Unit 1
MDI line	Adding a new eight head filling line to meet future production demand while ensuring capacity debottlenecking.	Improved operational efficiency Integrated processes	Medispray, Kundaim
Distributed Control Systems ('DCS')	Implementation of new DCS to monitor critical process parameters like temperature, pressure and humidity which adheres statutory guidelines.	Improved operational efficiency Digitisation and better data analytics Reduced manual intervention	Kurkumbh
FFS line integration	Integration of FFS lines with centralised supervisory control and data acquisition ('SCADA') to store critical process parameters and generate the electronic reports for batch release.	Integrated processes Digitisation and better data analytics Reduced manual intervention	Goa and Indore
Manufacturing vessels integration	Integration of manufacturing vessels with centralised SCADA for real-time monitoring and electronic reporting.	Integrated processes Digitisation and better data analytics Reduced manual intervention	Indore
Digital engineering	Building an asset register as per Company's asset hierarchy and ensuring smart documentation by populating information and flow diagrams in the engineering software.	Digitisation and better data analytics Reduced manual intervention	Kurkumbh, Indore
SAP enterprise asset manager	This system maintains and services physical assets with real-time insights, the IoT, machine learning, mobility and advanced predictive analytics.	Revolutionised asset performance Operational excellence Sustainable operations	Indore, Sikkim, Kurkumbh, Virgonagar, Goa

Project	Description	Benefits	Location
Data and information management	Strengthening data platforms and architecture for better operations, strategy, semantics and software inventory visibility.	Data governance Digitisation and better data analytics Reduced manual intervention	All India based Sites
Distributed generation grid synchronisation	It automatically switches power from government power grid to in-house generators, reducing outages by 50% through an improved emergency distribution network.	Improved power reliability Reduced down time Improved operational efficiency	Sikkim, Bommasandra and Goa

Product Quality and Safety[5]

Our quality targets and goals for FY 2024-25

- All time audit readiness.
- Close investigations and regulatory audit observations swiftly within defined timelines.
- Ensure on-time regulatory filings.
- Achieve Right First Time for all manufactured batches.
- Improve the effectiveness of Corrective and Preventive Actions ('CAPA').
- Strengthen the internal audit process.
- Minimise microbiological excursions by ensuring sterile work practices.
- Minimise on-site incidents with full adherence to all safety practices.
- Improve regulatory and compliance expertise of mid-level management to meet quality targets and nurture future leaders.
- Continuously collaborate to emphasise commitment to quality.
- Continuously improve the quality culture in the organisation and the supply chain.

Quality highlights:

Cipla majorly achieved all the quality targets set for FY 2023-24

72 Client audits held

73 internal audits held

Highlights from FY 2023-24

52 regulatory inspections conducted

Quality Focus Areas

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

Lab Digitalisation & Analytics

a. Quality Control Lab Digitalisation: We aim to transition towards paperless Labs, online real time testing and eliminate test data transcription across our quality control labs.

b. Data Analytics: We aim to utilize predictive analytics to enhance process capabilities, decrease rejections and failure rates and improve root cause analysis. Additonally, we also aim to implement business intelligence dashboards to drive governance, providing real-time tracking and visibility of crucial business metrics.

[5]GRI 3-3

Automation through AI ML Application

Gen AI Adoption: We aim to automate various processes through Gen AI use cases like natural language processing, voice recognition and video analytics to eliminate manual activities and reviews.

Global trade in pharmaceuticals requires rigorous oversight to ensure that products manufactured in one country meet high-quality standards and regulatory requirements when exported to another. Drug regulatry authorities conduct audits to ensure that pharmaceutical products are consistently produced and controlled according to quality standards suitable for their intended use.

We collaborate with Drug regulatry authorities from various countries to uphold Cipla's commitment to complying with current Good Manufacturing Practices and other applicable regulations. During the fiscal year 2023-24, we underwent 52 regulatory inspections by major authorities including the U.S. Food and Drug Administration (USFDA), the UK Medicines and Healthcare products Regulatory Agency (UK MHRA), the European Medicines Agency (EMA), Therapeutic Goods Administration (TGA, Australia) and others. These inspections were completed and concluded successfully.

The USFDA conducted four inspections at the Company's manufacturing sites in Central Islip, Fall River, Hauppauge (USA), and Qidong (China). All the inspections were concluded without any observations except the Company received five Form 483 observations for the inspection at Central Islip, which was subsequently classified as 'Voluntary Action Indicated'.

During FY 2023-24, the Company received a Warning Letter from the USFDA for cGMP inspection conducted at Indore site. The Company is working closely with USFDA and third-party experts to address the observations made in warning letter and remediate our site with our efforts to ensure that our quality is world class.

Product Life Cycle Management

Product testing

At Cipla, our commitment to quality is resolute. We conduct in-house product quality testing, strictly adhering to approved specifications and methods. Our specialised Quality Control laboratories equipped with state-of-the-art instruments such as high-performance liquid chromatography ('HPLC'), gas chromatography ('GC'), infrared spectroscopy ('IR') and liquid chromatography-mass spectrometry ('LCMS'), ensure precise and dependable results. Each testing protocol meticulously aligns with relevant pharmacopeial and regulatory requirements, upholding the highest industry standards.

Our drug products undergo a comprehensive testing, covering assay, impurities and performance assessments. We proactively address emerging quality and safety concerns, such as Nitrosamine testing for formulations and Active Pharmaceutical Ingredients ('APIs').

Combating counterfeiting of medicines

Cipla is committed to combating counterfeit medicines. We conduct physical surveillance and maintain online vigilance to promptly identify and take down counterfeit listings. Our collaboration with e-commerce platforms and external partners enables effective detection of counterfeit products in both digital and physical marketplaces. Additionally, we collaborate with agencies to expose 'Ghost sellers' who list Cipla products. Our continuous online audits allow us to promptly respond to unauthorised sales of potentially counterfeit products.

To ensure product authenticity, Cipla use integrated sophisticated security measures into its packaging and advanced security features like multi-colour security printing on blisters, holograms, laser coding to enhance traceability throughout the supply chain. Cipla has also implemented QR codes on certain products, for digital verification and additionally employed coding systems like 'pharmacode' or 2D codes on secondary packaging to discourage counterfeit drug distribution.

Suspected counterfeit samples are chemically tested to identify active components. If counterfeiting is confirmed, we promptly notify marketing authorisation holders, customers, regulatory bodies and relevant authorities, ensuring effective resolution. This multifaceted anti-counterfeiting strategy underscores Cipla's dedication to patient safety and product reliability.

Product recalls

In FY 2023-24, we conducted 18 voluntary product recalls due to stability failures and market complaints, along with 11 forced recalls prompted by Not of Standard Quality ('NSQ') notifications from the India Food and Drug Administration. Two of these recalls were under Class I category and five were under Class II category. After implementing CAPA measures, no recalls reoccurred throughout the year.[6]

Safe product destruction

We dispose of hazardous waste, including expired medicines in compliance with the (Prevention & Control of Pollution) Act, 1981, the Hazardous & Other Wastes (Management & Transboundary Movement) Rules 2016 and the Biomedical Waste (Management and Handling) Rule 2016.

All our sites are authorised by respective state pollution control boards for hazardous and non-hazardous waste disposal. Additionally, we partner with licensed hazardous waste disposal vendors for incineration.

[6]GRI 416-2 and Information in line with BRSR Question no. 4 under essential indicators of Principle 9

Pharmacovigilance

Cipla's pharmacovigilance system follows stringent procedures covering all aspects of pharmacovigilance, aligned with the local regulatory requirements. Our SOPs govern all activities carried out by the Drug Safety Department, handling adverse events, product complaint and medical information for Cipla and its subsidiaries. The procedures for data collection, ICSR collation, follow-up assessment and reporting to health authorities are standardised.

Cipla receives case reports directly from healthcare professionals, patients or their caretakers through various mediums. Adverse event reporting guidance is available on our website (https://www.cipla.com/sites/default/files/Guidance-on-adverse-event-reporting.pdf).

Each case is recorded with a detailed narrative, adverse event coding and Company comments. Case processing is performed in the Argus safety database through workflows – Book-in/Triage, Data Entry, Quality Review, Medical Review, Reporting and Archival. In FY 2023-24, no fatalities were reported associated with our products and no product commercialised in India was listed in public medical product safety or adverse event alert databases for serious risks. Remdesivir had a special post-marketing surveillance requested during marketing authorisation.

Pharmacovigilance reviews are regularly conducted on various indicators such as adverse event report submissions, periodic report submission, signal detection, audits, deviations/CAPAs, etc. indicating robust mechanisms. The Key Performance Indicators are monitored monthly through the management review meetings and with quarterly GCEO oversight. Third party assessments are performed for vendors handling ICSR/Mailbox and MICC activities.

An annual PV training program, PAN Cipla, is conducted for all Cipla staff. Documented pharmacovigilance training ensures correct identification and forwarding of cases to the Cipla Drug Safety Department ('DSD'). The PV staff receive role-specific training on applicable SOPs and Cipla's commitment to pharmacovigilance is further reinforced through Indian Society of Clinical research ('ISCR') membership for the Pharmacovigilance Officer in charge ('PVOI').

Nurturing a culture of quality excellence

At Cipla, we aim to build a culture of excellence, nurturing quality across all dimensions. This ensures we meet customer expectations and safeguard the trust of our stakeholders.

TRUST: Towards a Robust, Unified and Sustainable (quality) Transformation

TRUST is a cultural motto, driving quality transformation within the Company. Through TRUST, we leverage behavioural change, peer learning, effective engagement and capability development to improve the quality of our products.

In FY 2023-24, we updated our methodology for calculating the TRUST index, engaging a wide range of employees through cultural surveys. To enhance capabilities, we sustain our learning, development and capability-building efforts through academies such as Gurukul Learning Academy, Respiratory Academy, Lean Six Sigma Academy, Manufacturing Science and Technology Group Academy, Engineering Academy and Digital Advanced Analytics Academy.

We conduct comprehensive quality control training to augment our commitment towards maintaining quality standards. In FY 2023-24, 54 quality analysts were trained at Gurukul at the Chemical or Respiratory Academy. Subject Matter Experts conducting knowledge sessions through videos, presentations and live equipment demonstrations over 21 working days. Additionally, 28 Quality Assurance personnel participated in 'Quality by Design' training and 41 Quality Control personnel attended a specialised vendor led three days training workshop on Dissolution and HPLC techniques, achieving an RFT score of 99.95%.

Embracing digitisation and automation[7]

Recognising the pivotal importance of digitisation and automation, Cipla has embarked on a transformative quality reimagination journey. We understand that technology is key to maintaining high-quality standards and optimising efficiency and compliance. Our ongoing projects to reduce manual errors and variability, enhance productivity and ensure effective compliance.

For instance, we introduced Automation of Cleaning validation practices on the Leucine 4.0 platform for API manufacturing facilities. This initiative aims for right-first-time manufactured batches, eliminating redundant data transcription and paper-based documentation, thereby boosting productivity through data reliability and task simplification.

Corporate sterility assurance program

In January 2023, Cipla established the Corporate Sterility Assurance Program managed by a team of experienced professionals with subject

[7]GRI 3-3

matter expertise to oversee our sterile manufacturing sites.

The broad objective of the programme includes:

- Developing and deploying corporate standards across sterile sites;
- Assessing site procedures and guiding upgrades for compliance;
- Defining and periodically measuring KPIs; and
- Conducting Sterility Assurance Quality Management Reviews

The Corporate Sterility Assurance program integrates all quality Centre of Excellence ('COE') functions, such as assurance, microbiology, statistical analysis, etc, by optimising resources to support ongoing remediation objectives. It supported all sterile units in developing their Contamination Control Strategy ('CCS') documents, a mandatory EU GMP requirement in 2024. Compliance and other processes have become streamlined to meet current regulatory standards. Focused improvement plans are rolled out as a part of the COE's inspection readiness and remediation work is monitored to ensure effective and timely closure of investigations and regulatory observations.

Quality management systems ('QMS')

To continue delivering economical, safe and quality medicines to all our patients, we follow robust processes complimented by our QMS. These systems capture complete process data at each stage of drug manufacturing and the supply chain. Most of our quality management system data has been automated in the form of cloud based QMS to ensure efficiency in operations.

To strengthen our capabilities in Drug-Device combination products, we have established a robust Quality Management System, including SOPs for risk management and design control processes in compliance with statutory requirements.

During the year, a new Change Management module was included in the cloud based QMS that was implemented across the organisation in India which helped in improving operational robustness, transparency and risk management capabilities.

Cloud based QMS, deviation and CAPA management were implemented at our US Fall River facility. We also upgraded our document management system to latest version to include site SOPs and specifications which has significantly enhanced organisations wide efficiency and transparency.

Quality risk management

Cipla maintains a strong commitment to quality risk management, aiming for continuous improvement across various systems, activities, processes and practices. We have streamlined our systems and processes to ensure full compliance. As part of our SOP simplification process, this year we simplified and reduced various SOPs and truncated many annexures and manual formats to enhance user understanding and implementation.

Moreover, effectiveness checks have been conducted on identified corporate SOPs to further improve operational efficiency.

Data integrity and security[8]

At Cipla, data integrity and data security are prioritised through comprehensive policies and guidelines within our Information Security Management System ('ISMS'). We have established 25 ISMS policies covering cybersecurity, data privacy, acceptable usage and incident management. These documents provide clear instructions and consequences for policy violations.

The Acceptable Usage Policy and Guideline covers the dos and don'ts and disciplinary actions that will be taken in case of any code violations, while our Incident Management policy details measures and corrective actions taken in case of incidents. These policies are updated annually or as required and are accessible to employees via the intranet. Further, Data Privacy Management Policy can be assessed at https://www.cipla.com/sites/default/files/2023-07/Data-Privacy-Management-Policy.pdf[9]

We adhere to industry-leading security practices and globally accepted standards certified by organisations such as the National Institute of Standards and Technology ('NIST'), International Organization for Standardization (ISO 27001), Open Web Application Security Project and Enterprise Digital Risk Management. Our Business Continuity or Disaster Recovery Plan, undergoes an annual internal test to ensure data security, availability and integrity.

During FY 2023-24, we conducted three internal vulnerability assessment and two external penetration tests to proactively identify and address potential vulnerabilities. Our designated security service partner carries out these assessments. We implemented a vulnerability management platform to promptly track and resolve reported vulnerabilities.

Our Security Operations Centre operates an Extended Detection and Response platform, ensuring 24/7 monitoring and incident reporting. There was one reported cybersecurity incident during the reporting year, but it did not result in any data breach.[10]

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

[8] GRI 3-3
[9] Information in line with BRSR Question no. 5 under essential indicators of Principle 9
[10] GRI 418-1 and information in line with BRSR Question no. 7 under essential indicators of Principle 9

Intellectual Capital

Strategic Focus Areas

- Innovation
- Investment in Research and Development

Contribution to Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

Highlights for FY 2023-24

₹ 1,571 crore

of R&D Expenditure[1]

277

Cumulative ANDAs and NDAs[2]

2,204

Cumulative DMFs

156

Cumulative US DMFs

101

New products launched

298

Patents granted

Our Intellectual Capital Philosophy[3]

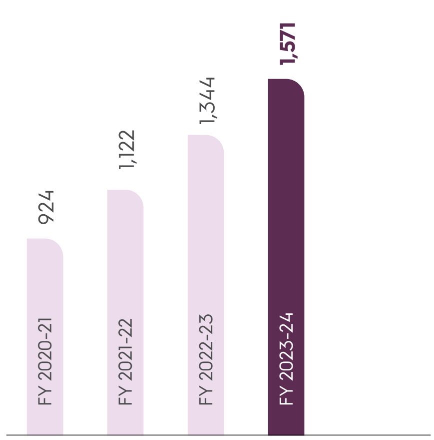
Innovation is at the heart of our business model. We know how crucial it is to nurture, enhance and protect our research capabilities. That is why we are passionate about encouraging innovative thinking across the Company. By consistently improving and leveraging the best-in-class technology, we strive to create solutions that make a real difference. This approach enables us to achieve operational excellence and deliver outstanding value to all our stakeholders around the globe.

Innovating through dedicated Research and Development[4]

Our dedicated Integrated Product Development Team ('IPD'), comprising of over 1,700 skilled members drive our R&D efforts. Supported by five state-of-the-art R&D facilities in New York, USA and in Maharashtra and Karnataka, India, we exemplify our commitment to innovation and development.

In FY 2023-24, we invested 6.1% of our consolidated revenue on R&D capabilities. This investment aims to strengthen our product portfolio and enhance the efficiency of our processes and systems and create a positive impact on both our patients and the planet.

R&D Expenditure (in ₹ crores)



Our R&D expenditure increased by approx. 17% YoY.

Investing in our R&D skills

We are committed to maintain robust and competitive R&D capabilities. Our IPD team continually enhances their skills through various capability-building and skill-building sessions. During the reporting year, we offered numerous internal and external training opportunities on pertinent topics such as Biosimilar Development, Oligonucleotides, Nitrosamine impurities and the operation of new-edge instruments. In total, we provided over 8,000 hours of training to our IPD team in FY 2023-24. Additionally, we also supported participation of our team at external conferences and advanced training sessions to ensure they remain up to date with the evolving industry.

[1]Operating expenditure including depreciation
[2]Includes under approval, tentatively approved and approved ANDAs, NDAs, PEPFAR ANDAs & NDAs for Cipla Limited, InvaGen Pharmaceuticals Inc. and Partners
[3]GRI 3-3
[4]GRI 3-3 and Information in line with BRSR Question no. 1 under essential indicators of Principle 2

Enhancing our R&D capabilities

Respiratory

We have notably expanded our capabilities in respiratory healthcare. Our enhanced particle engineering and complex in-vitro characterisation studies for inhalation products align with the latest USFDA regulations. We have upgraded our in-house device laboratories for developing and testing of medical devices. Staying true to our commitment to sustainability and innovation, we are pioneering new advancements in MDIs to ensure we remain at the forefront of respiratory healthcare.

Biosimilars

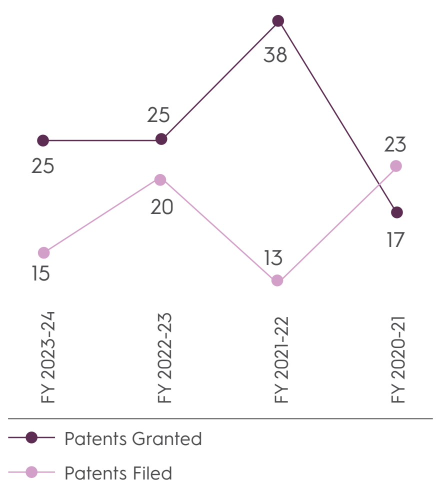
Our joint venture with Kemwell Biopharma (Aspergen Inc.) is making great strides in the development of biosimilars. We are focusing on building our capacity to support the clinical development of large molecules by upgrading our in-house processes, resources and facilities. We have formed strategic partnerships with industry experts to strengthen our biosimilar development further. To top it off, we have established a state-of-the-art research and development facility at our R&D centre in India, specifically designed to conduct cutting edge in-vitro functional potency studies for high-value products like Peptides, Biosimilars, Oligonucleotides, mRNA and Diagnostics products.

Oligonucleotide

We made substantial progress in developing generic Oligonucleotide therapies, underscored by the advanced stage of our inaugural Abbreviated New Drug Application ('ANDA') submission. We have enchanced our analytical and bioanalytical capabilities at our facilities in Vikhroli and Sitec Labs Limited, India, a wholly owned subsidiary of the Company and at InvaGen Pharmaceuticals Inc. site in New York, USA, a wholly owned subsidiary of the Company. We have forged strategic partnerships with leading global research institutions and industry experts for developing and manufacturing Active Pharmaceutical Ingredients ('APIs') and Drug Products ('DPs'). These collaborations, coupled with our advanced in-house capabilities, not only broaden our commercialisation efforts and enrich our robust pipeline but are also pivotal to our leadership in pharmaceutical innovation.

Management of our Intellectual Property[5]

We actively file patents for new processes, products, drug delivery systems, medical devices, solid dosage forms and drug re-purposing in both national and international markets. For greater accessibility of medicines in underdeveloped and underserved markets, keeping in line with our ethos of promoting healthcare accessibility, we adopt a flexible approach in enforcing our patent rights for select therapies and geographies.



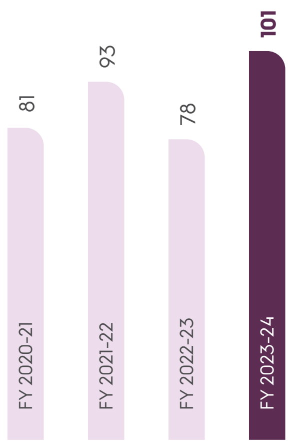
In FY 2023-24, we did not file any patents in low-income economies, as defined by the World Bank.

The Company does not own or acquired any intellectual property based on traditional knowledge. Further, no adverse orders were received related to intellectual property disputes involving the usage of traditional knowledge.[6]

[5]GRI 3-3
[6]Information in line with BRSR Question no. 4 and 5 under leadership indicators of Principle 8

Our Product Portfolio

Our strong Intellectual Capital has powered our ability to consistently expand our product portfolio. During the year, we launched 101 products, across the globe.



Product launches by Geography

India	14
USA	13
Europe	20
South Africa and Global Access	10
Emerging Markets	44
Total	**101**

Key product launches

- **Fluticasone furoate + Vilantrol DPI (Voltido rotacaps)–** Launched through fast-track development, this product is a combination of Flucticasone furoate and Vilantrol which helps reduce symptoms of asthma and Chronic Obstructive Pulmonary Disease ('COPD').

- **Glycopyrrolate+ Formoterol+ Budesonide MDI & DPI–** Indicated for COPD, this product is a triple combination product comprising of Glycopyrrolate, Formoterol and Budesonide which is launched in both Metered Dose Inhalers ('MDI') and Dry Powder Inhaler ('DPI') dosage forms. Both MDI and DPI versions are marketed under the brand names Foracort G and Glycohale FB, accentuating our existing Foracort and Glycohale brands in the Indian market.

- **Esomeprazole magnesium Oral Suspension–**Indicated for acid reflux disorder, this product marks Cipla's first approval and launch in China. Cipla won the bid for Volume Based Procurement ('VBP') to supply Esomeprazole magnesium delayed-release oral suspension in 10 mg, 20 mg and 40 mg strengths, being the only VBP bid winner for all three strengths.

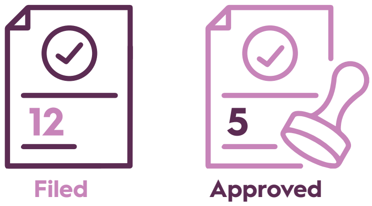
- **Darunavir Hydrate Tablets –** These tablets, launched in 600 mg and 800 mg strengths, are useful in the treatment of Human Immunodeficiency Virus ('HIV') infection. It was the first product to be successfully transferred to InvaGen Pharmaceuticals Inc., a wholly owned subsidiary of the Company as a part of site addition and consequently was also launched for government supplies in US.

- **Oseltamivir capsules** – The team rallied together to ensure timely responses and completion of launch activities as scheduled. This product is used in the treatment of Influenza A & Influenza B infection and to prevent and treat swine Influenza A.

- In South Africa, Cipla launched multiple noteworthy products in Oncology, Anti-Retroviral ('ARV') and Respiratory segments. Palbociclib capsules were launched on day one of patent expiry. We also launched the triple combination of Dolutegravir, Emtricitabine and Tenfovir Alfenamide ('TAF') Tables and Tenofovir Alfenamide ('TAF'), Emtricitabine and Rilpivirine Tablets adding new products to our ARV portfolio. In the respiratory segment, we launched Fluticasone Salmeterol 50/500 mcg DPI.

Regulatory Filings

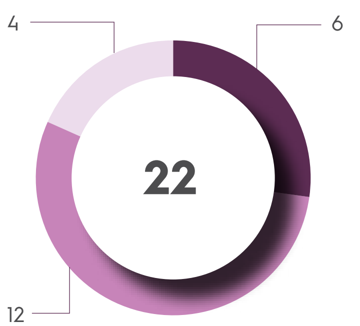
ANDA for FY 2023-24

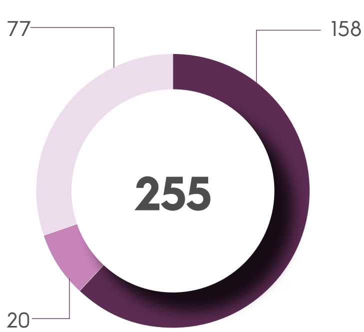


DMFs and Dossiers for FY 2023-24

	DMFs filed	Dossiers filed	Dossiers approved
India[8]	3	19	12
USA	19[9]	13[12]	5
Europe	47[10]	14	120
South Africa and Global Access	6	72	85
Emerging Markets	426[11]	151	111
China	2	1	-
Total	**503**	**270**	**333**

ANDA and NDA portfolio and pipeline as on 31st March, 2024[7]





41% of medical products filings of Cipla (drugs, diagnostics, medical devices, or vaccines) have been granted FDA Priority Review/EMA Accelerated Assessment (or equivalent) during last three years.

Milestones in US formulation filings:

We have successfully submitted a series of complex generic and innovative products, demonstrating our capability in navigating intricate regulatory pathways. Each product filing has been meticulously prepared to meet stringent FDA requirements, ensuring compliance and maintaining high standards of product quality.

- We filed two complex respiratory products in the US strengthening our foothold in respiratory therapy. One of them is a combination product which was filed after successful completion of large scale multicentric clinical trials. Cipla was the first generic filer for another breath actuated inhaler product.
- To build robust pipeline in oncology, in FY 2023-24, we filed three products in US. One of the product is an innovative product and was filed through 505(b)(2) pathway. We also conducted a patient based pharmacokinetic ('PK') study in ovarian cancer patients for another oncology product.
- In the quest for Cipla's caring for life and to ensure access to drug for every patient, we also worked on orphan drugs. In the US, an orphan disease is a rare disease or condition that affects fewer than 2,00,000 people. We filed and received two orphan drug designations for two rare diseases in the US. Under the FDA's Orphan Drug Act, orphan drug status provides incentives including tax credits, grants and waiver of certain administrative fees and seven years of market exclusivity following drug approval.
- We have also filed a complex lyophilized peptide injection product requiring extensive characterisation and studies. Cipla overcame the complexities of the product development and filed the product within only 14 months in US market.
- In 2023-24, Cipla demonstrated its product development capabilities by filing ANDA for complex emergency-use drug device combination product in highly regulated market like US.

[7]Includes under approval, tentatively approved and approved ANDAs, NDAs, PEPFAR ANDAs & NDAs for Cipla Limited, InvaGen Pharmaceuticals Inc. and Partners
[8]Dossiers filed and approved includes DCGI submissions and approvals only
[9]Includes 9 new amendments and 44 additional annual amendment
[10]Includes 17 amendments
[11]Includes 59 amendments; 367 : New DMFs & leverage of existing DMFs
[12] includes 12 ANDAs and 1 NDA

Acquisition and In-licensing of products in FY 2023-24

1

Launched our first biosimilar Adalimumab in Australia.

2

Strategically acquired two valuable products indicated for lowering cholesterol, set to boost our US market revenues.

3

Executed a new licensing deal with a branded generic private label distributor in the US for an immunosuppressant molecule, expected to significantly bolster our North American generics business revenues from 2025.

4

Launched Metaxalone tablets, Diltiazem tablets and Bupropion tablets in US.

Clinical research and development

We regularly conduct and support clinical trials in India and emerging markets to meet regulatory commitments, generate data on diseases and support Investigator-Initiated Studies (IIS).
During FY 2023-24, we received DCGI approval to market Plazomicin Injection and an innovative formulation of Pirfenidone Gel in India. We also completed the inhaled insulin Phase three clinical trial and are awaiting its approval.

For the reporting year, we initiated 31 clinical trials across Phase II, Phase III and Phase IV, including post-marketing surveillance and IIS involving 1000 + patients from 80 + study sites nationwide. Among these trials, 10 have been successfully completed, with eight of them focused on our lead respiratory therapeutic area. We completed the inhaled insulin Phase 3 clinical trial and are awaiting its approval.

Highlights from FY 2023-24

- We completed a total of 66 Bioequivalence ('BE') studies in healthy volunteers, including 12 for respiratory products and 58 non-respiratory products. We also conducted one patient Pharmacokinetics ('PK') study for an anti-cancer drug, recruiting 44 ovarian cancer patients throughout sites in India.
- In the previous financial year, Respiratory clinical team successfully completed four clinical studies for US FDA. One study was for one of the largest value MDI in US, recruiting 1500+ patients with Asthma at over 60 centres across US and India. In the study, we collaborated with one of the top three CROs in the world. Apart from this, we have also initiated a trial in patients with Asthma across 12 centres in the US.
- We conducted multiple pre-clinical studies across different phases, including studies for impurity qualifications, innovative drug products and immunogenicity.
- We submitted pre-IND proposals for four innovative projects to the USFDA and received concurrence on all. Initiated Phase I study of one novel molecule for Hepatitis and received regulatory approval for second Phase I study in India for a non-steroidal contraceptive agent.

Real World (RW) data and real-world evidence is a relatively new area wherein safety and effectiveness of using drugs in practice is captured and analysed. We have initiated 2 real world studies in cardiology as part of our efforts to capture and analyse real-world data. Additionally, we have completed 34 physician surveys, with 19 ongoing and delivered 99 presentations at various national and regional conferences across India and Europe. These presentations span across multiple therapeutic areas including respiratory health, infectious diseases, diabetes, urology, dermatology and ophthalmology.

Research Publications

We supported the dissemination of four treatment guidelines and published 13 papers in leading medical journals. Following were the key published research articles in FY 2023-24:

NIR Spectroscopy for Moisture Content Determination in Lyophilized Formulations, published in the Journal of Near Infrared Spectroscopy.

Utilisation of Quality by Design, Kinetic Modelling and Computational Fluid Dynamics for Process Optimisation and Scale-Up, published in Organic Process Research and Development ('OPR&D'), a peer reviewed journal.

Early Prediction of the Chemical Stability of Drug Substances and Drug Products during the Development Phase in Bentham Science's current Indian Science journal.

Active Pharmaceutical Ingredient ('API') Particle Size, a Critical Bioavailability Attribute for Biopharmaceutics Classification System ('BCS') Class II Drug; Impact Assessment by Physiologically Based Biopharmaceutics Model ('PBBM') at the seventh Annual Conference of the Society for the Study of Xenobiotics (SSX- 2024).

Engagement with regulatory bodies and collaborations with other companies / institutions

We actively partner with regulatory authorities worldwide to stay aligned with global best practices around innovation, scientific discussions, filing prioritisation and lifecycle management of Drug Master File ('DMF'), Abbreviated New Drug Application ('ANDA'), New Drug Application ('NDA') and Marketing Authorisations. Following is the list of regulatory bodies we actively engage with:

1. **United States Food and Drug Administration ('USFDA')**
2. **Drug Controller General of India ('DCGI')**
3. **Medicines and Healthcare Products Regulatory Agency, UK ('MHRA')**
4. **National Medical Products Administration, China ('NMPA')**
5. **World Health Organisation ('WHO')**
6. **Therapeutic Goods Administration, Australia ('TGA')**
7. **South African Health Products Regulatory Authority ('SAHPRA')**
8. **Brazilian Health Regulatory Agency ('ANVISA')**

Additionally, we contribute as experts in the standard-setting processes of the European Directorate for the Quality of Medicines and Healthcare and the United States Pharmacopeia, ensuring globally acceptable standards.

By staying proactive in our collaborations and regulatory engagements, we aim to set benchmark in the pharmaceutical industry and continue delivering high-quality healthcare solutions worldwide.

Collaborating towards Innovation

To enhance our R&D capabilities, improve disease diagnosis, strengthen manufacturing processes and advance the development of drug-device combinations, we have formed strategic partnerships with experienced pharma bodies and academic institutions throughout FY 2023-24. Few of the notable collaborations are as follows:

Clinical research and results

We have partnered with an AI consultation Company to conduct population pharmacokinetic modelling and simulation ('popPK-M&S'). This collaboration supports innovative projects by establishing robust popPK-M&S capabilities across our operations.

Advancing disease treatment and product development

We are working with a partner Company to develop a connected smart device, that helps patients and health care providers to monitor inhalation techniques accurately.

Developing advanced inhaler devices

In collaboration with several international research organisations, we are advancing the development of new inhaler devices and inhalation product testing techniques.

Enhancing access to healthcare

We have successfully initiated a transformative deal with a leading global pharmaceutical Company for a long-acting anti-viral injection. This agreement allows us to extend access to vital medication to low and middle-income countries, marking a significant stride towards global health equity and accessibility.

Partnering with academic institutions

Our collaboration with the Central Drug Research Institute ('CDRI'), Lucknow, India focuses on developing a liposomal polymeric sustained-release ophthalmic formulation for fungal keratitis. This innovation addresses the unmet need for effective, targeted topical treatment of infected corneas, promising faster cures and better patient compliance.

Innovations in API[12]

Our commitment to innovation and sustainability drives us to focus on process developments and efficiency. We have formalised comprehensive management practices to optimise resource use, reduce costs and align with environmentally conscious methodologies.

1 Impurity Synthesis

Synthesising impurities is crucial for ANDA filings and approvals. This year, we introduced Waters prep High-Performance Liquid Chromatography ('HPLC') with Photodiode Array ('PDA') and mass detector tools in our impurity synthesis laboratory. This highly sensitive tool supports thorough screening and isolation of desired impurities, enhancing our internal capabilities and reducing dependency on third parties and vendors.

2 Nitrosamines and Nitrosamine Drug Substance-Related Impurities ('NDSRI')

NDSRIs present unique scientific and regulatory challenges due to their specificity to APIs and limited safety data. Our API analytical team has established a facility for developing NDSRIs methods in API and formulation products. We have installed a High-Resolution Mass Spectrometry ('HR-MS') instrument and successfully developed methods for NDSRI evaluation in multiple products. This advancement ensures timely compliance and supports the development of our extensive product portfolio.

Combating Antimicrobial Resistance ('AMR')

Antimicrobial resistance, particularly in Gram-negative bacteria, is widely recognised as one of the biggest threats to global health today, with the potential to affect anyone, of any age, in any affect any member of the society. At Cipla, we are committed to tackling AMR through a multifaceted approach:

- **Building a Robust Portfolio**
- **Antibiotic Stewardship and Advocacy**
- **Enhancing Access of New Antibacterials in India and other Low and Middle Income Countries**
- **Responsible Manufacturing**

During FY 2023-24, we evaluated 40+ molecules, with six molecules set to launch in the next four years. Moreover, we received the DCGI approval to market Plazomicin injection, a new aminoglycoside for treating complicated urinary tract infections. We are also strengthening our antibiotic portfolio with innovative antibiotic drug-device combinations and topical formulations targeting MDR pathogens. We are also seeking collaborations with innovator companies to enhance access to new antibacterials to be marketed in India, South Africa and Emerging Markets.

We conducted thematic research on various infectious diseases like Systemic Fungal Infections, Neonatal Sepsis and its management and repurposing of older antimicrobials.

Our participation in conferences like ISBMT 2023, CIDSCON 2023, Best of Brussels, Criticare 2024 and USICON 2024 allowed us to share our findings. We presented seven posters on invitro and real-world studies of our brands.

As a responsible manufacturer, we rolled out the AMR manufacturing guidance based on AMRIA standards and WHO TRS 1025. We conducted mass balance activities for 41 molecules and analytical testing for 25 molecules, ensuring our practices align with global standards and minimise environmental impact.

[12]GRI3-3

Human Capital

Strategic Focus Areas

- Human Resource Development
- Promoting Diversity
- Creating Leaders for the Future
- Employee Health & Safety

Contribution to Sustainable Development Goals

- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

Highlights

1,02,000+ hours

Devoted to volunteering activities

25%

Of top management are women employees

33.06

Overall average training hours per person

79%

Succession cover for critical senior management roles

Zero

Fatalities across manufacturing facilities

Certified six years in a row

Awards received

- Ambition Box Employers Choice Award 2024
- Excellence in Digital Transformation
- Excellence in Health & Wellness

Our human resource philosophy[1]

Our employees are the heart of our success. Every employee contributes uniquely in delivering exceptional healthcare services. We nurture a culture of creativity and excellence with personalised development programmes, open communication and meaningful recognition. As an employer of choice, we focus on our empolyees' development and well-being. We are committed to diversity and equal opportunity, supporting our employees' aspirations with respect, care and purpose.

[1]GRI-3-3

Our diverse workforce[2]

We pride ourselves on having a vibrant team from different generations, nationalities, genders, skills and abilities. This diversity brings fresh perspectives that make us stand out. With a presence in 17 countries and six continents, our team's wideranging knowledge and skills help us serve our patient needs efficiently and effectively. Along with our permanent workforce, we also employ workers on a temporary contractual basis for on-site roles such as packaging, operational line-work, loading/unloading and other tasks.

The table below highlights our gender statistics across different levels and age groups-

Category	<30 years		30-50 years		>50 years		Male		Female		Total
	Male	Female	Male	Female	Male	Female	Nos.	%	Nos.	%	
Permanent Employees											
Top Management	-	-	4	1	5	2	9	75.00	3	25.00	12
Senior Management	-	-	86	11	68	14	154	86.03	25	13.97	179
Middle Management	260	75	4,046	560	212	68	4,518	86.54	703	13.46	5,221
Junior Management	7,878	1,479	8,505	1,331	179	76	16,562	85.16	2,886	14.84	19,448
Associates / Non-Management	23	21	166	76	117	32	306	70.34	129	29.66	435
Indian Subsidiaries	515	114	1,118	255	70	12	1,703	81.72	381	18.28	2,084
Permanent Workers											
Workers	15	8	148	62	108	44	271	70.39	114	29.61	385
Total Permanent Workforce (a)	**8,691**	**1,697**	**14,073**	**2,296**	**759**	**248**	**23,523**	**84.72**	**4,241**	**15.28**	**27,764**
Non-Permanent Employees											
Non-Permanent Employees	1,839	676	1,882	417	92	11	3,813	77.55	1,104	22.45	4,917
Non-Permanent Workers											
Non-Permanent Workers	3,842	720	2,598	861	241	50	6,681	80.38	1,631	19.62	8,312
Total Non-Permanent Workforce (b)	**5,681**	**1,396**	**4,480**	**1,278**	**333**	**61**	**10,494**	**79.33**	**2,735**	**20.67**	**13,229**
Grand Total (a)+(b)	**14,372**	**3,093**	**18,553**	**3,574**	**1,092**	**309**	**34,017**	**82.98**	**6,976**	**17.02**	**40,993**

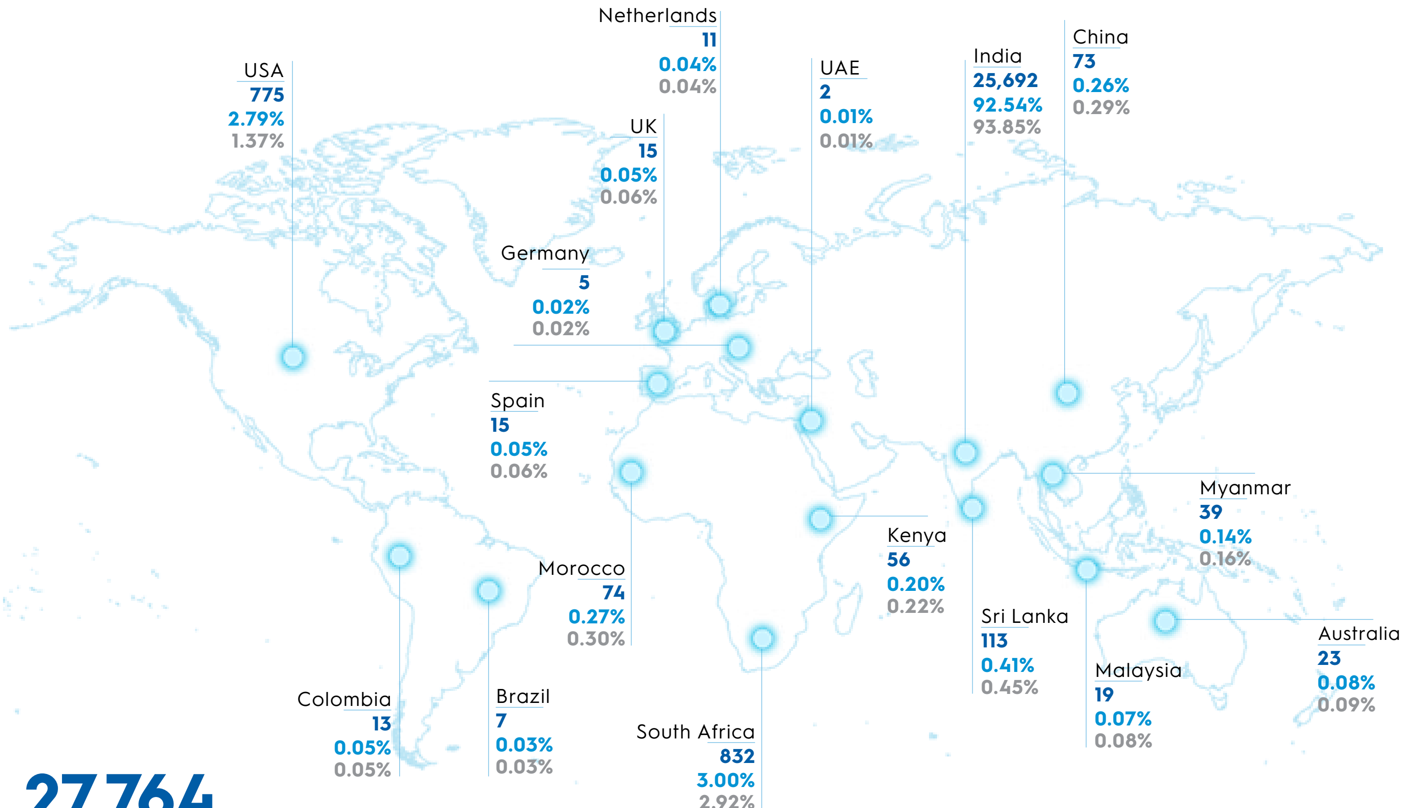
Differently-abled employees and workers[3]

Particulars	Total	Male		Female	
		Nos.	%	Nos.	%
Permanent Employees	7	6	85.71	1	14.29
Permanent Workers	2	2	100	-	-
Total differently abled employees and workers	**9**	**8**	**88.89**	**1**	**11.11**

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

[2]GRI 2-7, GRI 2-8, GRI 405-1 and Information in line with BRSR Question no. 20(a) of Section A
[3]Information in line with BRSR Question no. 20(b) of Section A

Country-wise headcount for permanent employees and workers as on 31st March, 2024[4]



27,764

Total number of permanent employees and workers headcount

- Number of permanent employees and workers
- Share in total workforce (as % of total workforce)
- Share in all management positions, including junior, middle and senior management (as % of total management workforce)

Holistic human development[5]

At Cipla, we have created an ecosystem that supports the overall well-being of our workforce, focusing on their physical, mental and financial health. We believe a healthy and satisfied team is crucial for personal and organisational success. We offer a comprehensive experience to our personnel that includes ongoing enhancements to existing programmes and the introduction of innovative practices to advance careers as detailed under the following pillars:

1. Identifying and acquiring the right talent
2. Professional development for a future-ready workforce
3. Career growth and advancement
4. Elevating employee experience – ensuring physical, mental and financial well-being
5. Fostering a diverse and inclusive workspace
6. Harmonious employee relations and strong compliance orientation

[4] GRI 2-7
[5] GRI-3-3

1.

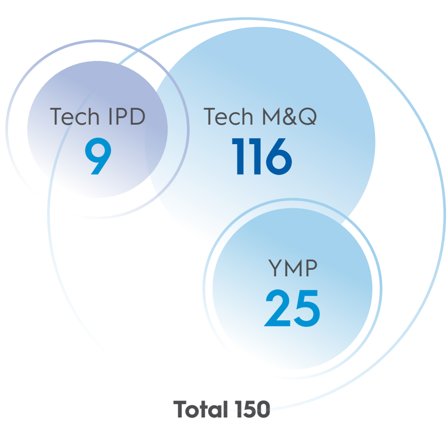
Identifying and acquiring the right talent

ALIVE (Aspire, Learn, Innovate, Voice and Engage) is our flagship campus hiring initiative aimed at nurturing aspiring professionals, with the right attitude, talent and skills. We source talent from leading institutes nationwide to foster early career development.

With the aim of empowering future leaders, we have a Young Managers Program under ALIVE and a Management Trainee learning journey which started in FY 2022-23. The trainee program spans across six months and provides an insight into various functions like technical and commercial operations, corporate functions and Cipla foundation, aimed at social wellbeing. The program enables aspiring leaders with an overall view of the Company, Culture, Values and a strong base to nurture, immerse themselves in the Cipla Way.

In FY 2023-24, we welcomed **25 top candidates** from leading B-schools into the Cipla family. We also successfully launched Cipla Ascend, a B-School case study competition, which has strengthened our brand and our appeal to recent graduates.

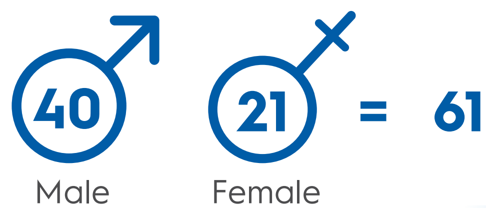
No. of hires - ALIVE, FY 2023-24



NEEV

NEEV is our flagship programme, in association with BITS Pilani and MIT Manipal, aimed at building strong technical and functional capabilities in manufacturing and quality. The programme combines theoretical and practical know-how and empowers students financially through its 'Earn while you Learn' scheme. Launched in FY 2021-22, NEEV currently has **180 students** enrolled in their four-year manufacturing and two-year quality degree courses at various stages of the programme.

Number of candidates on-boarded under NEEV in FY 2023-24



On-boarding talent

Our digitised pre-onboarding and onboarding processes enhance both our candidate and employee experiences. MiCipla, a virtual induction programme, enables pre-onboarding for all new hires, providing them with an overview of Cipla culture, values, history and other know-how. Our 'We Care' post-onboarding platform tracks and enhances new hires' experiences, enabling feedback both from and to the new team members.

Total new joiners in FY 2023-24[6]

Category	<30 years		30-50 years		>50 years		Total
	Male	Female	Male	Female	Male	Female	
Permanent workforce							
Top Management	-	-	-	-	-	-	-
Senior Management	-	-	5	-	12	-	17
Middle Management	80	37	569	89	20	8	803
Junior Management	3,578	723	616	172	11	5	5,105
Associates/ Non-Management	15	6	38	18	4	4	85
Indian Subsidiaries	295	62	168	23	2	-	550
Total	**3,968**	**828**	**1,396**	**302**	**49**	**17**	**6,560**

In FY 2023-24, our average hiring cost per employee was pegged at ₹25,142.

[6]GRI 401-1

2. Professional development – for a future-ready workforce[7]

At Cipla, learning is embedded in our DNA. It fuels our innovation, agility and readiness for the future. We emphasise continuous improvement, individual development and nurturing talent to foster a growth mindset and empower our team. Our commitment to learning propels us forward, whether its acquiring new skills, adapting to market shifts or exploring innovative approaches.

Our various programmes under the umbrella of 'Cipla University', focus on four key areas-

- (i) Individual and team development
- (ii) Functional skill building
- (iii) Compliance awareness and education
- (iv) Culture building

Cipla University ('CU') is our corporate educational and skill-building initiative strategically designed to help the organisation achieve its mission. CU takes a multifaceted approach to learning, collaborating with Cipla's leadership, external faculties, world-class educational institutions and leveraging digital technologies. Within the university, we have two distinct academies: the Functional Academy and the Leadership Academy. These academies bring together subject matter expertise to foster growth and development across various domains.

Functional Academy

The Functional Academy takes an enterprise-wide approach, nurturing specialised skills and excellence across all business domains, including emerging areas like sterile manufacturing and biosimilar product development. Collaborating with top institutions and industry experts through our Digital Academy keeps us at the forefront of technology. Initiatives such as 24/7 access to learning platforms contribute to a robust learning environment. In FY 2023-24, our training programmes saw **18,820 employees** enrol, completing **7,95,060 learning hours** with two-fold increase in completion rate across our functional learning platforms.

Leadership Academy

The Leadership Academy is pivotal in developing essential skills for management and effective leadership across all levels. Each programme focuses on building resilience, enhancing impact and fostering ongoing personal and professional growth. We prioritise equity, diversity and inclusive leadership, anchored by "Cipla Leadership Essentials", our cornerstone for driving leadership behaviours.

Leaders as Coaches have the ability to drive inspiration and empower their team to reach their full potential. We offer a nine-month certification training curated for business leaders with active people management roles, helping them develop into effective coaches. In FY 2023-24, **41 leaders** participated in this training.

LeadX is designed for experienced leaders to enhance their self-awareness, interpersonal skills and decision-making abilities. It equips leaders to navigate organisational challenges effectively and inspire their teams, fostering a positive work environment and driving overall success. In FY 2023-24, **139 managers** participated in LeadX.

Leap is our programme designed for first-time managers, aimed at developing foundational leadership skills essential for their transition into leadership roles. Participants learn to motivate teams, delegate effectively and navigate workplace challenges. In FY 2023-24, **374 first-time managers** participated in the Leap programme.

Executive Presence helps leaders build various leadership qualities and strengthen their presence in the organisationby enrolling in our three-month certification program. It covers personal branding, communication with high-level executives, influencing senior stakeholders and presenting ideas to inspire teams. In FY 2023-24, **138 associates** participated in this programme.

Ignite focuses on building personal effectiveness of all our employees. It helps develop technical expertise, optimise productivity and solve complex challenges. IGNITE guides participants toward meaningful career growth within the organisation, ensuring their continued success and impact. In FY 2023-24, **651 employees** participated in the IGNITE programme.

[7]GRI 404-2

Our overall Leadership Academy coverage in FY 2023-24 increased to **131%**, highlighting the growing interest of individuals in leadership development and its importance in our dynamic environment.

Policy and compliance training

Ensuring compliance and governance is essential for maintaining ethical and professional standards within our organisation. We achieve this by familiarising employees with relevant policies, procedures and required actions. Our mandatory training programmes cover areas such as Pharmacovigilance, Prevention of Sexual Harassment, Code of Conduct and Human Rights, among others. These initiatives promote continuous improvement and are testament to our commitment to ethics and compliance ensuring a conducive and safe work environment.

Highlights

15,22,373
Overall training hours

33.06
Overall average training hours per person

₹2,421
Average amount spent on learning and development of each permanent employee and worker

Category wise training hours for FY 2023-24[8]

Particulars	Average training hours		
	Male	Female	Total Average
Permanent Employees			
a. Top Management	0.95	1.42	1.06
b. Senior Management	11.80	8.52	11.35
c. Middle Management	39.39	24.68	37.41
d. Junior Management	41.64	33.12	40.42
e. Associate / Non-Management	2.85	2.06	2.62
f. Indian Subsidiaries	11.41	11.05	11.35
Permanent workers	21.48	17.93	20.44
Non-Permanent employees	7.00	14.92	8.78
Non-Permanent workers	0.51	0.32	0.47
Total	**28.53**	**20.34**	**27.18**

Details of skill upgradation training of employees and workers[9]

Category	FY 2023-24			FY 2022-23*		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	31,471	29,854	94.86	30,955	28,141	90.91
Female	5,856	5,405	92.30	5,295	4,677	88.33
Total	**37,327**	**35,259**	**94.46**	**36,287**	**32,818**	**90.44**
Workers						
Male	6,967	3,717	53.35	6,634	1,108	16.70
Female	1,750	604	34.51	1,742	371	21.30
Total	**8,717**	**4,321**	**49.57**	**8,376**	**1,479**	**17.66**

[8]GRI 2-24, GRI 404-1. Average training hours excludes trainings provided on employee, health and safety
[9]Information in line with BRSR Question no.8 under essential indicators of Principle 3. This data includes employees/workers who were active and separated during the year
* There are 37 Non-Permanent employees whose gender has not been collected in compliance with Civil Rights Act (& State Equivalents) in USA and hence are not bifurcated in the above information table.

Evaluating learning impact

To gauge the effectiveness of our training programmes and make informed decisions about improvements, we use the Kirkpatrick model of training evaluation. We advanced to measure at Kirkpatrick Level three for our key leadership programmes, assessing how well participants apply their acquired knowledge and skills in their daily roles. This focuses on behavioural changes linked to the training. In FY 2023-24, participants of the Leaders as Coaches reported a 12% improvement in demonstrated behaviours, while Leadx participants saw a 5.3 % improvement. This was evaluated based on structured feedback received from their direct reportees and managers.

3. Career growth and advancement

At Cipla, we believe in nurturing a workforce that combines passion with purpose. Our commitment to holistic development enables employees to grow both individually and professionally. Some of our support initiatives include

01 Promoting career growth through promotions, internal postings and skill diversification.

02 Prioritising employee well-being in a supportive, inclusive environment.

03 Championing inclusion and diversity at our workplace.

04 Emphasising lifelong learning with continuous development, leadership programmes and tailored learning at all levels.

Highlights

1,445

Career movements within Cipla

13%

of total career movement provided to female employees

53%

of career movements provided to female employees at mid and senior levels

Succession Planning

Led by our Talent Review Board and overseen by the Nomination and Remuneration Committee, our succession planning aims to strengthen our talent pipeline for seamless leadership and business continuity. As on 31st March, 2024, we have more than 79% succession cover for critical senior management roles.

Talent Management

We identify high-potential leaders who embody our core values summarised by the acronym

CIPLA

We follow a structured 360-degree feedback process involving line managers, skip managers and functional heads to identify potential candidates. Personalised development plans are then crafted to enhance individual capabilities and maintain a sustainable leadership pipeline. Our three-tiered talent review boards ensure leaders at all levels are engaged in recognising and nurturing talent.

Performance review and appraisal process[10]

Implementing a systematic performance review and appraisal process offers a structured framework for defining strategic goals, evaluating employee performance and aligning individual contributions with organisational objectives. We employ a Management by Objective ('MBO') approach through our digital platform, MiDNA (Develop, Nurture, Achieve), to conduct performance reviews and appraisals. Through MiDNA, employees establish their goals, while managers track progress in real-time and offer timely feedback, providing necessary support. We adopt the performance curve approach that aligns business results to performance trends. Our digital performance review process facilitates feedback from various stakeholders, performance ratings and compensation reviews; thereby making the whole process agile, accurate and transparent.

We encourage performance reviews and discussions between managers and employees at multiple checkpoints throughout the year. Regular training sessions are held for managers to effectively conduct these conversations with employees.

Eligible permanent employees who received performance and career development reviews

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	23,252	21,135	90.89	22,371	19,790	88.46
Female	4,127	3,304	80.06	3,700	3,018	81.57
Total	**27,379**	**24,439**	**89.26**	**26,071**	**22,808**	**87.48**

Note: Performance appraisal is conducted for all employees who have joined on or before 31st December 2023 and trainees confirmed on or before 31st December, 2023. Further, the employee must be on the payroll of the organisation as on 31st March, 2024.

4. Elevating Employee Experience

At Cipla, we focus on the holistic well-being of our employees in keeping with our purpose of 'Caring for Life'. This dedication encompasses the physical, mental and financial well-being, earning recognition at the **SHRM Excellence Awards and Economic Times- Human Capital Awards under the category of 'Excellence in Health and Wellness initiatives'.**

Numerous initiatives have been devised under the three pillars of well-being-

Physical well-being

- Unlimited and cost-free consultations with doctors across all specialties, discounted medications, home collections and diagnostic services for employees and their family
- A 7-month step challenge, which saw participation from 4,900 employees and 307 family members
- 'Bringing fitness to work' campaign involving regular zumba and yoga sessions at sites and offices
- Health talks with our Chief Medical Officer on pertinent health topics

Mental well-being

- 24/7 Professional and confidential counseling / psychiatry services for employees and their families
- Self-care tool kits, including neurobic exercises, modules and trackers
- Webinars offering coping strategies for anxiety, depression, postpartum depression, empty nest syndrome and other stressors
- Onsite counselling centres at office and site locations

[10]GRI 404-3 and Information in line with BRSR Question no. 9 under essential indicators of Principle 3

Financial well-being

- MiEarnedSalary, a service enabling flexible withdrawal of earned salary to address unexpected financial emergencies
- MiCareFund, a crowdfunding platform for employees seeking financial assistance from within the Cipla network during medical crisis
- All Things Money ('ATM'), a collection of concise videos and other resources covering money management topics relevant to different life stages along with expert webinars on various financial topics
- Simulated financial well-being challenge that provides tips on investing in the stock market in a risk-free environment

Rewards and Recognition

Our global recognition platform, 'Applause', facilitates appreciation from peer to peer, manager to team member and vice versa for outstanding performance and demonstrating Cipla Leadership Essentials. Managers can nominate employees for spot recognition on the Applause platform, visible to all employees. Additionally, our Well-being Champions, who have been a #SupportSystem for many, are recognised through a series of in-person activities and webinars.

Continued care towards our alumni

The Cipla Alumni portal enables our alumni to maintain close ties with Cipla and provide them with several privileges, such as medicine discounts, counselling sessions and career opportunities. We have seen a significant increase in the logins of this portal since its launch in February 2023, showcasing the strong ties our alumni maintain with Cipla.

Employee volunteering

Volunteering saw a remarkable boost in FY 2023-24. Ciplaites contributed more than **1,02,000** volunteering hours to **620** environmental and social projects. The 'Cipla for Change' platform offers an interactive, engaging and real-time experience for our employees, providing opportunities to contribute to Cipla Foundation's partner schools/ NGOs and other projects of the Cipla Foundation.

Employee benefits and policies[11]

Our benefits and policies serve as the foundation of our cultural ethos, exemplifying our dedication to cultivating an environment where employees can excel. They go beyond mere guidelines and services, designed specifically to foster a supportive and empowering workplace. Aligned with our core philosophy of 'Caring for Life', these curated policies and benefits are designed to help employees thrive. A summary of such benefits is listed below-

Time away from work

Different types of leave

- Maternity
- Paternity
- Gender-neutral adoption
- Transfer
- Sabbatical
- Medical
- Accidental
- Compassionate

Inclusive ecosystem

- Medical Insurance for self, spouse, children, live-in partners, same-sex partners and their respective parents and parents-in laws
- Day care, creche and lactation facilities
- Gender-neutral washrooms
- Accessibility facilities for differently-abled colleagues

Flexibility

- Hybrid working model at corporate offices
- Flexibility for women in field roles to work from home two days a month
- Employee financial well-being
- Employee volunteering policy

Family support

- Financial assistance in the event of death of employees / workers
- Education merit awards for children of employees
- Crowdfunding platform to support employees in medical emergencies for self and family

[11] GRI 401-2

Embracing the Pause - Time Away from Work

To help restore work-life balance, we advocate periodic 'pauses' throughout the year, allowing employees time to recharge, reflect and engage in self-improvement. We encourage colleagues to utilise at least 14 days of their annual leave for these rejuvenating breaks and support additional initiatives for their well-being and personal development.

Parental leave

Our Parental Leave Policy supports employees during key life stages like parenthood. Male employees receive up to two weeks (14 calendar days) of paternity leave within 270 days of their child's birth, while female employees are entitled to up to six months of paid maternity leave. This includes flexibility to use up to three months before or after delivery, promoting a balanced approach to family and career responsibilities.

Details of parental leave availed by employees for FY 2023-24[12]

No. of employees who availed parental leave in FY 2023-24		No. of employees who were due to return to work in the reporting period after parental leave ended		No. of employees who returned to work in the reporting period after parental leave ended		Out of the employees who returned to work, how many have completed 12 months after returning to work		Return to work rate (in %)			Retention rate (in %)		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total	Male	Female	Total
1,528	169	1,523	149	1,522	144	1,156	130	99.93	96.64	**99.64**	73.87	73.86	**73.87**

Details of measures for the well-being of employees for FY 2023-24[13]

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	22,147	22,147	100	22,147	100	NA		22,147	100	6,210	28.04
Female	3,417	3,417	100	3,417	100	3,417	100	NA		3,417	100
Total	25,564	25,564	100	25,564	100	3,417	100	22,147	100	9,627	33.66
Other than permanent employees											
Male	3,605	NA		3,527	97.84	NA		NA		986	27.35
Female	980	NA		951	97.04	NA		NA		192	19.59
Total	4,585	NA		4,478	97.67	NA		NA		1,178	25.69

Details of measures for the well-being of workers for FY 2023-24[13]

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	101	101	100	101	100	NA		101	100	101	100
Female	27	27	100	27	100	27	100	NA		27	100
Total	128	128	100	128	100	27	100	101	100.00	128	100
Other than permanent workers											
Male	6,664	NA		6,438	96.61	NA		NA		926	13.90
Female	1,618	NA		1,419	87.70	NA		NA		429	26.51
Total	8,282	NA		7,857	94.87	NA		NA		1,355	16.36

Spending on measures towards well-being of employees and workers[14]

Particulars	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the Company	0.37%	0.35%

[12] GRI 401-3 and Information in line with BRSR Question no. 5 under essential indicators of Principle 3. This data pertains to permanent employees and workers of Cipla Limited and Indian subsidiaries. During FY 2023-24 parental leave was not availed by any of the permanent workers

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

[14] Information in line with BRSR Question no. 1(c) under essential indicators of Principle 3. This data is specific to Cipla Limited

The details of retirement benefits for the current and previous financial year are as follows[15]

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total worker	Deducted and deposited with the authority
Provident Fund	100	100	Yes	99.78	100	Yes
Gratuity	100	100	NA	99.78	100	NA
ESI	5.42	-	Yes	11.36	-	Yes

The Larger Cipla Family - Investing in supportive practices: The families of our employees are an integral part of their lives and thereby form an important part of our larger family. We support our extended families through practices like the MiCareFund, that offers employees an additional source of funds for medical expenses. Under MiPharmacy, Cipla employees can get up to 25% discount on select Cipla medicines. We recognise and reward children of our employees for outstanding academic achievements at various levels. We also celebrate Long Service Awards & Superannuation and acknowledge our employees' sustained commitment.

5. Fostering a diverse and inclusive workspace[16]

Cipla is committed to providing an inclusive and safe work environment, thus enabling our associates to bring their whole and best selves to work. At #EqualCipla, we believe in equality across genders, generations, cultures, choices and abilities.

Our Focus

Diversity is a top priority at Cipla. We embed diversity goals in annual scorecards across the organisation, including our MD & GCEO's scorecard and those of other senior leaders/divisions. Our Inclusion and Diversity Council comprises of leaders from diverse functions and geographies and review the gender diversity progress on a quarterly basis. We follow a structured five-pronged approach to deeply integrate diversity and inclusivity into Cipla's culture.

Attracting diverse talent

The '#EqualCipla Champions' campaign promotes diversity by encouraging colleagues to refer qualified women candidates for key roles. We track real-time hiring, attrition and promotion data through the Diversity ('I&D') Dashboard, providing leaders with insights and forecasts to enhance diversity objectives.

Changing Mindsets

The Inclusion & Diversity Policy Handbook sets forth principles and standards to promote a discrimination-free workplace. We conduct regular Unconscious Bias and Inclusive Etiquette Sensitisation Workshops across our sites to raise awareness and mitigate biases through interactive sessions and shared experiences.

Our #EqualCipla Fireside chats, led by our GCPO and other leaders, are quarterly sessions featuring diverse speakers like Keshav Suri, Parmesh Sahani, Divyanshu Ganatra, Dr Ritu Anand, Dr Kiran Bedi and Dr Arunima Sinha. These sessions engaged 60% of our workforce, sharing perspectives and learning from varied experiences.

Involving leaders in I&D governance

Led by our EVC Samina Hamied, the Inclusion & Diversity Council includes senior leaders from HR and Business functions, driving diversity and inclusion at Cipla. Meeting quarterly, the council reviews industry trends, best practices and identifies areas for improvement within our organisation. The I&D Working Committee, formed from 'Keeping it Real' conversations, operates on a six-month rotation with representatives from all divisions. It acts as an action-oriented task force, advocating for inclusion and leading transformative initiatives.

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

Creating a conducive ecosystem

We create job opportunities for marginalised communities, contribute positively to society and our group Mediclaim Policy includes LGBTQ individuals and their partners, promoting diversity.

Accessibility is a priority for us and our infrastructure facilities across offices and site locations comply with accessibility standards.[17] We prioritise the rights of our differently-abled colleagues and our Equal Opportunity Policy, drafted in accordance with The Rights of Persons with Disabilities Act, 2016, safeguards their rights and ensures equal opportunities for growth and success. The policy can be accessed from this link https://www.cipla.com/sites/default/files/2023-07/Equal-Opportunity-Policy.pdf [18]

Employee Resource Groups (ERGs)

The Women Inspired Network ('WIN'), functional Communities of Practice and 'Resource Groups' like 'Champions of Care', provide employees with platforms to collaborate, connect and share experiences beyond work.

The **EmpowHER** programme demonstrates Cipla's commitment to empowering women in the sales workforce by providing them with tailored development opportunities.

The **WeQual,** a global membership programme offers high-performing women executives resources and support to enhance their leadership skills and advance to executive-level positions.

Initiatives like Cipla Alive and Young Managers Programme demonstrate our focus on building a diverse pipeline of future leaders, with a particular emphasis on gender balance. At Cipla, we believe in fair and equal opportunities for growth. Our pay practices ensure gender-based pay parity, as confirmed and verified by AON, an external independent advisory group.

Cipla maintains a strict stance against all forms of sexual harassment within the workplace. To uphold this commitment, we have established a comprehensive Policy on Prevention of Sexual Harassment ('POSH') in accordance with regulatory requirements. Our internal committee, comprising five members, including a female Presiding Officer and a representative from an NGO with expertise in addressing sexual harassment, ensures the implementation of this policy. At least half of the committee members are female. To facilitate reporting, a dedicated email address (icc@cipla.com) is provided to all employees, ensuring a transparent and accessible process for addressing any concerns related to sexual harassment.

Sharing and advocating our commitment

Our external outreach initiatives demonstrate our strong commitment to Inclusion and Diversity. Campaigns like #EqualCipla, #Winning@Work and #AllyshipInAction have expanded our social media presence with 10 million impressions. These efforts focus on fostering an inclusive environment, particularly for women. We celebrate Heritage months globally, including South Africa's Heritage Month and Hispanic and Black History Month in North America, highlighting our dedication to diversity and inclusion worldwide.

Our diversity indicator for FY 2023-24

15.28%
Female employees share in the total Permanent workforce

25.00%
Share of women in top management positions (as % of total top management positions)

14.84%
Share of women in junior management positions (as % of total junior management positions)

23.21%
Share of women in STEM-related positions (as % of total STEM positions)[19]

14.55%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)

7.42%
Share of women in management positions in revenue generating functions (e.g. sales) as % of all such managers

Attrition[20]

We prioritise maintaining a stable and engaged workforce. Over the past three years, our efforts to monitor and address attrition have paid off significantly. Through dedicated initiative, we have seen a significant reduction in attrition rates across all levels.

[17] Information in line with BRSR Question no. 3 under essential indicators of Principle 3
[18] Information in line with BRSR Question no. 4 under essential indicators of Principle 3
[19] Considered % of women in roles that require a STEM qualification mandatorily and not % of women from total employees with a STEM qualification
[20] GRI 401-1 and information in line with BRSR Question no. 22 of Section A

The following data provides a snapshot of our progress in reducing employee attrition over the past three years-

(in %)

Category	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.41	2.33	**18.74**	19.37	2.60	**21.96**	19.14	2.55	**21.70**
Permanent Workers	4.34	1.45	**5.79**	2.50	-	**2.50**	5.06	0.56	**5.62**

Turnover Rate (FY 2023-24):

18.6%

Total permanent employee and worker turnover rate

17.1%

Voluntary permanent employee and worker turnover rate

6. Harmonious employee relations and strong compliance orientation

We foster a culture of open communication and collaboration among our employees through various engagement initiatives. We conduct an annual global employee survey to gain more insight into our employees covering aspects such as job satisfaction, clarity of purpose, extent of happiness, stress and general well-being. **In FY 2023-24, 22,230 (84%) of our employees participated in the survey, resulting in a high engagement score of 91%.** This achievement underscores our commitment to creating a positive work environment.

We have been certified as a **Great Place to Work organisation for the sixth year in a row** and are among the 15 organisations that are to be awarded the **prestigious Nation Builders Award this year**.

Our #WeAreListening Grievance Redressal Committee is dedicated to ensuring that every grievance is addressed effectively. Our Code of Conduct and Employee Grievance Policy provide clear guidelines for employees to raise issues, fostering a supportive environment. In India, employees can use a self-reporting mechanism to communicate directly with management, promoting openness and swift resolution. In SAGA regions, grievances are managed in alignment with our policies and the Employment Equity Act, ensuring fairness and compliance with local regulations. Similarly, in the USA, our Open Door Policy allows employees to report concerns to either the Management or HR. Detailed complaint information is available in the BRSR on page 168 of this report. Performance Dialogues and Pulse Surveys enable continuous feedback, promoting alignment and enhancing organisational transparency.[21]

Details on minimum wage payment to permanent employees and workers[22]

Category	Total (A)	More than legally mandated minimum wages	
		Total Coverage (B)	% (B/A)
Permanent Employees			
Male	22,147	22,147	100
Female	3,417	3,417	100
Permanent Workers			
Male	101	101	100
Female	27	27	100

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

Human rights[23]

We are deeply committed to upholding human rights across our global operations. Our policies strictly prohibit discrimination and harassment, ensuring a safe and respectful workplace for all employees. The Human Rights Policy can be accessed at: https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf.

Our business agreements and contracts include a standard provision ensuring compliance with all relevant laws, conventions and policies, encompassing human rights requirements.[24] We offer a

[21]Information in line with BRSR Question no. 6 under essential indicators of Principle 3
[22]Information in line with BRSR Question no. 2 under essential indicators of Principle 5. This data is specific to Cipla Limited and Indian subsidiaries.
[23]GRI 2-23
[24]Information in line with BRSR Question no. 9 under essential indicators of Principle 5

dedicated grievance channel through our Whistle-blower Policy, allowing stakeholders to confidentially report concerns to the Chairperson of the Ethics Committee or the Chief Internal Auditor at ethics@cipla.com.[25] We uphold a zero-tolerance policy against retaliation towards complainants or whistle-blowers, ensuring their protection throughout and beyond the investigation process.[26] We have established clear layers of preventive and detective controls to ensure compliance with established processes and relevant regulations. We utilise risk analytics to automate the detection of non-compliance, frauds and inefficiencies in our operations.

During FY 2023-24, the policies and processes pertaining to human rights were reviewed at the global level and comprehensive due diligence on human rights (viz. child labour, forced labour, freedom of association, right to collective bargaining, equal remuneration, employee health and safety and discrimination) were periodically conducted by an independent professional at all locations on a rotational basis. Over the past three years, we have undertaken independent audits across our manufacturing facilities and this year, we have completed human rights assessment for all the major offices in India in line with the SA 8000 standard. This covered the entire workforce, including employees, permanent workers and contractual workers, with an emphasis on human rights risks concerning minors, children and women. The procedures in place for safeguarding human rights were found satisfactory, with no major observations. Subsequently, corrective and preventive actions for identified human rights risks are promptly implemented across all Cipla facilities.[27]

In FY 2023-24, there were no instances of complaints for discrimination at workplace, child labour, forced / involuntary labour and or non-payment of proper wages. Details of the complaints received on other issues during FY 2023-24 and FY 2022-23 are provided in Question no. 25 of Section A of BRSR on page no. 168 of this report.[28]

In FY 2023-24, 100% of all our security personnel in India have undergone training on human rights policies and procedures.[29]

Dedicated grievance redressal mechanisms, fair and prompt investigation protocols, regular trainings and awareness sessions ensure that 100% of our sites, facilities and offices are covered by effective mitigation and remediation measures to readily tackle any potential human rights risks or concerns.

Human rights training[30]

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers (B)	% (B/A)	Total (C)	No. of employees/ workers (D)	% (D/C)
Employees						
Permanent	32,410	26,221	80.90	32,009	5,099	15.93
Other than permanent	4,917	815	16.58	4,278	726	16.97
Total Employees	**37,327**	**27,036**	**72.43**	**36,287**	**5,825**	**16.05**
Permanent Workers						
Permanent	405	175	43.21	314	21	6.69
Other than permanent	8,312	3,979	47.87	8,062	919	11.40
Total Workers	**8,717**	**4,154**	**47.65**	**8,376**	**940**	**11.22**

Labour management

At Cipla, we prioritise the well-being and rights of our workforce, adhering to all relevant labour laws across our operational regions. We support the rights of our workers to freely associate and engage in collective bargaining processes. This commitment is reflected in our regular dialogues with labour unions to address and resolve labour-related issues effectively.

We engage in collective bargaining, with significant worker representation at associations in India and the SAGA region. In the United States of America, our operations comply with the National Labour Relations Act ('NLRA'). We do not have operations with notable risks of child labour, forced labour, or situations where workers' freedom of association may be violated or at risk.[31]

[25]Information in line with BRSR Question no. 4 and 5 under essential indicators of Principle 5
[26]GRI 403-2 and Information in line with BRSR Question no. 8 under essential indicators of Principle 5
[27]Information in line with BRSR Question no. 2 under leadership indicators of Principle 5 and Question no. 10 under essential indicator of Principle 5
[28] GRI 406-1 and Information in line with BRSR Question no. 6 under essential indicators of Principle 5
[29]GRI 410-1, GRI 2-24
[30]Information in line with BRSR Question no. 1 under essential indicators of Principle 5. This data includes employees/workers who were active and separated during the year
[31]GRI 2-30, GRI 407-1, GRI 408-1, GRI 409-1

Our collective bargaining agreements outline the minimum notice period that must be followed. In SAGA, the minimum notice period is one week for every year of employment for the respective employees (according to the Section 189 of LRA).[32]

Union and association memberships[33]

Category	FY 2023-24			FY 2022-23		
	Total workers in respective category (A)	No. of workers who are part of associations or unions (B)	% (B/A)	Total workers in respective category (C)	No. of workers who are part of associations or unions (D)	% (D/C)
Male	271	271	100	226	226	100
Female	114	114	100	80	80	100
Total permanent Workers	**385**	**385**	**100**	**306**	**306**	**100**

Our Health & Safety culture[34]

At Cipla, we are dedicated to safeguarding the safety, health and well-being of our workforce[35], value chain partners and other collaborators. Our commitment is reinforced by our robust EHS management systems and a comprehensive EHS Policy. This policy reflects our promise to protect our people, environment and assets.

Key actions we are taking to uphold this commitment

1. Development & implementation of EHS Policy and Procedures
2. Trained and competent EHS professionals at all locations
3. A full-fledged EHS organisation put in place to drive EHS function
4. Compliant with contemporary statutory requirements
5. Significant hazard identification through the risk assessment process

Governance mechanisms for health and safety

We believe in creating a healthy and safe work environment by ensuring active participation and consultation of our workforce (employees, contractors and value chain partners) in all health- and safety-related decisions. Our EHS committees provide fair representation of workforce at different levels, facilitating discussions, escalations and resolutions of any EHS-related issues. These committees monitor the implementation of risk and hazard assessment recommendations, corrective action plans, incident reports and other escalations, ensuring that they are handled responsibly and effectively.

[32]GRI 402-1
[33]Information in line with BRSR Question no. 7 under essential indicators of Principle 3
[34] GRI 3-3 and Information in line with BRSR Question no. 12 under essential indicators of Principle 3
[35]Our definition of 'workforce' includes employees and contractors

Details about the safety committees and their meetings are as follows[36]

Name of the committee	Level(s) at which the committee(s) typically operate	Number of members during FY 2023-24		Frequency of meetings
		Non-management/ Workers' Representative	Management	
Central Safety Committee	Plant Level	364	2,178	Quarterly
Department Safety Committee	Department Level	2,462	8,108	Monthly
Contractor Safety Committee	Plant Level	1,243	496	Quarterly

EHS management systems[37]

We prioritise safety, health and environmental responsibility through our comprehensive EHS Policy and processes, which are aligned with Factory Rules and ISO 14001/45001 standards. Our commitment to these standards spans across all our manufacturing sites, R&D, supply chain and business operations. Qualified and competent EHS professionals are appointed across manufacturing / businesses / R&D and the value chain to ensure that they play a key role in all decision-making processes. We identify and mitigate significant environment, health and safety hazards through risk assessments, aiming to reduce risks to ALARP levels (as low as reasonably practicable). Our risk assessment process prioritises Elimination, Substitution, Engineering and Administrative controls in that sequence.

We have also established a robust Occupational Health and Safety management system, compliant with ISO 45001:2018 standards, across all our manufacturing facilities in India. All personnel and processes within the premises of our Cipla India manufacturing facilities are covered by the management system (ISO 45001:2018)without any exception or exclusion.[38] We enforce comprehensive road safety guidelines for drivers and passengers, including mandatory requirements for both hired and personal vehicles and motorcycles. All drivers undergo road safety training and we monitor driving behaviours on Company-owned cars and buses, particularly on high-risk routes. Our EHS processes are standardised across manufacturing sites, with tailored procedures for depots and lower-risk operations.[39]

We encourage our workforce to actively report incidents and potentially unsafe conditions, no matter however small they are. The Company has not received any complaints from employees and workers with respect to working conditions and health and safety during FY 2023-24 and FY 2022-23.[40]

Site assessment during FY 2023-24

EHS audits

76
Internal audits (frequency six months)

16
External audits (frequency 12 months)

13
Working conditions audit

17
Focused audits (Statutory laws, Electrical safety, Lab safety, Process safety)

Percentage of our manufacturing units assessed by third parties on[41]

83%
health and safety

28%
working conditions

There were no significant non-conformance reported last year in the above audits.

[36] GRI 403-4
[37] GRI 403-1, GRI 403-8 and Information in line with BRSR Question no. 10 (a) under essential indicators of Principle 3
[38] GRI 403-1
[39] GRI 403-1
[40] Information in line with BRSR Question no. 13 under essential indicators of Principle 3
[41] Information in line with BRSR Question no. 14 under essential indicators of Principle 3

We ensure safety through a range of risk assessment systems. These cover everything from new product introductions and hazard studies to containment control strategy assessments, all aimed at minimising personnel exposure. We implement specific engineering controls, operational protocols and PPE to manage health risks effectively. Additionally, we carry out periodic risk-based medical surveillance to monitor and assess any health outcomes stemming from occupational exposures.[42]

Active Employee Involvement: Our employees are at the heart of our safety efforts. They participate in preparing and reviewing risk assessments, joining safety committee meetings, investigating accidents and collecting data on work-related hazards and mitigation measures.

Encouraging Feedback: We value and encourage employee input through safety suggestion boxes for anonymous observations and our internal reporting software.

Open Communication: Workers actively participate in preparing and reviewing risk assessments, safety committee meetings, accident investigations, and campaigns to gather data on work-related hazards and mitigation measures. They are encouraged to provide input through Safety Suggestion boxes for anonymous observations. Observations can also be shared on our internal reporting software. Open forums like safety committee meetings and Toolbox Talks (TBTs) foster an environment where employees workforce feel safe to report unsafe conditions without fear of retaliation.[43]

We have identified significant risk areas at our sites, including height work, confined space work, hot work and excavation. To enhance safety in these high-risk activities, we have revamped our Permit to Work procedure across all manufacturing sites in FY 2023-24. This new procedure includes detailed safety measures, responsibility assignments, communication protocols, energy isolation guidelines and preparation protocols for hot work and confined space entry. Additionally, we developed scaffold safety standards aligned with Indian and international norms. To ensure our teams are well prepared, we conducted extensive internal and external training to boost competency in scaffold and lifting and rigging practices.

We have a 'learning from incidents' forum for discussing learnings of all incidents to ensure that learning from the incident site is percolated to other sites. Global CAPA is assigned to all sites for ensuring these learnings are implemented. This ensures that the same incident will not be repeated at other sites.[44]

Process safety[45]

Maintaining a safe and healthy workplace is crucial for ensuring a productive environment for our employees. By prioritising workplace safety, we safeguard the well-being of our team and create a conducive work environment.

As part of our commitment, each site conducts an annual Occupational Safety and Health ('OSH') Hazard Identification and Risk Assessment ('HIRA') for both routine and non-routine activities, as mandated by ISO 45001 Section 6.1.2. This process involves collaboration among process owners, qualified safety personnel, engineers and workers to ensure comprehensive coverage of potential injuries and implementation of effective controls. Our process safety experts work tirelessly to identify and mitigate process-related and daily hazards to prevent incidents.

Key risk assessment activities[46]:

Site Cross Functional Team lead by Process Safety Expert conduct risk assessments including Hazard Identification ('HAZID'), Hazard and Operability studies ('HAZOP'), Bow-Tie Analysis and occupational exposure banding. In-house toxicologists supports team in risk assessments for potent molecules.

Various internal and external training and workshops are organised to build EHS and Process Safety team capabilities in hazard identification and risk mitigation. External experts are also engaged on need basis for specialise support.

Our Process Risk Assessment philosophy consists of four stages-

- HS1 (Process Safety Information)
- HS2 (HAZID/HIRA)
- HS3 (HAZOP)
- HS4 (PSSR)

In FY 2023-24, we established a Process Safety Laboratory equipped with eight advanced equipment for testing powder safety and four equipment for testing process safety parameters. This new lab makes us self-reliant, allowing us to maintain absolute safety of data in-house.

[42]GRI 403-9
[43]Information in line with BRSR Question no. 10 (c) under essential indicators of Principle 3
[44]Information in line with BRSR Question no. 15 under essential indicators of Principle 3
[45]GRI 403-2, GRI 403-10 and Information in line with BRSR Question no. 10 (b) under essential indicators of Principle 3
[46]GRI 403-10

We have implemented PSM procedures across our sites to further strengthen our process safety. A few of these include-

- Workplace monitoring
- Controlled and critical equipment
- Process powder handling & thermal stability hazard identification & evaluation
- Chemical hazard management

Details of safety related incidents[47]

Safety Incident	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate ('LTIFR') (per one million-person hours worked)	Employees	0.15	0.15
	Workers	0.15	0.20
Total recordable work-related injuries	Employees	14	9
	Workers	10	12
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	1	-
Rate of recordable work-related injuries (per one million person-hours worked)	Employees	0.51	0.33
	Workers	0.50	0.59

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

EHS in commercial operations

At Cipla, Environmental Health and Safety ('EHS') is a core part of our business ethos. To protect and safeguard our workforce in commercial operations, we engage in a variety of activities and initiatives such as-[48]

- In February 2024, we hosted a Road Safety Carnival at 24 sites across India, covering offices, R&D centres, manufacturing and warehouses. This event provided 13,225.75 hours of training to 3,830 employees. Additionally, 100% of our IB team received Road Safety training and EHS Induction.
- We have implemented software to monitor driving behavior for cab and bus drivers at our Sikkim and Bangalore locations, ensuring safer travel.
- We conduct continuous training for warehouse personnel on fire safety, first aid, emergency evacuation and operation-based training. Every new office and warehouse undergoes a safety and statutory due diligence check before being selected.

Our procurement and contractual processes are also governed by safety protocols. These include 'user requirement specifications' embedded in our contracts to ensure OHS compliance.

Occupational Healthcare Access

Occupational health services at Cipla are managed onsite with robust systems and procedures, guaranteeing quality. Our team, led by an in-house doctor specialising in Industrial Hygiene, includes qualified doctors and nurses, who closely collaborate with R&D and toxicology functions to ensure the highest quality care.

Our manufacturing locations and R&D facilities are equipped with dedicated Occupational Health Centers ('OHC'), managed by trained factory medical officers. These centres provide round-the-clock services, addressing health concerns related to powder handling, solvent handling, corrosive chemical handling and high-noise machine handling.[49]

Onsite trained first aiders and well-stocked first aid Medicines and Equipment ensure immediate response to medical emergencies across all shifts and each location is equipped with ambulances for timely transportation of the injured to secondary care hospitals.[50]

Employees undergo medical surveillance at the time of joining and periodically thereafter, either annually or semi-annually, as required by local laws. The Factory Medical Officer reviews OPD reports, surveillance check-ups and annual medical exams, ensuring thorough follow-ups for any health issues until complete rehabilitation.

[47] GRI 403-9, GRI 403-10 and Information in line with BRSR Question no. 11 under essential indicators of Principle 3 with boundary considered as manufacturing sites of Cipla Limited and manufacturing sites of its subsidiaries in India and abroad (sales operations, warehouse & all offices excluded)
[48] GRI 403-7
[49] GRI 403-10
[50] GRI 403-3

Our various health programmes include-

1 Wellness corner for specialist referrals

2 One-on-one help for mental health via a digital platform

3 Comprehensive health insurance for all employees

Additionally, Cipla offers non-occupational medical services at the Cipla Health Center for personal health consultations.[51]

Employees' personal health records are kept confidential, accessible only to authorised medical professionals and securely stored in individual employee files. Personal health information is discussed only with the concerned employee for intervention and health improvement purposes.[52]

Non-Occupational Healthcare Initiatives

Our occupational health centers serve as vital resources, offering treatment for non-occupational illnesses and preventive consultations for diseases like diabetes, hypertension and other chronic ailments. We conduct voluntary health promotion services and programmes on a range of important issues like thalassemia, breast cancer awareness, cervical cancer, kidney disease awareness and CPR. Our sites provide subsidised hygienic food in the canteen, which is regularly evaluated for hygiene and sanitation. With fitness programmes like 'I am Fit' at site locations and other centrally-driven fitness initiatives, we are committed to employee well-being beyond occupational safety measures.[53]

Safety training

We conduct regular, expertly designed training sessions to promote workplace safety. Our workforce receive comprehensive instruction on hazard identification, safe work procedures, self-protection measures and emergency response protocols. These training programmes include safety training, process education sessions, awareness campaigns, the implementation of safety signage and emergency drills.[54]

In FY 2023-24, we conducted 10,648 Occupational Health and Safety ('OHS') and 362 Environment-related trainings. We encourage our employees to report unsafe conditions and empower them to halt hazardous activities when ever necessary. Our dedicated in-house training professionals work along with external experts to ensure our workforce receives best-in-class training.[55]

Our commitment to safety and environmental stewardship is reflected in our wide-ranging training programmes, which equip our workforce with the essential knowledge and skills related to occupational health, industrial hygiene and safety and environmental sustainability. These sessions are delivered through various offline classroom settings, our online Learning Management System ('LMS') and safety kiosks installed at our sites.

OHS Training data for FY 2023-24[56]	Employees		Workers		Total
	Male	Female	Male	Female	
Man-hours of training provided	1,64,139	16,234	81,626	9,070	2,71,068
Average no. of people trained	10,847	2,131	7,127	2,180	22,285
Man-hours of training provided/(Employee/year)	15.1	7.6	11.5	4.2	12.2

[51] Information in line with BRSR Question no. 10(d) under essential indicators of Principle 3
[52] GRI 403-3
[53] GRI 403-6
[54] GRI 403-2
[55] GRI 403-5
[56] GRI 403-5 and Information in line with BRSR Question No. 8 of essential indicator under Principle 3

Relationship Capital

Strategic Focus Areas

- Sustainable supply chain
- Access to medicine
- Digitisation
- Patient initiatives and health awareness

Contribution to Sustainable Development Goals

- 3 Good Health and Well-Being
- 17 Partnerships for the Goals

Highlights

36 lac+
respiratory patients counselled in Breathefree program

300 million+
reach of Berok Zindagi campaign

4 lac+
interactions with HCPs

8,300+
suppliers globally

Our guiding philosophy on Relationship Capital management[1]

We believe in nurturing our connections and understanding the needs of our stakeholders.

In all our relationships, whether engaging with patients, collaborating with research institutions, or building trust with suppliers and partners, we prioritise stakeholder engagement and ethical and responsible business conduct. By upholding these guiding principles, we aim to contribute positively to healthcare ecosystems worldwide, ultimately benefiting patients and society as a whole.

Prioritising patient health and well-being

Patient health and well-being are at the forefront of all efforts at Cipla. The Company strongly believes that empowering our patients with knowledge and consistently supporting them is essential to our mission to be a leader in the healthcare industry. To achieve this goal, we have adopted a multidimensional approach that includes mass awareness campaigns and patient-support initiatives.

Improving access to medicine[2]

We strive towards taking a compassionate, empathetic approach to medicine and healthcare. Our motto, 'Caring for Life' is a testament to our commitment to inclusive healthcare, making medicines affordable and accessible to all.

The Company markets **123 molecules** of the **591 molecules listed in the World Health Organisation ('WHO')** list of essential medicines released in July 2023, **including four of the seven antibacterial-resistant pathogens prioritised by India's National Antibacterial Surveillance Network.**

[1]GRI 3-3
[2]GRI 3-3

The Company also has its 29 products listed in WHO list of prequalified medicinal products as part of WHO Prequalification of Medicines Programme ('PQP'), which is used by international procurement agencies to guide bulk purchasing of medicines for distribution in resource limited countries. The list of products is available on website of WHO at https://extranet.who.int/prequal/medicines/prequalified/finished-pharmaceutical-products

Approximately 20 million people in India are estimated to be affected by sickle cell disease, with approximately 1.5-2 lac children born with the condition annually. The disease is particularly prevalent among tribal and non-ethnic tribal groups in the sickle cell belt of India. Cipla has obtained regulatory approval in India for Hydroxyurea, used in the treatment of sickle cell anaemia. Further, we are currently developing a pediatric formulation specifically for treating sickle cell anaemia in children. Additionally, regulatory approval has been secured by Cipla for Plazomicin, a novel aminoglycoside antibiotic, for the treatment of drug-resistant complicated urinary tract infections in India.

Access to healthcare programs and patient support initiatives[3]

We have adopted a multidimensional approach that includes mass awareness campaigns and patient-support initiatives.

Berok Zindagi - A Cipla initiative for Asthma and COPD patients

For over half a decade, Cipla's Berok Zindagi campaign has been a pioneering force in asthma awareness, challenging stigmas and myths around asthma treatment through a multitude of creative mediums.

This year the campaign entered a new era of storytelling, with treatment adherence as the focus. Through alternative content partnership, the campaign created and integrated its message into multiple videos for the short-form content platform, FilterCopy (with ~ one crore subscribers) and was complimented by a witty film "Berok Zindagi Ke Liye Bas Common Sense He Kaafi Hai".

Berok Zindagi has turned out to be more than just an awareness campaign, but to a movement transforming perceptions in the hope of improving the lives of those living with asthma. With 300 millions+ views[4] in the last financial year, the campaign has received widespread media coverage with 860+ news stories, while also winning 13 awards in FY 2023-24, totalling 60 accolades for the campaign.

Tuffies – A Cipla public awareness initiative, helping kids of India to breathe free

Delving deeper into specific patient cohorts, Cipla launched the 'Tuffies' campaign to direct more targeted awareness in improving respiratory care among children like those living with asthma.

Engaging children aged 5-10 years and their parents/caregivers through various online and offline channels, **the campaign was launched with the Tuffies Comic Book series. This series was co-created with Indian paediatricians and is available in seven languages.**

In its inaugural year, the campaign distributed lacs of comic books, launched the 'Tuffies Ki School Yatra' in 550 schools reaching over two lac kids as well as teachers and engaged 4,000+ doctors and released the 'Tuffies Mighty Melody', co-created with Shankar Mahadevan. The campaign garnered 460+ news stories in top publications.

Breathefree

Breathefree, for over a decade, has served as a comprehensive patient-centric support system for respiratory care in India. **With over 1,000+ educators, Breathefree has counselled more than 36 lac patients in FY 2023-24.** The patients were counselled on disease management, correct device technique and the importance of treatment adherence.

This year marked a significant milestone with the largest outreach effort to date - **the Breathefree Yatra, which screened an additional eight lac people.** This initiative played a crucial role in raising awareness and facilitating access to diagnosis.

Continuing our collaboration with CREST Private Limited, Breathefree **conducted Certificate Course on Obstructive Airway Diseases ('CORD') programs to train 200+ Breathefree Educators** on inhaler devices, spirometers, obstructive airway diseases and counselling skills. This initiative has consistently set new benchmarks in respiratory counselling and care, equipping educators with advanced skills to better serve patients.

We have spearheaded the digital device training service, Breathefree Digital Educator, **India's 1st digital education platform for device training (inhalers, nebulizers, nasal spray) which witnessed substantial growth having trained over 5.4 lac patients in FY 2023-24, educating nearly 2.5x patients compared to last year.**

[3]GRI 3-3
[4]NIELSENIQ (INDIA) PRIVATE LIMITED March 2024

Breathefree in Nepal and Sri Lanka: Breathefree bridged the diagnosis and counselling gap through camps and Breathefree Educator counselling. Over 7,500 patients were screened for Obstructive Airway Diseases ('OADs') in Nepal and an additional 6,000+ patients were screened in Sri Lanka to guide them towards initiating their treatment journey through the Breathefree camps. Over 750 digital educator counselling sessions were conducted in Nepal. Physical Breathefree counselling sessions covered over 36,000 patients in Nepal and over one lac patients in Sri Lanka.

Influencer awareness campaign in Sri Lanka- Hari Husmak (The Right Breath)

Breathefree Sri Lanka stands at the forefront as a visionary pioneer in launching the Breathefree #HariHusmak campaign, committed to serving the community by raising awareness about respiratory health, advocating for the importance of early diagnosis of respiratory diseases and providing support for managing respiratory diseases.

In less than two months of its launch in February 2024, The Company has reached more than **four million** people in Sri Lanka. As per our internal estimates, this has generated more than **2,100 patient calls and ~800 patient** appointments with doctors in Sri Lanka.

Influencer awareness campaign in Nepal- Gaas, Baas, Kapas Ra Saas ('GBKS')

With **'GBKS',** Cipla extended relationship based care by understanding the health issues of our patients within the context of their lives and forging a bond of trust, empathy and understanding. In FY 2023-24, GBKS helped us reach **~8.2 million people in Nepal** to raise respiratory disease awareness and improve disease detection. As per our internal estimates, this resulted in more than **81,000 patient responses and ~30,000 patient leads for treatment.**

Metabolic and BPH camps

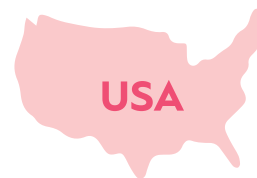
The Company conducted camps in Nepal and Sri Lanka to increase awareness and improve disease diagnosis of Metabolic disorder and Benign Prostate Hyperplasia ('BPH'). **A total of 350+ metabolic camps** were conducted for this campaign which helped screen **over 9,000 patients.** In the case of BPH, **over 400 camps** were conducted that screened over **12,000 patients.**

Cipla Global Access ('CGA')

In FY 2023-24, CGA business has made remarkable strides by reaching 1.5 million patients across 56 countries, particularly in low-and middle-income countries ('LMICs') in Africa.

Our unwavering commitment to enhancing accessibility and affordability of life-saving drugs has been instrumental in these achievements. A cornerstone of our strategy has been the effective reduction of costs which directly benefited patients by lowering the overall price of life saving medicines.

To ensure timely delivery and consistent availability of critical drugs, we have focused on streamlining our supply chain and reducing product lead times. This approach has significantly improved our capacity to deliver medications promptly, addressing urgent healthcare needs across diverse regions. Further, we have extended the shelf life of our Tenofovir/Lamivudine/Dolutegravir ('TLD') formulation, reinforcing its effectiveness over longer periods and ensuring sustained therapeutic benefits for patients. Our innovation extends to adopting a coating formula for TLD. This not only reduces the lead time but also aligns with our environmental sustainability goals, reducing ecological impact while maintaining high-quality standards.



In US market, **the Company dispensed over 86 million prescriptions in FY 2023-24** and over **8.2 million of these prescriptions were respiratory related products.** In FY 2023-24, Company's patient assistance programs helped over **20,000 patients gain access to the Company's medications and facilitated over 22,000 transactions for our co-pay cards across various products.**

The Company sponsored the American Lung Association's 'Annual Lung Force Walk' in May 2023 and partnered with the COPD Foundation in November 2023 for their annual 'Lace Up for Lungs' initiative. The Company also conducted virtual sessions with respiratory healthcare practitioners at Cipla's three US facilities.

Through these initiatives, Cipla remains committed to breaking down barriers to healthcare, delivering critical medicines to millions and fostering healthier communities worldwide. Our strategic enhancements in product accessibility and affordability underscore our dedication to equitable healthcare solutions, reflecting our mission to ensure that life saving drugs are within reach for those who need them most.

Nurturing strategic acquisitions and partnerships

We continuously strive to deepen our understanding of medicine and broaden our product portfolio through strategic partnerships with the brightest organisations and innovators in the field of science and healthcare. Following were the important partnerships and acquisitions during FY 2023-24:

Actor Pharma (Pty) Limited: Strengthening its over-the-counter ('OTC') product portfolio

Cipla Medpro South Africa (Pty) Limited, a wholly owned subsidiary of the Company in South Africa, acquired 100% of the issued ordinary shares of Actor Pharma (Pty) Limited ('Actor'), underpinning Cipla's commitment and investment in its over-the-counter ('OTC') business and supporting its journey to be a leading healthcare player in South Africa. Actor specialises in OTC and generic medicine, having established strong consumer brands and identified niche markets in women's health, nasal, cough and cold and baby and child segments.

CSIR-CDRI: Advancing Ophthalmic Antifungal Treatment Development

The Company entered into a collaborative research agreement with Council of Scientific & Industrial Research - Central Drug Research Institute ('CSIR-CDRI'), a constituent laboratory of the Council of Scientific and Industrial Research, Government of India, to jointly develop a novel ophthalmic formulation for fungal keratitis. The collaboration aims to leverage the combined expertise and resources of both organisations to develop an efficacious drug for fungal keratitis.

Sanofi India Limited: Distribution and promotion of Central Nervous System ('CNS') product range in India

Sanofi India and Cipla entered into an exclusive partnership for the distribution and promotion of Sanofi India's Central Nervous System ('CNS') product range in India. As a part of this partnership, Cipla will be responsible for the distribution of Sanofi India's six CNS brands including Frisium®, a leading brand in the anti-epileptic medication category. While Sanofi India will continue to own, import and manufacture its complete range of CNS Products, Cipla will leverage its capabilities and robust India-wide network of strong marketing and sales professionals, distributors, institutions and market outreach programs to expand access to these treatments for patients who need them.

Indian academy of Paediatrics

Cipla has partnered with the Indian academy of Paediatrics to conduct workshops on rational use of antibiotics in children in India.

Kemwell Biopharma UK Limited: Commercialising novel cell therapy products

Cipla ('EU') Limited, wholly owned subsidiary of the Company in UK, entered into a joint venture agreement with Kemwell Biopharma UK Limited and MNI Ventures, Mauritius for incorporation of MKC Biotherapeutics Inc., a joint venture Company ('JVC') in USA. The JVC was incorporated with the objective of commercialising novel cell therapy products in USA, Japan and EU region.

GoApptiv Private Limited, India: Enabling penetration into under-served rural areas of India and address critical healthcare gaps

Cipla increased its stake in GoApptiv, a digital-tech Company, to facilitate better patient reach to tier 2-6 cities in India. GoApptiv, is a digital tech-Company that offers end to end business solutions for healthcare companies, to commercialise and improve access of healthcare product reach in lower-tier geographies by leveraging proprietary technology platforms and physical reach.

Our commitment to our customers

Our customer base encompasses a wide spectrum, including business partners, institutional collaborators, government bodies and individual consumers.[5] By adopting a customer-centric approach, we aim to enhance value, drive sustainable growth and contribute positively to society. The key to sustaining strong bonds with our wide customer base rests on a multidimensional approach of ensuring transparency in operations, prompt communication and prioritising quality and safety with patient health and well-being in the center.

Our unwavering commitment to quality and compliance begins with research and development and goes all the way to ensure end user satisfaction with the product quality and efficacy.

[5]GRI 2-6 and information in line with BRSR Question no. 19(c) of Section A

Clear communication channels along with the customer satisfaction surveys as part of the OTC product launch process help the Company receive valuable customer feedback ensuring robustness of the product development process. Products are put to rigorous consumer checks before the launch to integrate consumer feedback and post launch for continuous improvement and for understanding market acceptance. Acknowledging the wide online presence of our consumer base, the Company also takes regular feedback through the e-commerce and D2C platforms for OTC products.[6]

Our Corporate Quality Assurance ('CQA') system, which contains well-defined Standard Operating Procedures ('SOPs') is updated periodically to respond to customer complaints on product quality. An advanced customer complaint tracking system enables us to maintain customer data securely and facilitates deeper investigation. All our products are considered significant and the quality team assesses health and safety impact of all our products with the same degree of accuracy.[7]

We strongly believe in ethical marketing practices. There were no cases filed or pending against the Company regarding unfair trade practices, irresponsible advertising, or anti-competitive behaviour during the reporting period.[8] We take steps to educate customers, especially from the vulnerable and marginalised segments, on the safe and responsible use of our products and services.[9] Transparency is paramount and we are committed to providing accurate and balanced information about our products, including their safety, efficacy and appropriate use. Our product labelling follows all applicable regulatory norms and any additional information subject to specific product and packaging requirements.[10] During FY 2023-24, there were no incidents of non-compliances with regulators and/or voluntary codes concerning product labelling resulting in fine or penalty or warnings.[11]

Interactions with healthcare professionals ('HCPs')

We adhere to ethical standards, ensuring that all interactions with HCPs are conducted with honesty, professionalism and respect. Cipla's Code of Practice for Promotion and Interaction have set out standards and procedures for the ethical interaction and promotion of the Company's products amongst HCPs (healthcare professionals) and channel partners in compliance with the applicable laws and the code. Our interactions with HCPs is a two way process wherein we share our learnings and provide education to update them about recent developments and information on diseases, drugs, treatment methods, etc. through medical conferences and webinars, Continuing Medical Education ('CME') programmes, expert forums, international speaker programmes, both national and regional and HCPs provide us with deeper insights into clinical aspects of diseases, responses to treatments and patient perspectives.

During the year, we reached out to four lac HCPs. We recognise the expertise and valuable insights of HCPs and we engage in open dialogue and collaboration to better understand their needs and support their efforts to deliver quality care to patients. Some of our core initiatives focused on sharing knowledge with HCPs include:

CiplaMed 2.0 : Knowledge-sharing platform for healthcare practitioners

Cipla announced the launch of CiplaMed 2.0, an enhanced version of the industry-leading knowledge platform for the medical fraternity with dedicated user base of ~12,000 professionals. In line with its digital transformation agenda, Cipla is pioneering an integrated omnichannel experience for healthcare professionals that seamlessly combines in-clinic interactions with digital engagement and access to medical information.

Healthcare Superstars ('HSS'): Web-series on respiratory topics

HSS is Cipla's one of its kind international respiratory web series. In this series, internationally acclaimed and recognised Key Opinion Leaders join to discuss trending respiratory topics, have a dialectic talk and give an expert opinion on various case studies on key topics like asthma, Chronic Obstructive Pulmonary Disease ('COPD'), Covid, sleep apnea, etc.

[6] Information in line with BRSR Question no. 4 under leadership indicators of Principle 9
[7] GRI 416-1
[8] GRI 206-1, 417-3
[9] Information in line with BRSR Question no. 2 under leadership indicators of Principle 9
[10] GRI 417-1 and Information in line with BRSR Question no. 4 under leadership indicators of Principle 9
[11] GRI 417-2

Key highlights of HSS were:

- **30,000+** doctors have registered for HSS in the four episodes in FY 2023-24
- **10,000+** doctors have attended the web series in FY 2023-24
- **55 million+** reach
- **55+** country participation
- **12** respiratory society collaborations

Ciplamed Flix ('CMF'): OTT knowledge-sharing platform for HCPs

'Ciplamed Flix' is an OTT knowledge-sharing platform for engaging HCPs in respiratory therapy. With a breadth of choices, the HCP can choose to view a news feed, article, presentation, CME, or our Flagship International CME like Healthcare Superstars ('HSS') & Global Respiratory Connect ('GRC').

Ciplamed Flix has recently partnered with CHEST (American college of chest physicians) to provide certification modules on asthma and COPD from CHEST to respiratory users on CMF.

Key highlights of CMF were:

- Doctors onboarded till date (since November 2021): **45,000+**
- Average engagement time in the application: **15-20 min**
- Countries: **55+ countries**
- Content Pieces: **300+ with monthly additions**
- App Installations: **6,000+**

Global Respiratory Connect ('GRC'): Informative sessions on respiratory topics

GRC was initiated in January 2024 with an objective to engage the global HCPs with a more practical approach to respiratory topics. The topics target General Practicians ('GPs') and Consulting Physicians ('CPs').

Responsible Policy Advocacy[12]

Cipla's policy advocacy follows a strictly transparent and patient centric approach. Cipla is open about its knowledge-based engagements and policy related dialogues with key stakeholders such as the Central and State Governments and relevant Industry Associations. Cipla's advocacy efforts are focused on prioritising patient well-being and fostering advancements in science, innovation and digitisation in the interest of ensuring quality healthcare for all.

We believe that proactively and responsibly engaging with public policy stakeholders such as government bodies and officials, regulators, industry associations and NGOs, is a fundamental aspect of good public advocacy. At every step, we take into consideration the needs and perspectives of all relevant stakeholders. We provide policy insights to decision-makers drawing from our own practices, experiences and industry peers. This commitment extends to advocating for regulatory frameworks that prioritise patient safety, highest quality standards and access to innovative treatments, all while upholding the highest ethical standards in all our stakeholder engagements.

We continue to build awareness and explore opportunities to collaborate with the government in line with Cipla focus areas such as respiratory, antimicrobial awareness, wellness, digitisation, oncology, mental health, obesity, non communicable diseases, such as cancer.

Across geographies, the Company and its subsidiaries leverage our position in the industry associations to ideate and advocate on important issues and increase outreach of ideas to governments and regulatory agencies. Being one of the leaders in the pharmaceutical space, Cipla regularly shares its knowledge and learnings on public health matters to inform ongoing debates and dialogues. Beyond routine membership fees, we do not provide any funding to associations.

As a global pharmaceutical industry leader, we recognise our responsibility in advocating for policies that benefit patients in India and across the globe. Currently, we are focused on geographies that have Cipla's presence such as the US, South Africa, China and other countries, including key emerging markets. For international markets, our outreach work has been with the concerned Ministries, Embassies and the Indian Ministry of External Affairs. Our efforts are concerted to expand our advocacy on access to affordable medicines, quality drugs, reduction of trade barriers and market access opportunities at a global level. We regularly provide expertise on the potential impact of proposed trade policies on the pharmaceutical industry in India.

[12]GRI 2-28, Information in line with BRSR Question no. 1 under essential and leadership indicators of Principle 7

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

India

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

Europe

- BPI - Federal Association of the Pharmaceutical Industry eV, Germany
- AKG e.V. - Medicines and cooperation in healthcare e.V., Germany

Africa

- Generics & Biosimilars Medicines of South Africa ('GBMSA')
- Fédération Marocaine de l'Industrie et de l'Innovation Pharmaceutiques ('FMIIP'), Morocco

USA

- Association of Accessible Medicines ('AAM')
- Healthcare Distribution Alliance ('HDA')
- Community Oncology Alliance ('COA')

South America

- Asociación Nacional De Empresarios De Colombia, Colombia

Maximising shareholder value

We engage with our investors regularly through earnings calls, presentations, meetings and conferences. Details of interactions and communications with the shareholders forms part of the Report on Corporate Governance on page 188 of this report. Further, prioritising robust risk management processes and compliance with regulatory requirements instills confidence in shareholders. We adhere to all regulatory and statutory compliances by ensuring the most stringent governance protocols and address their concerns through our Investor Servicing and Grievance Redressal Policy.

Incorporating Environmental, Social and Governance ('ESG') considerations into business practices is increasingly important for investors. We are continuously striving to measure and mitigate evolving ESG-related risks such as supply chain disruptions or environmental liabilities. Cipla is a member of the FTSE4 Good Emerging Index, a testament to our robust ESG commitments and practices.

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

Responsible Supply Chain Management[13]

Responsible and sustainable supply chain management is paramount for the holistic success of the capacity. In this intricate ecosystem, every link in the supply chain plays a pivotal role, influencing drug availability, quality and affordability. By embracing the principles of sustainability, Cipla simultaneously safeguards its business performance and contributes to the larger goal of a healthier and resilient world.

Supplier Code of Conduct[14]

We strive to deliver responsibly and ethically by complying with necessary regulatory compliances and embedding sustainability parameters throughout our value chain. Our Sustainability Policy and the Supplier Code of Conduct ('SCOC') is comprehensive and widely applicable to all our suppliers, ensuring adherence to the various measures, codes and principles of responsible conduct. The SCOC outlines sustainability parameters related to social and environmental practices to which all the vendors must adhere and aspire. This includes responsibility to reduce environmental impact of their operations, waste management, collective bargaining, prohibition of child labour and forced labour, health and safety practices, working conditions in a transparent manner. Further, the Sustainability Council, an executive management-level body, provides strategic oversight over all responsible supply chain activities at Cipla in line with the supply chain ESG strategy and goals. This helps us align our suppliers with our ESG objectives, holds ourselves and our partners accountable and mitigate potential supply chain risks.

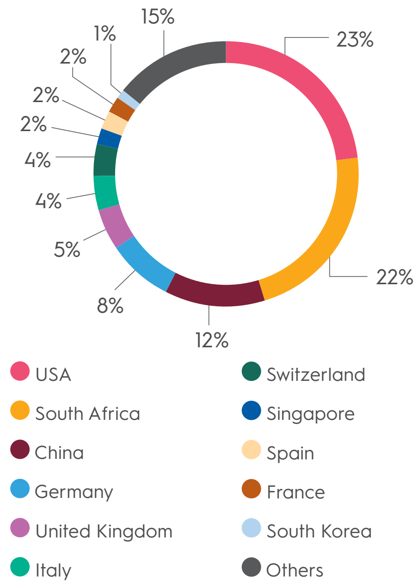
During this year, 1,776 vendors (including 223 critical vendors) confirmed alignment to SCOC in comparison to 1,461 vendors (including 250 critical vendors) for FY 2022-23.

Supplier distribution

Categorisation and prioritisation of our suppliers helps us proactively detect issues linked with suppliers' performance and embed risk management measures across the value chain in order to increase its resilience to future adverse events. We categorise critical suppliers as suppliers who are essential for our operations and provide competitive advantage. These suppliers have a significant relevance to our business operations and they provide us with goods and services high in value, which if disrupted or lost, may result in delays and costs to recover.

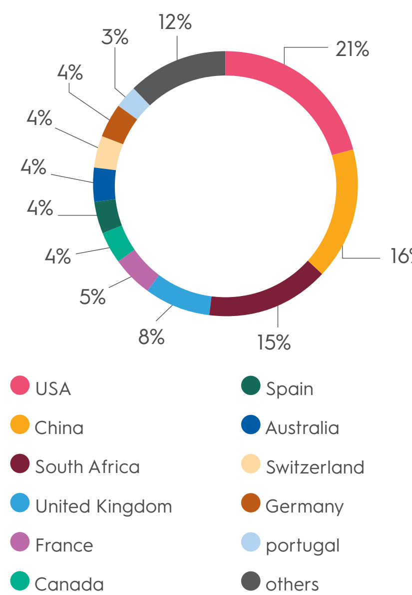
We have ~ 8,300 tier 1 upstream and downstream suppliers (~ 8,700 for FY 2022-23) of which 571 (597 for FY 2022-23) are critical suppliers accounting for 79% of the total spend on tier 1 suppliers. Almost 87% of our total suppliers around the globe are based in India.

The breakup of geographical distribution of remaining suppliers 13% is provided below:



Geographical distribution of our procurement spend[15]

India accounts for 67% of our global procurement spend. The breakup of geographical spend for remaining suppliers which is 33% is provided below:



[13]GRI 3-3, GRI 2-6
[14]GRI 3-3
[15]Information in line with BRSR Question no. 4 under essential indicators of Principle 8

During the year, we spent 65% of our total procurement budget on local sourcing, (62% for FY 2022- 23) which amounts to 612 local-based suppliers for our manufacturing facilities globally.[16] In FY 2023-24, out of the total input materials sourced by the Company, ~9.2% were sourced from MSME suppliers, in comparison to ~9.3% in FY 2022-23.[17] The Company has put in place the necessary protocols for sustainable sourcing. We have integrated sustainability metrics across our value chain by ensuring that the ESG principles are laid out clearly in our SCOC and sustainable supply chain policy covering all vendors and business partners. Additionally, the Company conducts supplier assessments using ESG criteria and plans capacity-building workshops for essential suppliers—selected on the basis of value, volume and dependency.

Our commitment to quality within the supply chain[18]

Cipla upholds stringent quality standards through a comprehensive strategy that includes rigorous site audits to ensure compliance with Cipla's standards. This approach encompasses monitoring and tracking corrective action plans, engaging with vendors, digitising the supply chain and conducting ongoing improvement exercises in collaboration with vendors.

For API, excipients and packaging, vendor audits are conducted every three years to ensure adherence to Good Manufacturing Practices ('GMP') guidelines. For domestic markets, Contract Manufacturing Organisations ('CMO') sites undergoes thorough audits to ensure compliance with Indian Regulatory requirements, market regulations, cGMP requirements and Cipla's in-house SOP requirements. In Vitro Diagnostics ('IVD') and medical device manufacturing sites are assessed for compliance with Indian MDR 2017 and ISO 13485 : 2016 standards. In FY 2023-24, total 35 periodic audits and 41 due diligence audits were performed for ('CMO') and principal to principal contract manufacturing vendors. Post audits, we ensure timely resolution of audit observations and closely monitored and tracked through Corrective Action Preventive Actions ('CAPA'). A total of 346 CAPA were initiated related to CMO Units for FY 2023-24.

To improve our ESG performance across the supply chain, we conduct desk-based assessments where suppliers complete a questionnaire on ESG criteria. We also recognise the globally accepted EcoVadis report for checking ESG readiness. Last year, we assessed 205 critical vendors (168 in FY 2022-23), including 61 suppliers which provided satisfactory EcoVadis scores. Suppliers are evaluated on key indicators including legal compliance, ethics and business conduct, product quality and safety, human rights, labour and employment, health and safety, working conditions environmental sustainability, management systems, transparency, etc. The assessment aims to manage risks, ensure quality, compliance, efficiency and ethical standards, foster innovation and drive continuous improvement. We leveraged the Pharmaceutical Supply Chain Initiative ('PSCI') audit sharing platform to assess our vendors. 37 vendor audits of Cipla that accounted for a yearly spend of nearly ₹ 483 crores were covered through the PSCI audit sharing programme.

In addition, this year we conducted physical assessments for 30 key vendors on ESG criteria. These vendors were selected based on their importance to our operations, total expenditure and coverage across categories such as API, Capex, Excipients, Intermediate, Respiratory Products and Packaging materials. To support the vendors in meeting Cipla's ESG benchmarks, we undertake corrective action planning with the vendors while handholding them in implementing the proposed CAPA plans. These efforts are aimed at reducing potential adverse ESG effects and associated risks within our supply chain. In our commitment to responsible supply chain management, we engaged and evaluated suppliers based on essential ESG metrics. This included ensuring alignment with our supplier code of conduct, conducting desk-based and on-site assessments, leveraging established ESG platforms like Ecovadis and PSCI, and conducting workshops. **In FY 2023-24, suppliers assessed accounted for ~28.48% of our total procurement expenditure.**

> **For FY 2024-25, we have set the target to complete desk-based assessment of 175 vendors and on-site assessments of 40 vendors.**

Vendor engagements

Our comprehensive vendor engagement program was meticulously designed to uncover and rectify gaps within supplier facilities, specifically related to current Good Manufacturing Practices ('cGMP') adherence, regulatory compliance and audit preparedness. As an integral part of this engagement, we conduct rigorous assessments across various dimensions, including quality systems, production facilities and laboratory practices.

We provide clear directives and guidance to our vendors on compliance expectations, ensuring

[16] GRI 204-1, We define local as 'local to the country of operation (India, South Africa and USA)'
[17] Information in line with BRSR Question no. 4 under essential indicators of Principle 8
[18] GRI 403-7, GRI 407-1, GRI 408-1, GRI 409-1, GRI 414-1, GRI 414-2, GRI 308-1, GRI 308-2, Information in line with BRSR Question no. 5 and 6 under leadership indicators of Principle 3, Information in line with BRSR Question no. 4&5 under leadership indicators of Principle 5, Information in line with BRSR Question no. 6 and 7 under leadership indicators of Principle 6. Information in line with BRSR Question no.2 (b) under essential indicators of Principle 2

alignment with industry standards and best practices. This helps them to navigate the intricate web of quality assurance. During the year, the Company arranged a training programme for 20 selected critical vendors focusing on topics such as material quality, Out of Specification and Out of Trend, root cause investigation, material rejections and COPE, corrective and preventive actions ('CAPA') against rejections, etc.

The Company achieved 90% compliance for 17 vendors during FY 2023-24. Consistency in quality of supply and steadfast adherence to compliance protocols is the cornerstone of our vendor management program. These engagements help to forge mutually strong partnerships, ensure business continuity and reduce the risk of vendor disqualification due to unsuccessful audits.

ESG workshop for Suppliers[19]

During FY 2023-24, we organised a virtual ESG workshop for our suppliers emphasised on role of suppliers in Company's ESG program, decoding ESG criteria for suppliers and Cipla's key sustainability initiatives. We saw participation from 61 of our key suppliers, representing ~5.75% of our total procurement spend. Additionally, during the primary data collection process for Scope 3 emission inventorisation, we also interacted and created awareness amongst 37 of our key suppliers, representing ~13.4% of our total procurement spend. These interactions educated the suppliers on Science Based Targets initiative ('SBTi') and Scope 3 emission targets.

These initiatives aim to clearly communicate Cipla's ESG expectations to its suppliers, mitigating potential risks associated with insufficient ESG compliance.

Tech integration in Supply Chain Management

In today's rapidly evolving global landscape, innovation, digitisation and the seamless integration of technological processes stand as fundamental pillars for sustainable growth and competitive advantage, particularly within the realm of supply chain management. In the pharmaceutical sector, where precision, quality and compliance are paramount, leveraging technology ensures adherence to stringent standards while driving continuous improvement. We focus on continually improving our supply chain responsiveness, competitiveness and customer service through innovation and technology-led advancements. Some initiatives in this direction include:

Procurement Digital Employee ('PDE')

PDE is an ecosystem of robotic enablement, mirroring conventional workflows, support and augments a buyer's procurement journey from Request for Quote ('RFQ') for creating purchase orders, scheduling the auctions, creating rate contracts, etc. The bots will be trained to assist the buyer in routine activities enabling quick turnaround and completion of tasks. As CipBot, the AI-powered chatbot created by Cipla Global Supply Chain Management team, continues to evolve, it will also handle advanced shipping notifications and invoice processing information for vendors, in addition to simplifying order-related queries for stakeholders. These enhancements are set to significantly enhance team productivity and improve user experience.

SPOT

Single Point of Truth ('SPOT') is a mobile application designed to provide easy access to essential Supply Chain Key Performance Indicators ('KPIs') such as material expiry risk and forward days of inventory coverage. Its main objective is to alert the users and enable them to make faster decisions and ensure efficient and seamless operations by offering real-time information. Post the initial launch in FY 2022-23, we have expanded it to include features like access to critical sales order data, facilitating real-time tracking and monitoring of order status.

Enhanced Integrated Business Planning ('IBP'):

During the past year, our organisation has made significant IBP enhancements which positions us for greater agility, efficiency and competitiveness. These changes have helped us achieve implementation of response module for enabling end-to-end visibility from plant to distribution, expansion of IBP to North America geography demand planning and implementation of in-system statistical forecasting for reliable forecasting output.

Drone delivery

Drone delivery service was launched by Cipla in September 2023 for distribution of essential medicines for hospitals and pharmacies in Himachal Pradesh to provide patient-centric service with speed & continued last mile serviceability. Cipla has completed 100 drone deliveries in FY 2023-24.

[19]Information in line with BRSR Question no. 1 under leadership indicators of Principle 1.

Pharmaceutical supply chain initiative

Cipla is an associate member of the Pharmaceutical Supply Chain Initiative ('PSCI'). PSCI is a top membership body driving excellence in safety, environmental and social outcomes across the global pharmaceutical and healthcare supply chain. Through the initiative, Cipla aims to collaborate with peers and support our suppliers to enhance their practices on effective and responsible supply chain management. Through the PSCI audit sharing programme, our suppliers can share audits with more than one Company via a web-based platform, resulting in fewer audits and 'audit fatigue', making it easier for them to comply with multiple supplier codes. 37 vendor audits of Cipla that accounted for a yearly spend of nearly ₹483 crores were covered through the PSCI audit sharing programme and 35 of these were critical vendors with a yearly spend of ₹482 crores.

De-risking of supply chain

Our commitment to responsible and quality supply chain practices goes beyond just being compliant. We have implemented a Continuous Improvement Program that focuses on de-risking the procurement processes through cost-effective procurement of raw materials and mitigating risks of supply disruption. We employ an Alternate Vendor Development ('AVD') strategy for sourcing raw materials, promoting local manufacturing and reducing risks while ensuring cost advantages. Through proactive measures, including 360-degree vendor reviews, we address logistical challenges and ensure uninterrupted raw material supply.

In FY 2023-24, we have been able to de-risk products worth revenue USD 147 million. Approximately 80+ opportunities were taken up for de-risking and achieving savings through competitive vendors, out of which we successfully onboarded ~35 new vendors.

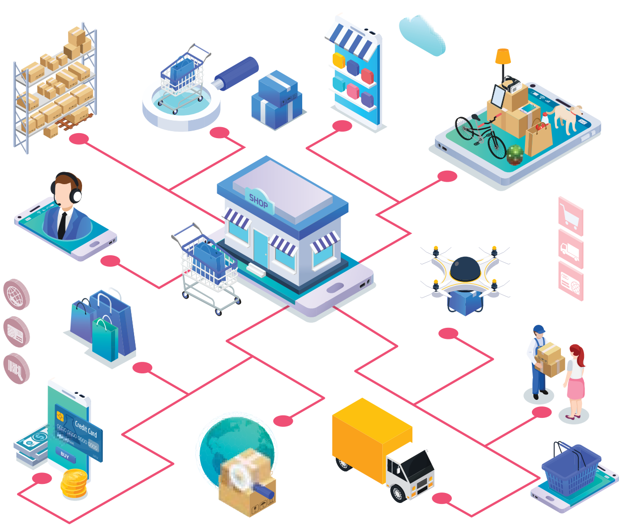
Working together to combat Antimicrobial Resistance ('AMR')

The threat of ('AMR') poses a grave challenge to global public health, jeopardising the effectiveness of antibiotics and other antimicrobial treatments. The rise of AMR not only diminishes the efficacy of existing treatments but also complicates the management of infectious diseases, leading to prolonged illnesses, increased healthcare costs and higher mortality rates.

Pharmaceutical companies especially bear a significant responsibility to combat AMR through various means such as prioritising sustainable manufacturing practices to minimise environmental contamination with antimicrobial residues, thus mitigating the emergence and spread of AMR. Cipla has taken active steps to engage its workforce and suppliers in the fight against AMR.

Controls available at manufacturing sites: All Cipla sites monitor AMR products by the methodology suggested by AMR Industry Alliance ('AMRIA')/WHO. Cipla conducts mass balance and analytical testing for all of our products to mitigate potential AMR threats. Most of the Cipla sites have installed Zero Liquid Discharge ('ZLD') system to eliminate the risk of environmental pollution arising from the discharge of treated effluents. Sites not having ZLD maintain the Predicted Environmental Concentration ('PEC') values well within the range prescribed by AMRIA by following control measures suggested by the Alliance. At all our sites, assessments have been conducted to guarantee adherence to necessary environmental standards, including relevant legal requirements. Water and solid waste management is done according to the procedures specified by AMR guidelines and PSCI requirements, with a 100% compliance rate recorded. AMR champions designated at every Cipla site, to oversee the process and participate in monthly review meetings.

Engaging suppliers in AMR: 100% of domestic suppliers of antibiotic APIs and formulation have completed the self-assessment and desktop review. Onsite audit of identified high-risk suppliers were completed. Regular workshops are conducted with suppliers to impart updates related to AMR.



Social Capital

Strategic Focus Areas

- Health
- Education
- Environmental Sustainability

Contribution to Sustainable Development Goals

- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 8 DECENT WORK AND ECONOMIC GROWTH
- 17 PARTNERSHIPS FOR THE GOALS

Our Guiding Philosophy [1]

At Cipla, our philosophy of 'Caring for Life' drives our social initiatives. We foster long-term partnerships to engage with local communities for an equitable world through a collaborative approach, focusing on expanding access to sustainability health and education to underserved groups for sustainable change.

Cipla Foundation, the philanthropic arm of Cipla, predominantly executes its work for communities by collaborating with various credible non-governmental organisations, experts in particular domains (as permissible by CSR Rules), and government agencies to carry out outcome-oriented community initiatives for the society.

Our CSR strategy has identified the following thematic areas:

- Health
- Environmental Sustainability
- Education
- Skilling
- Disaster Response

During FY 2023-24, our social initiatives touched the lives of 4,75,000+ individuals across India[2]

Governing our Social Capital

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

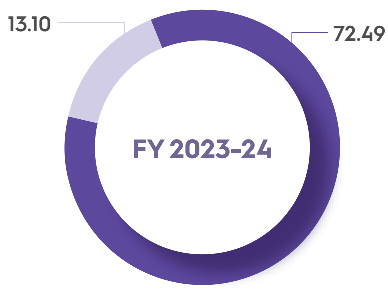
Our strong CSR governance is based on three pillars:

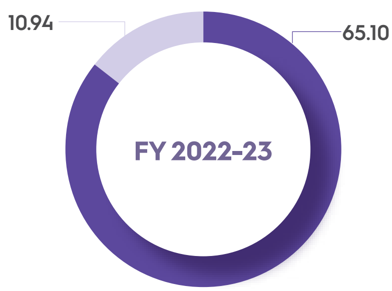
Board	CSR Committee	Cipla Foundation
Approves CSR policy and Annual Action Plan	Recommends CSR policy to the Board	Identifies CSR projects as per CSR policy and proposes to the CSR Committee
Reviews and ensures fund utilisation as per the approved plan	Recommends Annual Action Plan and modifications,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

[1]GRI 3-3
[2]In line with BRSR question no. 6 of leadership indicator under Principle 8. Details on beneficiaries for each project have been provided subsequently.

Social Expenditure

(in ₹ crores)





- CSR spends by Cipla and its subsidiaries
- Other social spends by Cipla and its subsidiaries

Enhancing Community Health[3]

Contributing to and enhancing community health is a critical priority for the Company. Our focus is to provide targeted care to local communities. We focus on supporting communities with equitable access to healthcare services, with particular emphasis on palliative care and support for other medical interventions.

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

1 Creating access to Palliative Care

Palliative care recognises that the challenges faced by a person with a serious illness are not just confined to the disease alone. It acknowledges that there is pain and other symptoms related to the physical, psychological and social needs of both, the patients and their families. The goal of palliative care is to provide the best possible quality of life at every stage of all serious illnesses.

A. The Cipla Palliative Care and Training Centre

Established in 1997, the Cipla Palliative Care and Training Centre ('CPC') in Pune supports cancer patients and their families with holistic care plans, homecare services and outpatient services at multiple hospitals. CPC enhances the well-being of patients and caregivers by addressing pain, symptoms, emotional and spiritual concerns. In FY 2023-24, our momentum for quality of care was further enhanced by including training and exposure visits for staff, exploring opportunities for technology interface and strengthening patient feedback system for enhanced quality of care.

We expanded family support through caregiver training and counselling. For patients, specialised care through physiotherapists, nutritionists and pain specialists was also strengthened by engaging with leading palliative care practitioners across the country.

1,200+
Patient Admissions

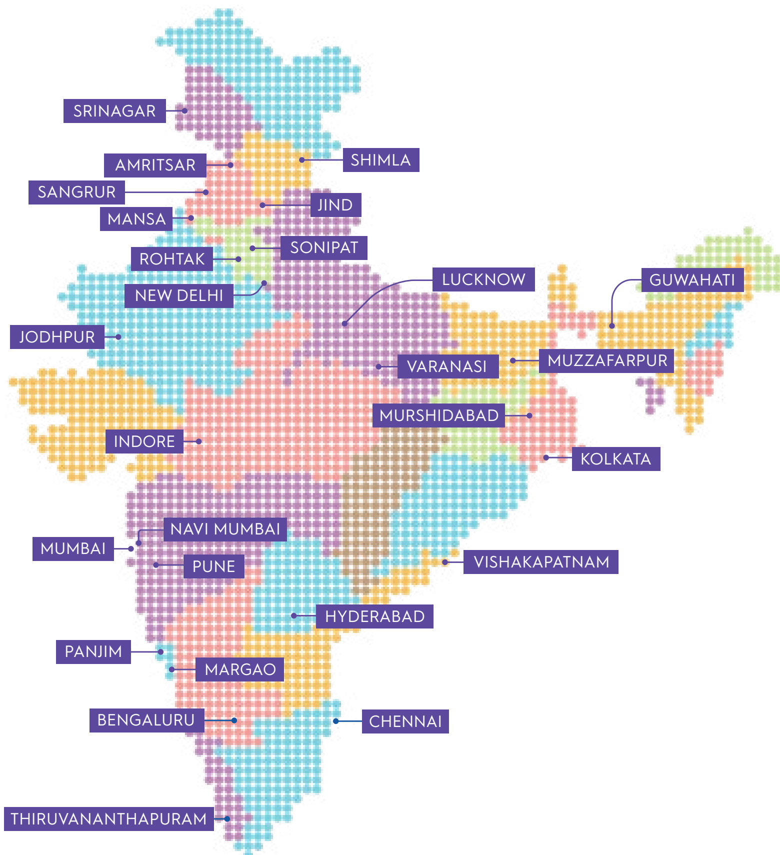
5,000+
Outpatient Consultations

13,400+
Home Visits

[3]GRI 413-1

B. Our Palliative Care Partnerships across India

Our work at the CPC has inspired us to support quality palliative care service across the country. We continue to partner with governmental, non-governmental and community-based organisations to provide direct palliative care services to patients and increase awareness about palliative care.



Note: The map used above, serves solely as a general illustration and should not be interpreted as indicative of political boundaries and not to be used for reference purposes.

50,000+ patients served across **27** cities through **30** palliative care organisations that provided palliative care services including in – patient, outpatient and home – based care.

Integrating Palliative Care with Cancer Treatment

During FY 2023-24, we partnered with Tata Memorial Centres ('TMCs') unit hospitals in Sangrur and Muzaffarpur to expand palliative care services. These hospital teams care for around 50 new patients every month. We also supported other TMCs unit hospitals in Mumbai, Navi Mumbai, Guwahati, Vishakhapatnam and Varanasi.

We continued our support for the KEVAT program initiated by Dr R A Badwe, former TMC Director, aimed at enhancing healthcare delivery. The program involves training a task force of 'KEVATS' to assist cancer patients throughout their journey, from diagnosis, treatment and cure, providing personalised support with registration, financial assistance, accommodation, medication, appointment tracking and more. Feedback indicates that KEVAT assistants reduce patient anxiety, ease clinician and nurse workloads and improve treatment adherence, thereby contributing towards improved patient care and survival.

Making Palliative Care possible beyond Cancer - for Children & Adults

We believe palliative care should be accessible to patients of all ages and for all serious illnesses that compromise quality of life such as heart disease, Chronic Obstructive Pulmonary Disease, kidney failure, Alzheimer's disease and more.

During FY 2023-24:

- We have continued our support for palliative care for serious illnesses by supporting extension of services at South Goa district hospital. We also assisted Pallium India in establishing a daily palliative care OPD at Trivandrum Medical College, benefiting over **3,000** patients.
- At St Johns Medical College, Bengaluru, the palliative care team that was set up with the support of Cipla Foundation in 2021, expanded its services beyond oncology. It served **1,600+** patients referred from haematology, pulmonology, pediatric and adult nephrology and neurology departments.
- We supported Sukoon Nilaya (King George V Memorial Trust), Mumbai to expand from 16 beds to 25 beds to accommodate patients with any serious illness. With our support, Sukoon Nilaya supported **500+** patients with serious illness.

C. Pediatric palliative care

Children are often excluded from palliative care services, hence our special focus is on creating inclusion through pediatric palliative care services. These services focus on caregiver and families keeping them at the centre of decision making towards child treatment and care and thereby improving treatment adherence.

In FY 2023-24, we started and strengthened pediatric palliative care initiatives at:

Comprehensive Thalassemia and Bone Marrow Transplant Care Centre, Borivali, Mumbai

In collaboration with Tata Memorial Centre, Mumbai, we extended pediatric palliative care to the Comprehensive Thalassemia and Bone Marrow Transplant Care Centre in Borivali. The palliative care team supports families emotionally, socially and financially, facilitating treatment continuity and preparing eligible patients for bone marrow transplants. This initiative complements our support for units at B.Y.L Nair Charitable Hospital, King Edward Memorial Charitable Hospital ('KEM') and Chhatrapati Shivaji Maharaj Hospital in Mumbai.

Bai Jerbai Wadia Hospital for Children, Mumbai

We strengthened the homecare palliative care unit at this hospital with the addition of a new counsellor and physician to ensure that more children in Mumbai can receive palliative care support. Through this project **1,000+** pediatric patients received palliative care services.

CanKids KidsCan, Indore and Shimla

We expanded our support to CanKids KidsCan in Indore and Shimla, alongside ongoing assistance in Mumbai. The organisation collaborates with government and charitable hospitals to ensure holistic care for children during the cancer treatment. Through this initiative, we have provided essential support to over **1,000** pediatric patients.

Pain Relief and Palliative Care Society ('PRPCS'), Hyderabad

We continue to support a pediatric homecare team at PRPCS, beyond the existing partnership with them which began in 2021. The new homecare team is ensuring children are visited on the weekends and after working hours, as required. Through this project **1,300+** pediatric patients received the palliative care support.

Golden Butterflies, Chennai

We facilitated the team's efforts to establish referral linkages in charitable hospitals, enabling more children undergoing cancer treatment to access homecare services alongside their outpatient care. Through this initiative **550+** pediatric patients received home-care services.

Novi Survat, Goa

We continued to provide our support to Novi Survat to build a stronger network with homecare services in North Goa. With our support at South Goa District Hospital the team also strengthened services for children with cancer and other illnesses admitted to the paediatric ward and oncology unit at Goa Medical College. Through this initiative **330+** pediatric patients were supported.

D. Pulmonary rehabilitation centres

Cipla Foundation extends its support to pulmonary rehabilitation centres situated in public and charitable hospitals, aiming to alleviate breathing difficulties, enhance endurance and alleviate breathlessness among patients suffering from chronic respiratory illnesses. This support includes cardiopulmonary physiotherapy, nutritional and psychosocial services to the patients.

1,200+

Patients have been benefited from these services

E. Saath-Saath helpline

Launched in 2021, Saath-Saath is a national toll-free helpline run by trained palliative care volunteers, who understand the needs of patients and their loved ones, without judgement and link them to the nearest palliative care provider. Today, 30+ organisations are a part of this network.

We are expanding the Saath-Saath helpline network, so that patients and their families can have immediate access to the reassurance and resources they need. The helpline eases burdens and instils hope in the hearts of those it serves.

4,000+ calls were received during FY 2023-24 and referred to palliative care services across India for all serious illnesses including cancer, Thalassemia, lung disorders and more. **1,400+** patients/ caregivers were supported through the helpline.

F. Public System Partnership

Cipla Foundation supports Public System Partnership project of SNEHA which promotes proactive health-seeking behaviour with focus on maternal and child health through community participation.

This is primarily done in vulnerable urban slum settlements with focus on maternal child health including capacity building through community engagement.

Strengthening & streamlining maternal referral linkages

With continuum of care approach, SNEHA under its maternal and child health program, focuses on creating health equity for all including access to nine core services with focus on vulnerable population in both slum as well as designated wards. This includes measurement of body vitals, provision for TT Injection, Iron Folic Acid tablets and referral in case of high risk pregnancy as well as diagnostic test.

The programme also empowered the women's collective group through Mahila Arogya Samiti's ('MAS') under National Health Mission and encouraged collective action on issues related to health, nutrition, water sanitation for vulnerable population. Such efforts has benefited over **1,33,000** people across various wards under Municipal Corporation of Greater Mumbai ('MCGM') and thereby, enhancing healthcare access and community engagement beside improved health care indices.

G. Reaching the last mile through mobile healthcare vans

Our community doorstep health program supported Mobile Healthcare Units ('MHUs') operated by HelpAge India, delivering primary healthcare to remote areas. During FY 2023-24, **1,24,000+** consultations were provided through seven MHUs, covering more than 118 villages in four states.

2 Supporting patients with Thalassemia

Cipla Foundation extends comprehensive support for Thalassemia patients, providing vital treatments like medication, blood transfusions and Bone Marrow Transplants ('BMTs') through partners to families with limited resources.

Supported **35+** patients with BMTs via Sankalp India Foundation and **30+** patients through Borivali BMT Centre. **100+** Thalassemia Major patients supported with **1,500+** NAT tested and leucodepleted blood transfusion through the Arpan Thalassemia Society.

3 Our initiatives in South Africa

Cipla South Africa is involved in Daplameds (Central Chronic Medicine Dispensing and Distribution - CCMDD), a National Department of Health program aimed at providing easy access to chronic medication for chronic stable state patients. The goal is to foster retention-in-care for HIV and Non-Communicable Diseases (NCD) patients and decongest state facilities by decanting stable patients into the CCMDD program. As part of the program, we have served **51,000+** patients through Sha'p Left Nurse Surgeries, delivered **4,75,000+** medicine parcels benefitting **2,50,000+** people via **47** pickup points and created **120+** job opportunities. in FY 2023-24. With a target of 10% YOY growth in the number of patients served by the program, the mission is to improve access to medicine in the region.

Our 'Miles for Smiles' initiative, with Operation Smile, funded **130+** cleft and corrective lip surgeries, bringing renewed hope.

Environmental Sustainability

Our sustainability goals guide our operations to create positive social change for our stakeholders, preserve our natural capital and create long term value for our organisation.

To address issues of water scarcity coupled with declining groundwater levels and climate change impacts, we collaborated with leading organisation like MYRADA and BAIF on multiple initiatives associated with water. The initiative include renovating defunct water harvesting structures, strengthening embankments, desiltation of water bodies and thereby enhancing water retention and ground water rejuvenation across various project sites in Maharashtra, Tamil Nadu and Karnataka.

In addition to above, we supported implementation of watershed programs within community facilities like public schools by installing rainwater harvesting structures through rooftop systems.

For project implementation, the partner organisation selected villages, based on water stressed area which was identified through stakeholder consultations and local panchayat involvement.

Water user groups have been formed in all the project location to ensure upkeep, maintenance and sustainability of project.

Launched in FY 2023-24, the project is striving to harvest 20 lac cubic meters of water by 2025 and the project is on track to achieve this.

Through the initiative we are supporting more than 19 villages with about 3,000+ families in the aforementioned two states.

These initiatives reinforce our commitment to strike a balance of natural ecosystem through community participation while ensuring enhanced water security and building resilience against climate change impacts.

Sustainable farming and clean energy

Continuing with our endevaour and investment in water harvesting project, we through our partner also supported project on promoting indigenous, weather resilient crop including millets as well as training and capacity building on improved agriculture practices beside components of renewable energy.

In both Satara and Igatpuri of Maharashtra, BAIF trained and encouraged farmer for sowing local indigenous varieties of crop beside setting up solar plant and bio-gas unit to reduce dependency on fossil fuel and improve usage of green energy.

The Cipla Foundation through its partner also supported farmer in deploying solar insect traps which are solar-powered devices aimed at controlling pests that harm crops, among farmers in the same regions. This also helped farmers in reducing use of pesticide and transition towards organic farming.

The project will continue to support more community members and villages in the year to come.

Education[4]

We are working towards creating a conducive environment in schools for enhanced learning. To make education inclusive and equitable for all children, we launched a digital literacy initiative.

Our D-Lead initiative in government-aided schools near Cipla units provides a seamless digital learning experience to students by providing tablets pre-loaded with content in regional languages for 9th and 10th standard, structured to the state board curriculum.

Experiential learning

Aligned with India's mission of 'Education for all', we back Agastya Foundation's Mobile Science Lab (MSL) project, offering hands-on science education to students. MSL vans, equipped with lab gear and instructors, engage government school students near Cipla units, fostering curiosity through practical, reusable materials, **16,000+** students were reached across four states (Maharashtra, Sikkim, Himachal Pradesh and Goa) via this initiative.

Scholarships for children

Our partner, Pratham's scholarship aids children orphaned by COVID-19, ensuring education continuity for vulnerable youth during times of emotional and financial strain. **500+** students identified and supported, fostering stability and hope amid adversity. Enrolled **460+** students under Multi Activity Centres established by Pratham across cities, providing crucial educational support which leads to improved learning level.

Aimed at creating a bright and sustainable future for visually impaired students, we have supported Victoria Memorial School for the Blind by giving grant to support the salaries of teachers and caretakers. This ensured quality education to students by retaining qualified and experienced human resources.

Students received comprehensive support including nutritious food, sports facilities, accommodation, education, skill training and career guidance at no cost. In FY 2023-24, a batch of visually impaired students supported by Cipla Foundation since 3rd standard successfully cleared their 10th standard board exams.

To address the issue of girl child education, Cipla Foundation has partnered with Educate Girls in Madhya Pradesh to improve access to education. During FY 2023-24, **3,700** girls were identified and integrated into government schools with the active participation and support of volunteers known as 'Team Balika'.

We provided financial support to **900+** academic achievers through our 'Merit Awards' programme during FY 2023-24.

Digital learning

Digital learning has emerged as a crucial tool post-pandemic. Cipla Foundation collaborated with NGOs to deliver digital learning content and training to rural students and teachers. We also provided telephonic support, monitored progress and gathered feedback from teachers and stakeholders. Our initiative reached 22 schools, benefiting over **3,000** students across Maharashtra, Sikkim, Himachal Pradesh, Karnataka, Madhya Pradesh and Goa through digital libraries and classrooms.

Skilling

Cipla through its Foundation tries invigorating the skilling ecosystem in India through its partners like Score Foundation, Learning Links Foundation and Women India Trust. This is to support their model of excellence and to enhance skilling initiate through project funding and empower more than **13,000+** beneficiaries from low-income communities to acquire relevant skills to earn livelihood. This is surely creating opportunities for the potential workforce while also contributing to Nation's Skilling Mission.

Disaster Response

We support communities with immediate relief during natural disasters. In FY 2023-24, our work included flood relief in Himachal Pradesh, Maharashtra, Sikkim and Tamil Nadu. In collaboration with HelpAge India and the local administration, we supported **2,000+** families by distributing hygiene kits, dry rations, shelter, kitchen utensils, face masks and other relief materials.

Global Response

Cipla donated critical medicines for HIV/AIDS, cancer, respiratory illnesses and more, worth ₹ 30.51 lacs, to humanitarian organisations supporting distressed vulnerable communities globally.

[4]GRI 413-1

Natural Capital

Strategic Focus Areas

- Robust Governance
- Emission Reduction
- Renewable Energy
- Water Stewardship
- Waste Management

Contribution to Sustainable Development Goals

Our Guiding Philosophy[1]

At Cipla, our approach to sustainable operations and long-term value creation is closely intertwined with our fundamental purpose of 'Caring for Life'.

Highlights:

29%

Renewable energy in the energy mix

43%

of water recycled and reused as percentage of water withdrawal.

100%

Equivalent pre and post consumer plastic waste collected and sent for recycling.

54%

of our manufacturing units have implemented Zero Liquid Discharge ('ZLD') mechanism.

We are committed to having a positive impact on all our stakeholders as well as the environment in which we operate. Our environmental stewardship activities are derived from our ESG framework - **CARE** (Championing Climate Positivity, Accelerating Community Well-being, Raising the Bar on Governance and Enhancing Access and Affordability) and we endeavour to achieve positive impact across key United Nations Sustainable Development Goals ('UNSDG'). Key aspects of our initiatives for environmental sustainability include **striving for a low carbon pathway, decreasing our usage of freshwater, reducing pollution and maximising value generation from waste**. We are also undertaking focused efforts to imbibe and align with circular economy principles in our operations and preserve the biodiversity in and around our operations. Leveraging our strong collaboration and innovation efforts and robust governance mechanisms, **we aim to be a 'Force for Good' for all people and the planet.**

Environment, Health & Safety ('EHS') Governance

As detailed in our Environment, Health and Safety (EHS) Policy, managing our environmental footprint and preventing any adverse impact is a critical aspect of our operational approach. This policy forms the foundation of our approach to environmental stewardship, details our priorities and guides our actions. To strengthen our governance approach and ensure streamlined operations, 83% of our global manufacturing units are certified with ISO 14001:2015 and ISO 45001:2018.

Roles and Responsibilities

EHS and Sustainability are integral to our organizational goals, with oversight from the Managing Director & Global Chief Executive officer and board, cascading across all functions. Board-level reviews occur quarterly through the Investment and Risk Management Committee, aligning with ISO standards, clearly defining the responsibilities for overseeing Environmental Health and Safety performance.

The Central EHS Team oversees API, Formulation, Occupational Health and Hygiene Function ('OHH') and Sustainability, reporting to the Vice President EHS & ESG under the Global Chief Technology Officer ('GCTO'). This team provides strategic direction and policies for EHS activities organisation-wide.

At manufacturing sites, EHS performance is monitored by the Site Head, supported by Site EHS Managers leading effective system implementations. EHS Governance at sites is led by Site Head who is responsible for effective implementation of our EHS policy, procedures and programs.

We have no open show cause or legal notices, or penalties imposed by regulatory agencies for safety and environmental violations.[2]

Due to superannuation of GCTO, the responsibilities and duties will now fall under the purview of the Global Chief Manufacturing Officer, who will also be the chairperson of the Sustainability Council.

[1]GRI 3-3
[2]GRI 2-27

Environmental Performance Reporting

The Company reports it's environmental performance data in a segregated manner –

India Manufacturing Operations[3]

Global Operations

This segregation supports effective and accurate evaluation and management of our localised environmental impact. Simultaneously, it promotes internal accountability, benchmarking and optimisation of our sustainability initiatives across organisational boundaries.

We are dedicated to carrying out our operations in a manner that drives and delivers positive environmental impact. In line with this, **we aim to become carbon neutral[4], water neutral and achieve zero waste to landfill status for India manufacturing operations by December 2025.**

Our ESG Ratings performance for the reporting year has been given below:

ESG Ratings Score

S&P Global Corporate Sustainability Assessment ('DJSI'):

- For FY 2022-23: ESG Score of 70.
- Included in the S&P Global Sustainability Yearbook 2024

CDP (formerly Carbon Disclosure Project) Climate Change:

- Score B-

EcoVadis:

- Bronze Medal
- Score: 50

Reporting Boundary

During FY 2023-24, we continued our dedication to improve disclosure of our environmental performance. We have expanded our reporting boundary to include an additional 15 subsidiaries, as compared to FY 2022-23. As a result of this, our energy, GHG, water and waste performance for FY 2023-24 demonstrates an increasing trend as compared to the previous year. The additional locations account for an estimated increase of 4.4% of our total energy consumption, 6.4% of our scope 1 and scope 2 emissions, 4% of our water withdrawal and 1.17% of our total waste generated as compared to previous year.

With respect to our water and waste data, in the reporting year, we have also included data from our warehouses in India. This accounts for an estimated increase of 1.5% of our total water withdrawal and 6.6% of our total waste generated. Further, we have included ash from briquette usage from our Kurkumbh units in the reporting year, accounting for approximately 6.23% increase of our total waste generated compared to last year.

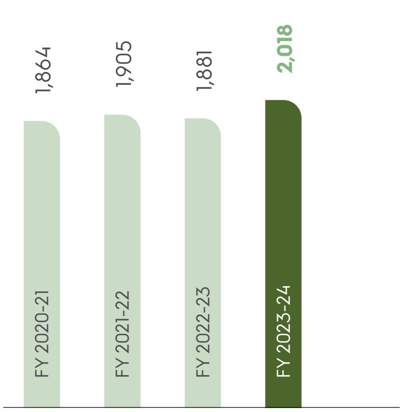
[3]For the purpose of Natural Capital, India Manufacturing Operations includes manufacturing units of Cipla Limited and our subsidiaries in India (Goldencross Pharma Limited, Medispray Laboratories Private Limited and Meditab Specialities Limited)

[4]Carbon neutrality for Scope 1 (energy based) emissions and Scope 2 emissions

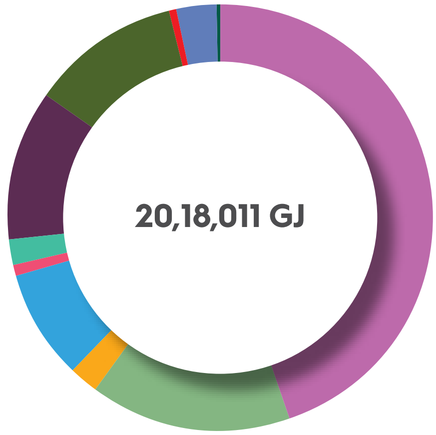
Energy Management

In FY 2023-24, our global energy consumption was 20,18,011 GJ[5]. Our global energy intensity for the reporting year was 0.78 GJ/₹ lac[6] of Revenue, as compared to 0.83 GJ/₹ lac of Revenue in FY 2022-23. The trend of our global energy consumption has been provided below.[7]

Global Energy Consumption (in TJ)



Global energy consumption by source[8] (in GJ)

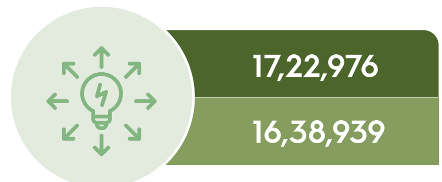


Electricity	9,03,539
Natural Gas	2,34,752
Solar	3,12,076
Biomass	2,28,861
Wind Energy	42,029
Furnace Oil	7,754
Diesel	1,71,749
LSHS	66,095
Petrol	16,148
Biodiesel	8
LPG	35,000

India manufacturing operations accounted for 85% of our total global energy consumption. Energy consumption for India manufacturing operations for two years are represented below:

India Manufacturing Operations

Energy Consumption (GJ)



At Cipla, we implement our decarbonisation efforts through a two-pronged approach: **investing in innovation for energy efficiency and increased use of renewable energy.** At present, 57% of our manufacturing units are ISO 50001 : 2018 certified on Energy management systems.

Renewable Energy Consumption

We are committed to increasing our use of renewable energy and leveraging alternative sources of fuel to reduce our carbon footprint. We are constantly looking to scale up the share of renewable energy to power our operations by installing rooftop solar panels, open access of solar and wind energy and long-term renewable energy certificate purchase contracts. We also make use of alternative energy such as biomass to reduce our dependence on fossil fuels. In FY 2023-24, biomass accounted for 11% of our energy consumption. In the reporting year, our global renewable energy consumption (5,82,974 GJ) accounted for 29% of our energy consumption, an increase from 27% in FY 2022-23. For our India manufacturing operations, renewable energy stood at 33.6% (5,79,340 GJ) as compared to 31% in FY 2022-23.

[5]GRI 302-1. and information in line with BRSR Question no. 1 under essential indicators of Principle 6

[6]GRI 302-3

[7]We have increased our reporting boundary to include an additional 15 subsidiaries as compared to FY 2022-23. The additional subsidiaries account for an estimated increase of 4.4% of our total energy consumption

[8]Reference for fuel conversion values: 2006 IPCC Guidelines for National Greenhouse Gas Inventories - Volume 2 (Energy)

Highlights of our efforts to increase the share of renewable energy.

As of 31st March 2024, our total operational capacity was

55 MWp

of captive solar power open access

2.7 MVA

of captive wind power open access

8.4 MWp

of solar rooftop installations across various units in India

Through these efforts, we secured a total of 98,363 MWh of renewable electricity during FY 2023-24, representing a 12.3% increase compared to FY 2022-23 (87,591 MWh).

Contribution of Captive Solar Plant in Maharashtra

Our captive solar plant (46 MWp) in Tuljapur helped meet **65.4% of the electricity requirements** of our manufacturing units at Kurkumbh and Patalganga and our R&D centre at Vikhroli, Mumbai.

Contribution of Captive and Third-Party Renewable Energy Sourcing in Karnataka

Our captive **9 MWp Solar and 2.7 MVA wind project** along with the third party solar and wind power sourcing helped us to meet **95.4% of the electricity requirements** of our manufacturing units at Virgonagar and Bommsandra.

Rooftop Solar Installation

During the reporting year, we installed an **815 KWp solar rooftop power plant** at our Medispray Goa Unit. Furthermore, we have commissioned the installation of a **550 KWp solar plant** at our Medispray Satara Unit.

Long term renewable energy certificate

Cipla has entered into alliance with Juniper Green Cosmic Private Limited (a 100% subsidiary of Juniper Green Energy Private Limited) for long-term sourcing of renewable energy certificate purchase. This agreement is a first of its kind in terms of both capacity and scope, marking a crucial milestone for Cipla's Green Energy Initiative to support our goal of carbon neutrality by 2025. The renewable energy capacity allocated for this partnership amounts to an impressive 112 MWp of solar capacity from Juniper's upcoming merchant plant in Bikaner. This is a testament to the scale and ambition of this initiative. Under the agreement, Juniper Green Energy will supply Cipla with 1,85,000 International Renewable Energy Certificates ('I-RECs') annually, equivalent to 185 MUs of green energy, for the duration of the renewable energy project's lifespan.

Initiatives for Energy Efficiency[9]

DG-Grid Synchronisation

To prevent power interruption during change over from DG supply to Grid supply, Cipla initiated DG-Grid Synchronisation in Sikkim in FY 2023-24. Sikkim was identified to have low power reliability leading to several power failures, resulting in high diesel consumption for effective running of DG sets. As a result of the synchronisation project, an estimated 24 KL of diesel will be saved every year. This will also save packaging material. This initiative will also enable annual savings of approximately ₹63 lacs. Other benefits of this initiative include improved availability of manufacturing equipment, seamless auto changeover, greater power reliability, etc. In FY 2024-25, similar projects will be implemented at Goa and additional sites in Sikkim.

BacComber System

Implemented in Indore, this initiative aims to enhance the efficiency of cooling towers. Conventionally, the quality of circulating water is maintained through the insertion of chemicals in the system. However, with the installation of a BacComber system, which uses ultra-low frequency to control the suspended solids, we can improve the quality of the circulating water and limit the use of chemicals. Further, this initiative will also enable lower effluent generation due to lower cooling tower blowdown, increased efficiency of other utilities, reduced maintenance and lower bacterial growth. It is also estimated to result in annual savings of an estimated ₹70 lacs.

[9]GRI 302-4, GRI 305-5 and information In line with BRSR Question no. 8 under essential indicators of Principle 6

In 2022, we had implemented an initiative to increase the energy efficiency in our chilling process. It involved replacing existing centrifugal chillers with energy-efficient and reliable magnetic bearing chillers in Heating, Ventilation and Air Conditioning ('HVAC') applications. As of 31st March 2024, this initiative has been implemented at our manufacturing units in Goa and Indore. These three magnetic chillers have the potential to enable an annual power savings of 1,153 MWh and GHG savings of 818 tCO_2e. In FY 2023-24, 489 MWh of power and 345 tCO_2e GHG emissions was saved as a result of this initiative.

Water for Injection generation using VC Distiller cost saving project

Water for Injection ('WFI') is conventionally produced by Ion Exchange Technology that is slowly becoming redundant. As per the latest available technologies, it can also be produced by vapour compression distillation technology at lower operating costs **(approx. 25% lower than conventional systems),** having lower downtime, better regulatory compliance and reducing chemical costs. Implemented in September 2023 at our manufacturing units in Goa, this technology will enable us to save **6,320 MJ of steam on a yearly basis as well as cost savings of ₹ 1.32 Crores.**

A few other notable initiatives for increased energy efficiency include

Air Handling Unit ('AHU') Operation Optimisation: We undertook decluttering of AHUs and zoning modification at Sikkim, Patalganga, Goa-I, Kurumbh and Kudaim. This resulted in energy savings of **approximately 1,175 MWh.**

Electronically Commutated ('EC') Blowers: With the objective of replacing conventional induction motor blowers, we have installed energy efficient EC blowers in AHUs at Sikkim, Baddi, Kurumbh and Goa-I, enabling savings of **approximately 533 MWh.**

Chiller Operation Optimisation: We have improved our chiller performance through the reduction of power consumption and usage of tube cleaning at Patalganga, Virgonagar and Kurkumbh. Energy savings from these efforts are an **estimated 314 MWh.**

Through our focused efforts for energy saving, we have saved an estimated 4,127 MWh of energy across our Indian Manufacturing locations in FY 2023-24.

For more details in our energy conservation initiatives, please refer to Annexure III of Board's Report on **page no. 156** of this Report.

We have set site level energy savings targets to further enhance energy conservation. In FY 2023-24, our target across 10 locations was energy savings of 4,443 MWh. Energy audits are also conducted for our Indian manufacturing locations to assess energy use and identify opportunities for improved energy efficiency. As on 31st March 2024, 31 manufacturing units have undergone an energy audit. Furthermore, in line with ISO 50001:2018 requirements, we provide our workforce with focused training on energy efficiency and management to further inculcate a culture of energy conservation across the organisation. In FY 2023-24, a total of 1,128 hours of training on energy efficiency has been provided to our workforce.

Greenhouse Gas Emissions[10,11]

We are committed to minimising any adverse impact on the environment from our operations. We continue to remain committed to reducing our Scope 1 and 2 emissions and make focused efforts for the same.[12]

Scope 1 Emissions:

In FY 2023-24, our global Scope 1 (energy based) emissions stood at 37,398 tCO_2e. Further more, in FY 2022-23, we began measuring our global refrigerant emission which amounted to 6,11,026 tCO_2e[13]. In FY 2023-24, it stands amounted to 6,97,682 tCO_2e. Additionally, the biogenic emissions from our operations for the reporting period were 22,887 tCO_2e.

[10] GRI 305-1, 305-2 and information in line with BRSR Question no. 7 under essential indicators of Principle 6

[11] We have increased our reporting boundary to include an additional 15 subsidiaries as compared to FY 2022-23. These subsidiaries account for an estimated 6.4% of our scope 1 & scope 2 emissions.

[12] References for emissions factors: The Intergovernmental Panel on Climate Change Assessment Report 5, India Central Electricity Authority 2023 report, Harmonized IFI Default Grid Factors 2021, V3.2, United States EPA eGrid Database

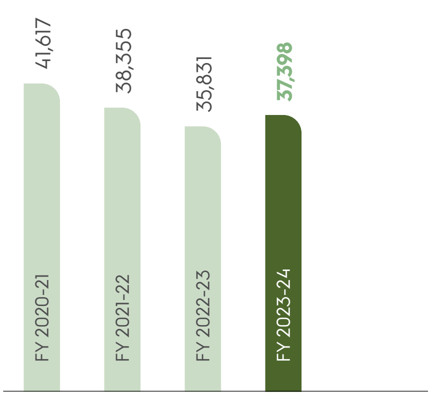
[13] GRI 2-4. Regular review and evaluation of our data is undertaken for accuracy and consistency. As a result, we are restating our global refrigerant emissions for FY 2022-23 as available in our integrated report FY 2022-23

Scope 2 Emissions:

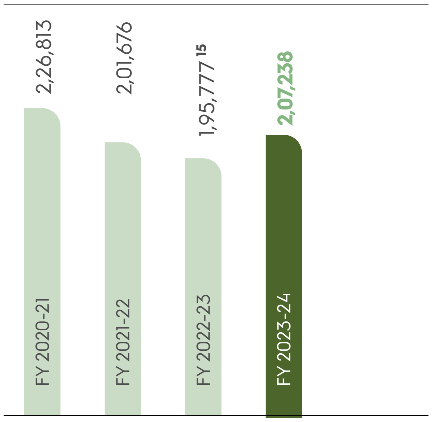
In FY 2023-24, our Scope 2 emissions were 2,07,238 tCO_2e. Our increased usage of renewable energy enabled us to avoid 81,054 tCO_2e, a 12.4% increase from 72,080 tCO_2e in FY 2022-23.

Our emissions intensity for the reporting year was 0.365 tCO_2e/₹ lac of Revenue[14], as compared to 0.370 tCO_2e/₹ lac of Revenue in FY 2022-23.

Global Scope 1 (energy based) Emissions (tCO_2e)



Global Scope 2 Emissions (tCO_2e)

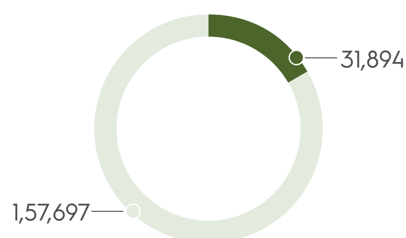


We are working towards becoming carbon neutral for our Indian Manufacturing operations by December 2025. Aligned with our targets, we implement several energy saving initiatives and are committed to increasing our usage of renewable energy and alternative sources of fuel such as biomass. The graph below provides details on our total Scope 1 and 2 emissions for our India Manufacturing locations for the previous two years.

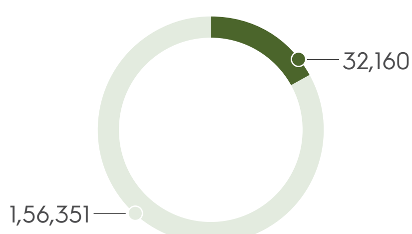
India Manufacturing Locations

- Scope 1 (energy based) (tCO_2e)
- Scope 2 (tCO_2e)

FY 2023-24

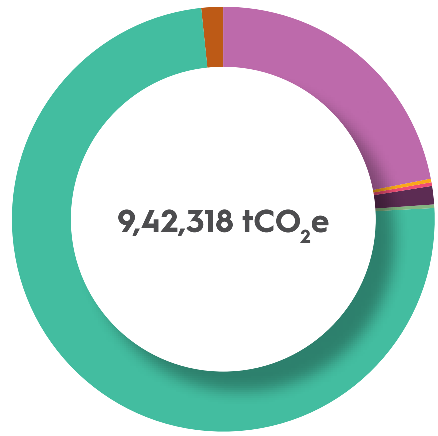


FY 2022- 23



Emissions by Source (tCO_2e)

The table below provides details on our emissions by source:



- 2,07,238 Electricity
- 1,123 Petrol
- 2,210 LPG
- 602 Furnace Oil
- 5,132 LSHS
- 6,97,682 Refrigerant
- 12,768 Diesel
- 15,128 Natural Gas
- 435 Biomass - briquette

[14]GRI 305-4 and information in line with BRSR Question no. 7 under essential indicators of Principle 6

[15]GRI 2-4. We have used the CEA 2023 factor to calculate our Scope 2 emissions for FY 2023-24 and FY 2022-23. Hence, we are issuing a restatement for our FY 2022-23 Scope 2 emissions

Scope 3 Emissions:[16]

We have undertaken an assessment of the 15 categories of Scope 3 emissions as per the GHG Protocol to determine the relevance of each category to our business. Category 14 (Franchises) has been determined as not applicable since we do not operate on a franchisee model and Category 9, downstream transportation and distribution is combined with Category 4 upstream transportation and distribution.

We bear the financial responsibility for downstream transportation hence it is added in Category 4. The emissions associated with distribution of our products from the distributor to end consumers is excluded as the data to that granularity is not available. Hence, we have inventoried our Scope 3 emissions for 13 categories.[17]

Our Scope 3 emissions intensity (tCO_2e/ ₹ lac of Revenue) for FY 2023-24 was 1.77 as compared to 1.80 in FY 2022-23.

Emissions Category	FY 2022-23 Emissions (tCO_2e)	FY 2022-23 Emissions %	FY 2023-24 Emissions (tCO_2e)	FY 2023-24 Emissions %
Purchased Goods and Services	15,62,813	38.07	17,95,722	39.24
Capital Goods	16,243	0.40	34,426	0.75
Fuel and Energy Related Activities	68,838	1.68	70,624	1.54
Upstream Transportation and Distribution	67,377	1.64	1,10,882	2.42
Waste Generated in Operations	18,778	0.46	20,733	0.45
Business Travel	7,604	0.19	20,963	0.46
Employee Commute	13,487	0.33	20,025	0.44
Upstream Leased Assets	1,427	0.03	1,477	0.03
Processing Sold Products	3,192	0.08	5,098	0.11
Use of Sold Products	23,39,270	56.98	24,82,803	54.25
End of Life Treatment of Sold Products	1,245	0.03	209	0.00
Downstream Leased Assets	4,561	0.11	4,743	0.10
Investments	550	0.01	9,068	0.20
Total	**41,05,383**	**100**	**45,76,772**	**100**

Ozone Depleting Emissions (ODS)[18]

The Montreal Protocol mandates phase out of refrigerants that are ODS as per schedules approved for developing countries. We are monitoring the consumption of HCFCs and HFCs at our sites and will phase out the same as per the timelines stipulated in the schedules. ODS emissions from our manufacturing operations in FY 2023-24 amounted to 0.15 CFC-11 equivalent as compared to 0.11 CFC-11 eq. in FY 2022-23.

Climate Risk Management[19]

In FY 2022-23, Cipla adopted the Task Force on Climate Related Financial Disclosures ('TCFD') framework to identify and assess the potential risks linked to climate on its business operations.

Through this assessment, all major Cipla sites, offices and depots were assessed for potential physical and transition climate related risks. The physical risk assessment was undertaken through the use of three RCP Scenarios: RCP 4.5, RCP 6.0 and RCP 8.5. With respect to transition risks, scenario analyses were performed considering the scenarios of IEA ('International' Energy Agency) and NGFS ('Network for Greening the Financial System'). The transition risks assessed included enhanced emission reporting obligations (Policy and Legal Risk), carbon pricing (Policy and Legal Risk), exposure to litigation (Policy and Legal Risk), Increase in CAPEX and OPEX due to transition towards low emissions technology (Technology Risk) and negative stakeholder feedback (Reputation Risk). Transition risks have been analysed for India, USA, Morocco, South Africa, China, United Kingdom, European Union and Australia where Cipla have operations and markets served.

Findings from the TCFD Risk Assessment demonstrate that our Company is not exposed to high or medium (physical and transition) risks in the immediate future. In the ever-changing climate scenario, we will continue to review these assessments and develop a plan of action for any emerging risks.

Detailed information on our TCFD assessment can be accessed at: https://www.cipla.com/sites/default/files/Cipla-Task-Force-on-Climate-Related-Financial-Disclosures-Report.pdf

[16]GRI 305-3, GRI 305-4 and Information in line with BRSR Question no. 2 under leadership indicators of Principle 6

[17]References for emissions factors: Region specific IEA, IPCC AR6, India GHG Program, Defra, USEEIO and GaBi specific emission factors. Emission factors for APIs were derived from the molar mass and number synthesis steps required for the respective API as mentioned from the methodology provided in the research paper.

[18]GRI 305-6

[19]GRI 201-2

Water Stewardship[20]

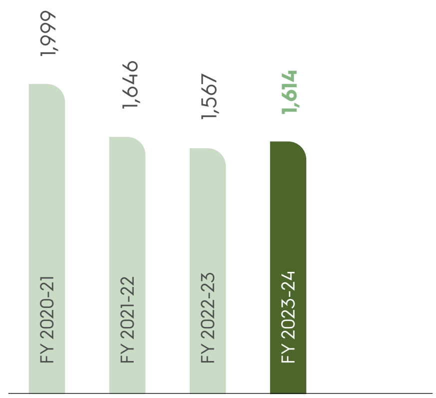
We recognise that water is a critical resource and are committed towards responsible usage across our operations. We have established robust systems to track and monitor our water consumption, withdrawal, discharge and efforts for recycling and reuse wastewater.

In FY 2023-24, our global water withdrawal[21] was 16,14,079 KL and water consumption was 14,98,961 KL.[22] Our global water discharge for the reporting year stood at 1,15,118 KL.[23]

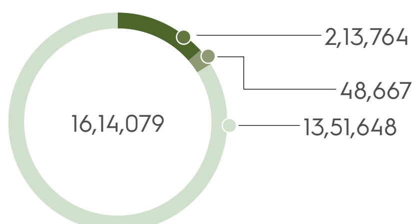
Our water intensity for the year was 0.58 KL/₹ lac of Revenue, as compared to 0.65 for FY 2022-23.

We recycled 6,94,299 KL of water for the reporting year, standing at 43% as percentage of our total water withdrawn, increasing from 39% in FY 2022-23.

Global Water Withdrawal (in 000 KL)



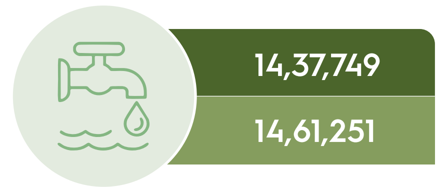
Global water withdrawal by source[24] (in KL)



With respect to our Indian manufacturing locations, we have reduced our water withdrawal by 1.6% as compared to FY 2022-23. The table provides our water withdrawal trend for the previous two years.

India Manufacturing Locations

Water Withdrawal (KL)



Our approach to water conservation and efficient usage is based on three critical aspects:

increased use of rainwater, reduction in the use of blue water through wastewater management and supporting communities through water conservation initiatives.

Increased use of rainwater

Rainwater Harvesting

Rainwater harvesting systems have been installed in our manufacturing units at Kurkumbh, Indore, Baddi, Bommasandra, Sikkim, Goa and Kundaim in the form of underground tank, recharge pits and shafts. **In FY 2023-24, a total of 6,198 KL rainwater was harvested and used and 11,862 KL rainwater recharged through borewell,** where it is permitted.

[20]GRI 303-1

[21]We have increased our reporting boundary to include an additional 15 subsidiaries as compared to FY 2022-23. These subsidiaries account for an estimated 4% of our total water withdrawal. We have also included water withdrawal data from our warehouses in India. This accounts for an estimated increase of 1.5% of our total water withdrawal compared to last year.

[22]GRI 303-5 and Information in line with BRSR Question no. 3 under essential indicators and Question no. 1 under leadership indicators of Principle 6

[23]GRI 303-4 and Information in line with BRSR Question no. 4 under essential indicators and Question no. 1 under leadership indicators of Principle 6

[24]GRI 303-3 and Information in line with BRSR Question no. 3 under essential indicators and Question no. 1 under leadership indicators of Principle 6

Reduction in blue water usage[25]

Wastewater management

We make focused efforts to increase our usage of water treated at our Effluent and Sewage Treatment Plants. These plants ensure that the treated water meets all the prescribed quality standards for the bulk drugs and pharmaceutical industry. We also consume Reverse Osmosis ('RO') reject water from raw water treatment plants in our operations. These efforts significantly reduce our dependence on freshwater. **In FY 2023-24, 84% of the wastewater generated was recycled and utilised through our in-house facilities.**

Zero Liquid Discharge

Prioritising wastewater management, we have implemented Zero Liquid Discharge ('ZLD') mechanisms at most of our Manufacturing locations. **As of 31st March 2024, 54% of our manufacturing units have implemented Zero Liquid Discharge mechanism.** By doing this, we are able to minimise liquid discharge and further enhance our commitment to water stewardship.

Community Initiatives

Community based water conservation projects

Through the adoption of a **"ridge to valley"** method, we make focused efforts to prioritise and support holistic water resource management. Acknowledging the interconnection within watersheds, our initiatives cater to high and low points for comprehensive conservation. Aligning to our water neutrality goal, this watershed project is striving to harvest 20 lacs cubic meters of water by 2025 and the project is on track to achieve this. In partnership with organizations like MYRADA and BAIF, we undertake treatment activities and have built water storage structures in four villages in Nashik district, seven villages in Satara district, seven villages in Bangalore district and one village in Krishnagiri district in Tamil Nadu. We have also installed rooftop rainwater harvesting structures in 20 schools near Bangalore. Initiatives implemented include afforestation, contour trenching and soil conservation, effectively reducing soil erosion and enhancing water retention capacity. Moreover, the construction of water harvesting structures such as check dams, ponds, trenches and rooftop systems strategically harnesses rainwater runoff, replenishing groundwater aquifers and supporting agricultural and domestic water needs within the community.

These initiatives support our commitment to water stewardship as well as shared value creation for our local communities. To provide for effective governance, we have developed a Standard Operating Procedure ('SOP'), in partnership with an external agency, to quantify and capture impacts. We will be cascading these interventions to Dhar district in Madhya Pradesh. Through this extension, we aim to have a lasting impact by conserving water resources, enhancing agricultural productivity and fostering socio-economic development in the region.

We also undertake awareness sessions with local communities on water conservation, wastewater minimisation, water efficient agriculture, etc. to foster water positive behaviour and have created water user associations within the communities. We also engage in afforestation activities around rainwater harvesting structures to promote biodiversity conservation.

Zero Liquid Discharge at Goa manufacturing units

In a significant step forward to minimize adverse environmental impact, we have established Zero Liquid Discharge at our manufacturing units in Goa, India. Cipla Goa – II has established a ZLD plant of capacity 300 KLD. This system comprises of two RO plants, followed by Mechanical Vapor Recompression Evaporator ('MVRE') and Agitated Thin Film Dryer ('ATFD'). Cipla Goa -I has established a ZLD plant of capacity 220 KLD. **As on 31st March 2024, both the facilities have recycled a total of 1,25,736 KL of water, leading to a reduction of 4% freshwater withdrawal.** Treated water is used for cooling tower make up and other utility purposes, while salt generated is disposed as hazardous waste for co-processing.

[25]GRI 303-2 and 303-4

In FY 2023-24, we launched a falcon water system initiative which focused on streamlining and harmonising the design, operations and maintenance of water systems across the organisation. The guideline for this initiative, formulated in line with the guidance of international regulatory standards and observations from FDA audits, covers every aspect of our water management systems and aims to identify optimum efficiency bands. Developed by Manufacturing Science and Technology ('MSTG'), Engineering and Quality Audit teams act as a Water Board to ensure that all new systems being procured are in line with internal standards. They provide support to all sites to address any challenges in existing water systems and build their capacity for regulatory audits.

Site specific Subject Matter Experts ('SMEs') have been identified to oversee implementation of this guideline at each site and have been certified on the same. For effective implementation, the Water Board undertook a three-day training programme for production, quality audit, quality control and engineering teams. This constituted a total of 4,000 manhours of training.

We undertake audits of our manufacturing locations to assess water usage and activities that have a high water footprint and identify avenues to increase our water efficiency and reduce consumption. These audits are comprehensive and are undertaken by external auditors. Our workforce is also provided with water efficiency training to enhance water conservation-oriented behaviour in daily operations.

Waste Management [26]

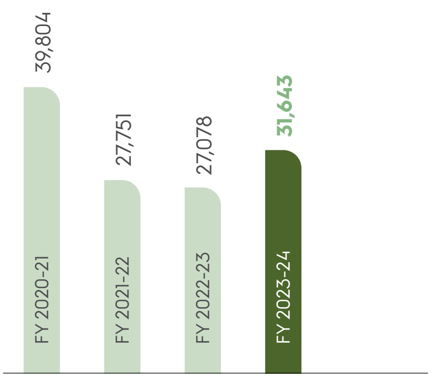
At Cipla, we are cognizant of the importance of proper waste management to prevent pollution and other adverse impacts. Our operations generate various types of waste including hazardous waste, non-hazardous waste, e-waste, biomedical waste, etc.

All waste generated is routinely tracked and recorded and are sent to third parties for recycling/ disposal in compliance with relevant government regulations. In FY 2023-24, we have undertaken an internal audit of our manufacturing locations for accurate classification of waste categories and identify opportunities to reduce waste generation.

Waste generated at our locations are disposed through authorised recyclers, authorised Treatment, Storage and Disposal Facilities ('TSDF') and co-processing facilities. Thermal destruction methods are implemented at TSDF and co-processing facilities for safe disposal of waste. Co-processed waste from our operations are used to produce Alternative Fuels and Raw Materials ('AFR') for the cement industry. Approximately 88% of waste from our global operations has been sent for recycling / reuse. We have also invested in the installation of volute press and ETP sludge dryers for further reduction of waste. Our workforce is also provided with focused training on waste reduction.

In FY 2023-24, a total of 31,643 MT[27] waste was generated from our global operations.[28] Our global waste intensity was 0.012 MT/₹ Lac of Revenue.

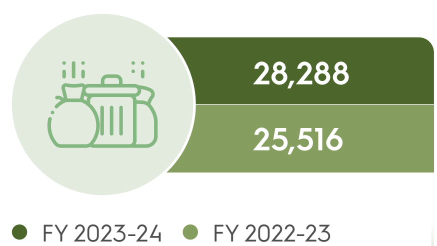
Global Waste Generated (in MT)



With respect to our India Manufacturing locations, the table below provides details on our trend of waste generation for the previous two years.

India Manufacturing Locations

Waste Generated ('MT')



[26]GRI 306-1, 306-2 and Information in line with BRSR Question no. 9 and 10 under essential indicators of Principle 6

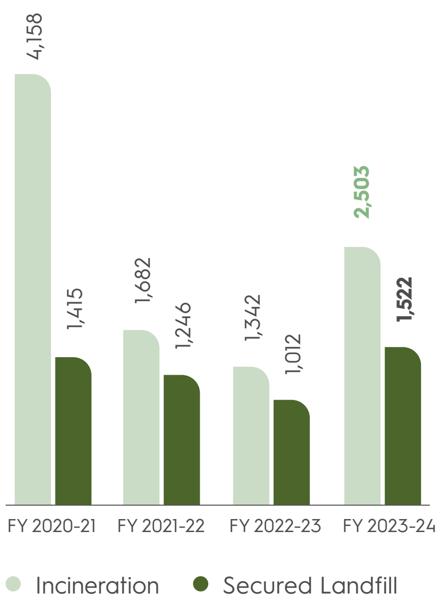
[27]GRI 306-3 and Information in line with BRSR Question no. 9 under essential indicators of Principle 6

[28]We have increased our reporting boundary to include an additional 15 subsidiaries as compared to FY 2022-23. These subsidiaries account for an estimated 1.17% of our total waste generated. We have also included waste generated data from our warehouses in India. This accounts for an estimated increase of 6.6% of our total waste generated. Further, we have included ash from briquette usage from our Kurkumbh units in the reporting year, accounting for approximately 6.23% increase of our total waste generated compared to last year.

Waste Directed to Disposal[29]

In FY 2023-24, total waste directed to disposal from our global operations amounted to 4,025 MT. Of this, 501 MT was construction and demolition waste, which has led to an increase in waste disposed to landfill as compared to last year.

Waste Directed to Disposal (in MT)



We are committed to achieving Zero Waste to Landfill for our Indian Manufacturing Locations by December 2025. We aim to achieve our target by increasing the amount of waste that is recycled or co-processed, thereby reducing the amount that is sent to landfill.

In FY 2023-24, 1,229 MT of waste was sent to landfill (including 422 MT construction & demolition waste), representing 4% of the waste generated from our India manufacturing operations.

As of 31st March 2024, our manufacturing units in **Goa have been certified as Zero Waste to Landfill by an external accreditation agency.** We plan to undertake external certification of all our India manufacturing operations by FY 2024-25.

Zero Waste to Landfill Certification

Our Goa manufacturing locations have been **Zero Waste to Landfill Certified by an external body in FY 2023-24.** For our Goa – I site (comprising of four units), diversion rate for non-hazardous waste is 99.99% (Platinum Diversion Rate) and hazardous waste is 97.30% (Platinum Diversion Rate). Similarly, for Goa – II (comprising of six units), diversion rate for non-hazardous waste is 99.98% (Platinum Diversion Rate) and 99.40% (Platinum Diversion Rate) for hazardous waste. At our Goa – II site, we have installed a sludge dryer to reduce ETP sludge by removing excess moisture, which in turn aids in reduction of hazardous waste. As a result of this installation, sludge volume is likely to reduce by 87.5%.

Waste Diverted from Disposal[30]

We make focused efforts to divert our waste from disposal via recycling and other disposal methods. 22,374 MT of waste was recycled and reused for FY 2023-24. Further, 5,828 MT of waste was diverted from disposal through other recovery operations.

The table below provides details on our waste diverted / disposal by channels-

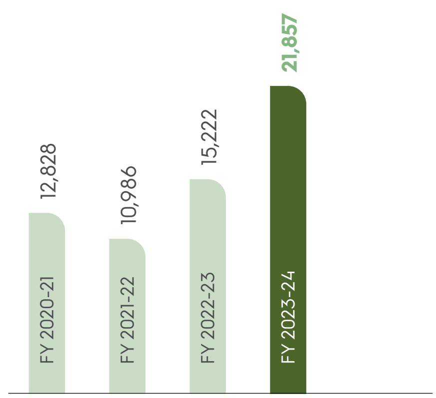
Waste Channel	Total Waste Quantity (MT)	Percentage
Buy Back	121	0.38%
Co-processing	1,187	3.68%
Incineration ('TSDF')	2,503	7.77%
Pre-processing	669	2.08%
Sold as scrap	3,851	11.95%
Sold to authorised recycler	22,374	69.43%
Waste to Secure Landfill ('TSDF')	1,522	4.72%
Total	**32,227**	**100%**

[29]GRI 306-5
[30]GRI 306-4. and Information in line with BRSR Question no. 9 under essential indicators of Principle 6

Channelising Waste to Value[31]

For FY 2023-24, we collected plastic waste equivalent to 100% of its pre- and post-consumer plastic waste generated, which amounted to 21,857 MT. Of this, 16,250 MT was recycled, 3,900 MT was sent for co-processing and 1,708 MT was sent to a waste to energy plant. We undertook an external audit of our Extended Producer Responsibility channel partner. For FY 2024-25, we aim to maintain 100% EPR compliance for pre- and post-consumer plastic waste.

Plastic Waste to Value (in MT)



As a result of the plastic collected and channelised for FY 2023-24, this is equivalent to the following savings-

1,63,953 MWh

energy saved

3,08,982 KL

of water consumption reduced

26,371 tCO_2e

of GHG emissions avoided

Product Lifecycle Assessment[32]

In FY 2023-24, we have undertaken Product Carbon Footprint ('PCF') assessment of four anaesthetic inhaler products i.e., Sereflo Ciphaler DPI 500mcg inhaler, Sereflo pMDI 125/25mcg inhaler, Kelhale pMDI 100mcg inhaler and Becloformo pMDI 100mcg inhaler manufactured across two of our India manufacturing units - Indore and Goa. This assessment along with Life Cycle Assessment ('LCA') was carried out in accordance with ISO 14067 and ISO 14040/44 Standards including the four phases - goal and scope definition, life cycle inventory analysis, life cycle impact assessment and life cycle interpretation.

The four anaesthetic inhaler products were identified and finalised based on a few critical factors. Three of the four inhalers use propellants in its usage. Based on our assessment of our GHG emissions from our operations, propellants have been identified as the greatest contributor to our Scope 1 and Scope 3 emissions. Furthermore, these products are going to the UK market, which is characterised by strict and evolving regulations with respect to environmental impact. Hence, to comply with existing and upcoming regulatory requirements, we selected these inhalers for assessment.

This assessment was undertaken to quantify the life cycle greenhouse gas emissions covering cradle to grave stages of the four products, identify the hotspots and mitigate actions as well as communicate them to the external stakeholders. By systematically evaluating the environmental impacts across the product life cycle, valuable insights were gained to support sustainability efforts and informed decision-making.

Impact categories covered through this assessment included abiotic depletion (elements and fossils), acidification potential, eutrophication potential, global warming potential (GWP 100 years), excluding biogenic carbon, human toxicity potential, ozone layer depletion potential, photochemical ozone potential, primary energy demand from renewable and non-renewable sources, blue water consumption. These impact categories are in line with CML - August 2016. Furthermore, in line with ISO 14067, based on IPCC AR6, the assessment also included impact categories of aircraft emissions, biogenic GHG emissions as well as removal and emissions due to land change usage and fossil fuel GHG emissions.

In the case of pMDI inhalers, majority of the emissions associated with these products arises due to the propellant's global warming potential when released into the atmosphere. This is followed by impacts from the cradle to gate phase which were predominantly caused by the manufacturing process. Similarly, in case of DPI inhalers, majority of the emissions arise from the cradle to gate phase due to the consumption of electricity in the downstream transportation of the product to the market.

Our Summary Report on the Product Life Assessment undertaken can be accessed here:
https://www.cipla.com/sites/default/files/Product_Carbon_Footprint_of_Inhalers.pdf

[31]Information in line with BRSR Question no. 4 under essential indicators of Principle 2
[32]Information in line with BRSR question no 1 and 2 under leadership indicator of Principle 2

Managing Toxic Chemicals[33]

We have established a formal process of evaluating the inherent hazards of chemicals, raw materials, intermediates & potential exposures while handling. This is done through qualitative and quantitative assessments to monitor exposures to humans & the environment. We use similar comparable methodology as International Council for Commercial Arbitration ('ICCA') guidance on Chemical risk management for mitigating risk of exposure to pharma compounds. These processes are further supported by skilled and experienced inhouse toxicology and hygiene experts.

Our risk assessment includes characterising the hazards & determining the exposure potential based on quantity, duration of operations, properties of material & occupational hazard band of the material. Subsequently, a set of containment control strategies is applied to handle the said material/ product. We attempt to keep the exposure as low as practicable by investing in effective engineering and administrative control. The controls required at different manufacturing stages are identified at the stage of new product introduction with a documented risk review of the product exposure and handling through toxicology and industrial hygiene functions. These controls are then implemented at site after review by the site EHS team.

We are subject to REACH Regulations with respect to shipping of our products to REACH regulated countries. Strict compliance is maintained with this for all relevant products. However, in line with clause 2.2.3.2 of the REACH Registration Guidelines, we are not required to register our products. None of our products contain any substances on the Candidate List of Substances of Very High Concern ('SVHC'). All our products undergo robust quality checks and testing prior to market release.

Biodiversity Conservation

In FY 2022-23, Cipla became a signatory to the India Business and Biodiversity Initiative ('IBBI'). Aligned to this, we have set objectives for our India Manufacturing units to assess and address risks related to biodiversity loss and create opportunities for sustainable value creation. We have developed our Taskforce on Nature-related Financial Disclosures ('TNFD') report which is one of a kind in the pharmaceuticals sector.

We have developed a robust Biodiversity Policy to further demonstrate our commitment to preservation and protection of our the environment. The policy can be accessed here: https://www.cipla.com/sites/default/files/2024-07/biodiversity_policy.pdf

We undertook an assessment of our India manufacturing units in FY 2023-24 to assess nature related gaps and to identify the impacts and dependencies on nature. The study aimed to develop a Technical Standard on Biodiversity, a detailed Biodiversity Action Plan, a monitoring mechanism to help the operations in reducing impacts on Biodiversity and Ecosystem Services ('B&ES') as well as measure the progress during various stages of project development. The risk assessment on biodiversity and ecosystem was based on the TNFD risk and opportunity assessment approach ('LEAP'). We have extended our commitment to biodiversity protection beyond our operational locations through assessment of biodiversity in and around the watershed projects implemented at two states in India. On completion of the watershed projects, we will undertake further biodiversity assessment to gauge and identify the impact of our initiatives.

The scope of this assessment included 37 of our manufacturing units across India and adjacent areas to these locations to understand the potential impact and dependencies our operations may have on nearby biodiversity and ecosystem services. All sites were assigned a score based on identified categories and risk types in line with various national and global standards like IUCN RET species and their habitats, IFC PS 6, Environmental clearance requirements as per EIA notification 2016, Wildlife Protection Act 2022, TNFD Framework. Our detailed TNFD and Biodiversity Risk Assessment Summary report can be accessed here: https://www.cipla.com/sites/default/files/taskforce_on_nature-related_financial_disclosures_tnfd_report.pdf

The study demonstrated critical opportunities for enhanced biodiversity conservation including implementation of the Biodiversity Action Plan at a site level and adoption of the principles of Mitigation Hierarchy at the initial stages of a project and incorporation of nature-based solutions to reduce financial costs and exposure to potential nature related risks. We place critical focus on reforestation and afforestation along with water conservation to nurture flora and fauna. In Indore we have undertaken an afforestation program on a plot of 40 hectares along with the local government. As a result of this initiative, a total of 20,800 trees have been planted for positive biodiversity impact.

[33]Information in line with BRSR question no 10 under essential indicator of Principle 6

Financial Capital and Management Discussion and Analysis

Strategic Focus Areas

- Shareholder value
- Productivity & Profitability
- Capital Allocation
- Strategic Investments

Contribution to Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Highlights for FY 2023-24:

13%

Increase in consolidated revenue year-on-year (YoY)

17% YoY

R&D spend increased by

16%

PAT margin
Highest achieved till date

31%

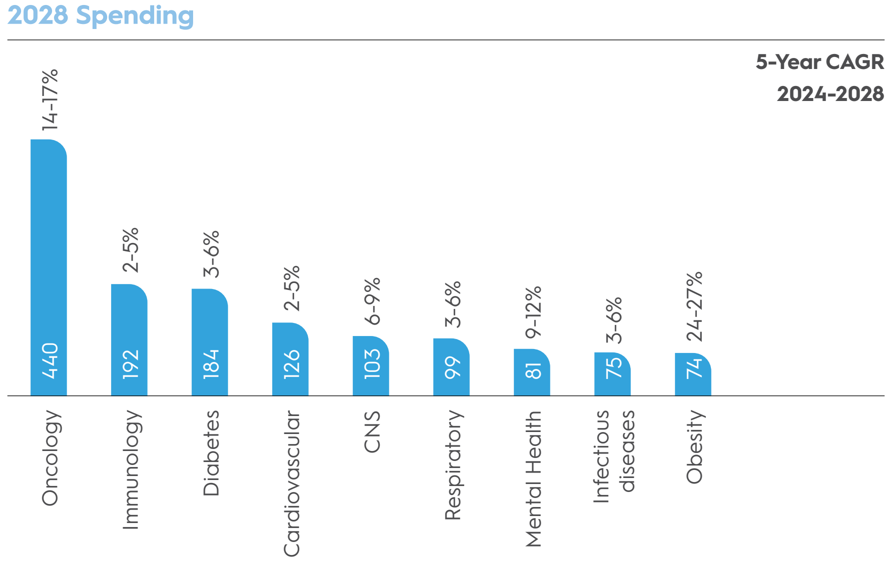
Highest Return on Invested Capital (RoIC) % achieved till date

Global overview

As per IQVIA report, the global medicine market is expected to reach USD 2.3 trillion by 2028, growing at a 4-year Compound Annual Growth Rate ('CAGR') of 5% to 8% over the period of 4 years (2024-2028). Higher global spending growth occurred in key regions after the pandemic, particularly in 2023 in North America. Oncology and obesity will lead growth through 2028, while immunology and diabetes growth will slow down.

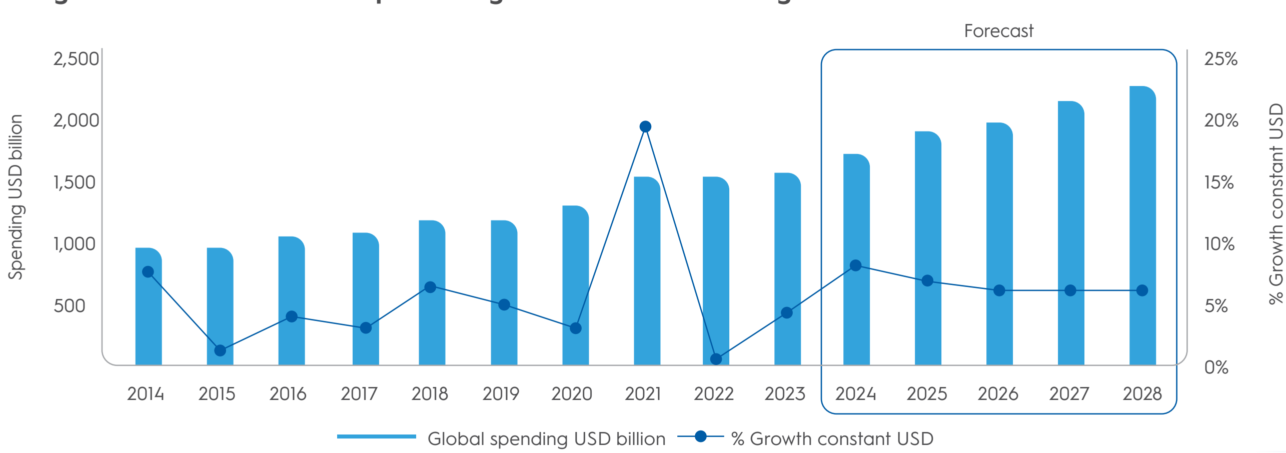
Global oncology spending is expected to reach USD 440 billion by 2028, with growth accelerating from novel drugs. Diabetes spending growth is in the low single digits in most developed markets, with some, like the United States experiencing declines. This trend is largely due to a shift towards obesity management. Meanwhile, new therapies in Alzheimer's and anxiety/depression are anticipated to drive spending growth in the neurology sector.

Top 20 therapy areas in 2028 in terms of global spending with forecast 5-year CAGRs, const USD billion



Source: IQVIA Forecast Link, IQVIA Institute, December'2023.

The global medicine market is expected to grow at 5–8% CAGR through 2028 to about USD 2.3 trillion



Source : IQVIA Market Prognosis, September, 2023; IQVIA Institute, September, 2023.

Cipla is moving in line with the global trends

Respiratory

One India business leads in respiratory, ranking no. 1 with a market share of ~25% and growing at healthy ~10% as per IQVIA MAT March 2024. In North America, Cipla is the fourth largest player in terms of number of prescriptions as per IQVIA MAT March 2024. Albuterol continued to retain its market share in the range of 12-13% during the year. In FY 2024-25, the Company has adopted a strategy to improve its market share by few percentage points. As per IQVIA April 2024, market share has already scaled to 15.5%.

Oncology

North America has consolidated its oncology portfolio with gRevlimid and Lanreotide. Lanreotide is scaled up by achieving a market share of ~21% as per IQVIA February 2024, which is a benchmark in 505(b)(2) market. This product will be further boosted by launch of generic version of Lanreotide injection. gRevlimid continues to be a key part of our oncology portfolio.

Other Chronic therapies

India branded prescription business boosted its presence in Diabetes and Central Nervous System ('CNS') therapies by entering into in-licensing partnerships with Novartis for 'Galvus' and Sanofi India for CNS portfolio. Cardiac is growing at double-digit as per IQVIA MAT March 2024.

On a long-termbasis, the Company has also planned to bolster its existence in 505(b)(2) and Oligonucleotides assets along with one Global Biosimilar asset in early stage of development. The Company also aspires to become Future Fit by investing in new age therapies like Mental health and Obesity.

Company overview

Cipla's relentless commitment and contribution over the last 88 years towards improving healthcare outcomes and standards of care have positively impacted the lives of patients globally. The Company's purpose of 'Caring for Life' enables us to deliver unmatched capabilities across the care continuum in various therapeutic areas, including the widest range of drug-device combinations and cementing its position as a lung leader in India and other key emerging markets. The Company has elevated its business models, remodelled its portfolio and expanded its footprint to strengthen its competitive position in key geographies.

Cipla continues to invest in automation and digitalisation to drive sustainable efficiencies across its portfolio selection, manufacturing, supply chain and quality operations. The Company has also consistently invested in talent to nurture an agile, innovation and excellence-focused culture. Cipla continues to maintain a robust quality management system to ensure full compliance with regulatory requirements. For manufacturing, the Company possesses advanced capabilities which produce high-quality products exported in various regulated and emerging markets. In Research and Development ('R&D'), over the medium term, clinical trials for respiratory products, peptide injectables and biosimilars are likely to gradually inch-up spends. Cipla continues to put significant efforts in moving up the innovation curve by leveraging data science and digital technology in R&D coupled with best-in-class commercialisation. With the Company's growing scientific understanding of rare diseases, it shall continue to introduce ground-breaking therapies to give patients their new beginnings.

Cipla has been at the forefront of offering complex products at affordable prices, representing core purpose of 'Caring for Life', serving patients with innovative respiratory drug-device combinations, complex formulations and broad-spectrum capabilities in injectables, oral solids and inhalation amongst others. The Company takes a balanced and structured approach between leveraging opportunities and managing the overall risk exposure. Cipla's team across the world works tirelessly every day to ensure that the Company delivers on patient expectations, builds fundamental strengths in core areas of operations and identifies opportunities and trends to deliver superior shareholder value. Over the last few years, the businesses have surpassed the stakeholder expectations by continuing rigor on portfolio execution and financial discipline to drive higher profitability, improved cash flow generation and return on investment. Cipla endures to focus on reinforcement of its core franchises while venturing into newer portfolios of complex generics, co-developing biosimilars, new therapies, inhalation devices, diagnostics solutions, new age technology platforms and digitised business models. Consumer business is growing steadily and has contributed significantly to global consumer franchise, backed by deep consumer insights and innovation. The Company is focused on creating solutions to address the unmet needs of consumers across various categories including pain, cold & cough, smoking cessation, gut health, skincare, feminine hygiene, etc. Recent acquisition of Actor Pharma (Pty) Limited in South Africa and OTC brands acquisition of Ivia Beaute including Astaberry® in India are tracking in-line with its Global Wellness Agenda.

Evolving framework across key regulated markets

In 2023, global regulatory bodies accelerated on-site regulatory inspections to reduce the backlog of approvals that had accumulated during the COVID-19 pandemic. Approvals for novel drugs, first generics, novel biologics and biosimilars continued across countries to ensure that patients have continued access to chronic medications. In addition, the following key factors are impacting the global pharmaceutical economy:

Localisation

Local production of pharmaceuticals plays a vital role in maintaining resilience of national healthcare systems, especially when it comes to facilitating access to needed medicines and decreasing exposure to imports and international supply chains. Pharma is a research-intensive industry and the systemic lack of governance and support to R&D activities in this sector, among other host of related issues such as unsupportive regulatory regimes and human resources capacity limitations, is one of the major impediments to the diversifying of locally produced pharmaceuticals portfolio.

US Inflation Reduction Act

The Inflation Reduction Act, August 2022, resulted in groundbreaking changes in the U.S. pharmaceuticals market, as it includes measures to prevent increases in drug prices from surpassing inflation. The legislation to reform Medicare's drug-pricing policy includes two main components: price negotiations, which allow Medicare to negotiate lower drug prices directly with manufacturers and a higher inflationary cap, which sets limits on price increases to protect against excessive price hikes.

National List of Essential Medicines ('NLEM'), 2022 - Indian Pharmaceutical Market

In a bid to make drugs affordable, Ministry of Health and Family Welfare revisits and revises National List of Essential Medicine ('NLEM') every five years. The NLEM 2022 was released by the Ministry in September 2022, a revision to the previous NLEM 2015 (delayed by around two years due to the pandemic). Pricing of several antibiotics, vaccines, anti-cancer drugs and many other important drugs have become more affordable, effective from 11th November, 2022. The NLEM focuses on aspects such as safety, efficacy, availability and affordability. It comprises of 384 drugs across 27 categories. While the 2022 list has 34 new drugs, 26 drugs from the 2015 list have been removed. Cipla is compliant with the Drug Price Control Order ('DPCO') and ensures adherence to pricing regulations set by the government. The Company is committed to patient well-being by prioritising patient-centricity, affordability and accessibility through the production of high-quality medicines.

Uniform Code for Pharmaceuticals Marketing Practices ('UCPMP') 2024

The Department of Pharmaceuticals has released the Uniform Code of Pharmaceutical Practices ('UCPMP'), 2024 on 12th March, 2024 to the pharmaceutical associations in the country who in turn have to ensure the compliance to the same by the member companies. UCPMP 2024 is a quasi-judiciary code and provides mandatory guidelines to be followed with respect to the interactions between pharmaceutical companies and healthcare professionals. The objective of this code is to enhance ethical conduct and bring more transparency to the marketing practices of pharmaceutical companies. Cipla recognises the new UCPMP guidelines and is adhering to them by incorporating them as an integral part of its internal guidelines and processes.

Increased quality focus in Indian Pharma market

In the post-COVID-19 world, the focus is to ensure that best quality standards and drugs made in India must also align with these changing standards. The Health Ministry has made regulatory changes to make marketing companies who outsource manufacturing of products equally responsible for quality, at par with their in-house products.

National Medical Commission ('NMC')

The National Medical Commission ('NMC'), registered medical practitioner (Professional Conduct) Regulations, 2023 was notified in the Gazette of India on 2nd August, 2023. Key highlights of the regulations included the mandate for prescription drugs only by their generic names, rather than by brand. However, vide notification dated 23rd August, 2023, the said regulations have been kept in abeyance by NMC until further notification in the Official Gazette. The Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations 2002 shall, therefore, continue to be in force.

Medical Devices

In 2023, Indian government has published the National Medical Devices Policy, with a mission to boost domestic growth of the medical devices sector and provide affordable and good quality medical devices to global population. In response to this, Cipla has identified key focus areas in medical devices that will compliment and solidify its leadership position in respiratory devices. The Company has streamlined internal regulatory frameworks and overall device strategy for domestic and export markets.

USFDA Inspections

In FY 2023-24, there were 52 regulatory inspections conducted across Cipla. The inspections were conducted by major regulatory authorities such as USFDA, MHRA, German Health Authority, EMA (Europe),MOH (Egypt), SUKL (Czech Republic), TGA (Australia), PMDA (Japan), Anvisa Brazil, WHO Geneva, CDSCO and local FDA.

Artificial intelligence

Artificial Intelligence ('AI') potentially offers once-in-a-century opportunity for businesses. This technology, if estimates are to be believed, could generate USD 60 billion to USD 110 billion every year across the pharma industry value chain - research, clinical development, operations, commercial and medical affairs. Artificial Intelligence ('AI') technology creates value through its ability to synthesise diverse sources of data, both structured and unstructured and generate bespoke visual, textual and even molecular content. Though pharma companies have long been using AI to simulate mechanism of disease, AI revolution promises unheard effects on human health and well-being in the areas of accelerated drug discovery process, personalised treatments. Cipla has started experimenting with this technology, primarily in the areas of customer engagement and operations. Starting next quarter, Company anticipates AI embedded initiatives across the organisation.

Financial capital

Cipla's strong financial management system combines several financial functions, such as accounting, fixed-asset management, revenue recognition and payment processing. By integrating these key components, it ensures real-time visibility into the financial state of the Company while facilitating day-to-day operations, like period-end close processes. This approach creates long-term value for all stakeholders including customers, investors, employees and the communities in which it operates.

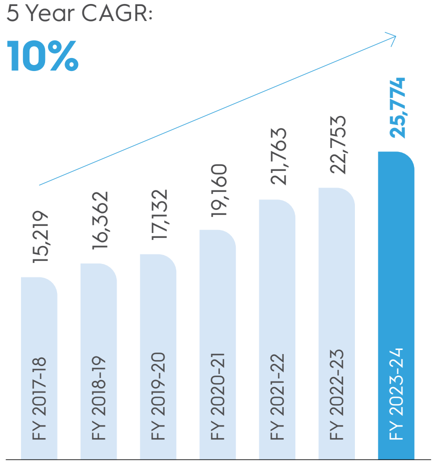
Revenue from operations*

In FY 2023-24, the Company reported revenue of ₹25,774 crores (FY 2022-23: ₹ 22,753 crores) and grew by 13% on a YoY basis. This performance was supported by growth in focused portfolios of One-India, North America and South Africa.

Revenue from Operations (in ₹ crores)

5 Year CAGR:

10%



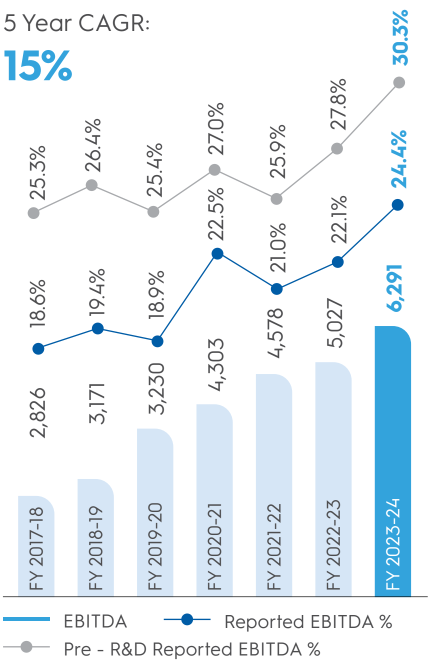
Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA')[1]:

In FY 2023-24, the Company reported EBITDA of ₹ 6,291 crores (FY 2022-23: ₹ 5,027 crores) with EBITDA margins of 24.4% (FY 2022-23: 22.1%). This 230+ bps expansion was driven by product mix, continued rigor on cost and operating efficiency while continuing focus on growth linked investments.

[1]EBITDA = Revenue from Operations - (Cost of Material Consumed + Purchase of Stock-in-Trade + Changes in inventory of Finished Goods, Work-in-Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses)

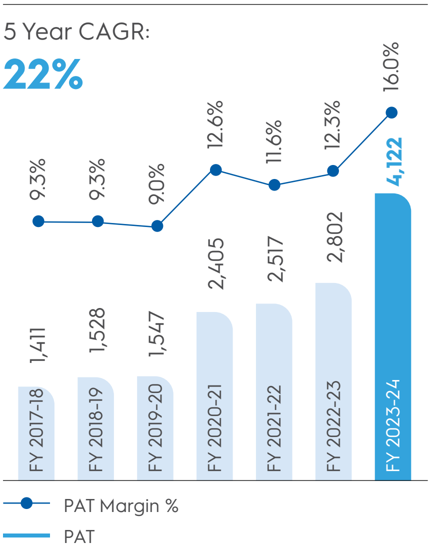
*GRI 201-1

EBITDA and EBITDA margin
(in ₹ crores) & (%)



Profit after tax: The Company has achieved the highest Profit After Tax ('PAT') to date, amounting to ₹4,122 crores (47% YoY growth), a testament to the Company's ability to generate profitability, while simultaneously fulfilling social responsibility.

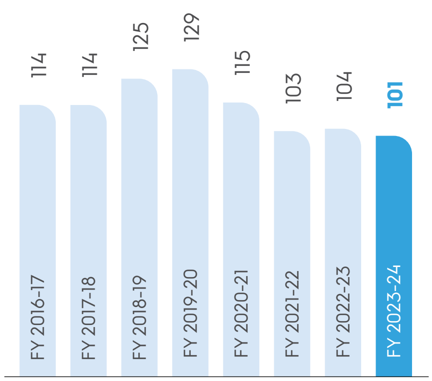
PAT and PAT Margin
(in ₹ crores) & (%)



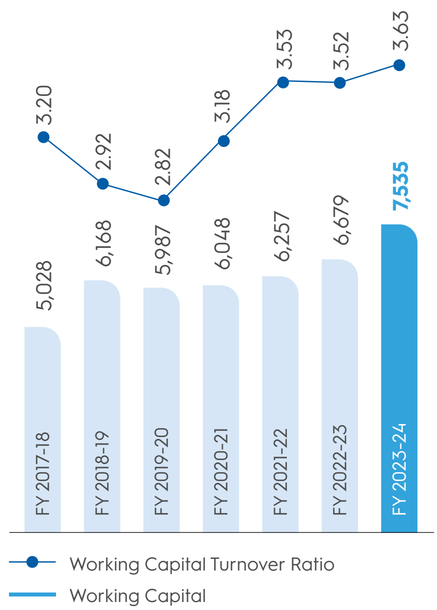
Optimizing working capital and cash conversion cycle

Cipla has consistently prioritised effective working capital management, implementing targeted initiatives to manage inventory, receivables and payables. In FY 2023-24, the Company was committed to enhancing liquidity and mitigating risks associated with supply disruptions by taking proactive measures to ensure the timely collection of receivables, maintaining sufficient stock of essential raw materials and finished products and extending support to its suppliers and distributors, as necessary. Such efforts help to ensure that the markets have adequate supply of products, so that consumers can access products conveniently and continually.

Cash Conversion cycle (Number of days)[2]



Working Capital (in ₹ crores) and Working Capital Turnover Ratio[3]



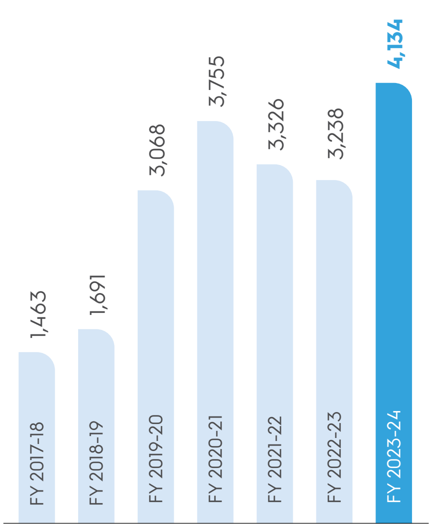
Cash flow from operations and free cash flow

Record profits and improved cash conversion cycle enabled the Company to maintain consistent cash generation. The Company is pleased to announce an increase in dividend per share from ₹8.5 in FY 2022-23 to ₹13 in FY 2023-24 in order to maximize shareholder returns.

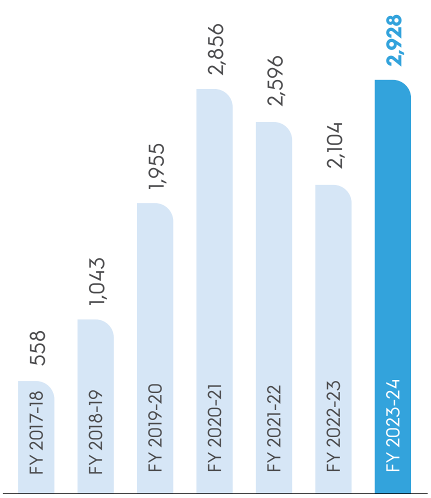
[2]Cash Conversion Cycle = Average Working Capital ÷ Revenue Per Day
[3]Working Capital = Trade Receivables + Inventory – Trade Payables I Working Capital Turnover Ratio = Revenue ÷ Average Working Capital
During the current year, the Group has restated the comparative financial information for 31[st] March 2023, due to change in classification of accrued expenses (included in other financial liabilities) to trade payables amounting to ₹ 77.47 Crores as required under schedule III. The impact of such reclassification/regrouping is not material to the consolidated financial statements.

The trends in cash flows are highlighted below:

Cash Flow from Operations (in ₹ crores)



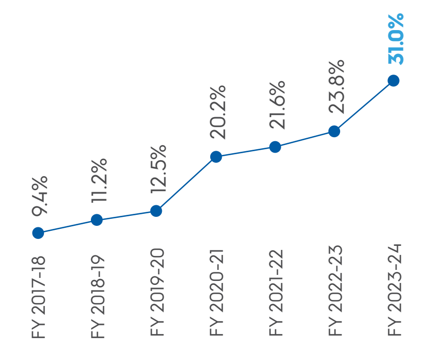
Free Cash Flow[4] (in ₹ crores)



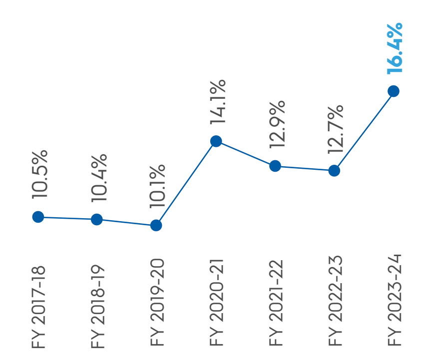
Sustained value creation

Effective capital management is also reflected in rising Return on Invested Capital ('RoIC') and Earnings per share ('EPS') ratios and a stable trend in Return on Equity ('RoE') ratio. These ratios reflect the Company's ability to generate higher returns for shareholders, allocate capital efficiently and sustain profitability. Such trends highlight Cipla's commitment to maximising shareholder value and solidifying its position as a financially robust organisation.

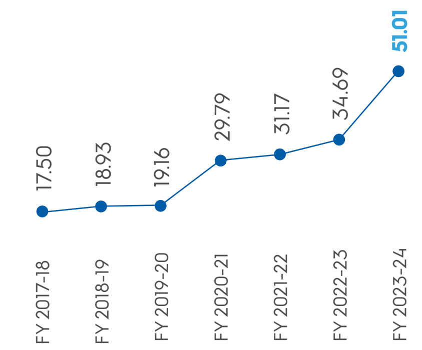
Return on Invested Capital[5]



Return on Equity[6]



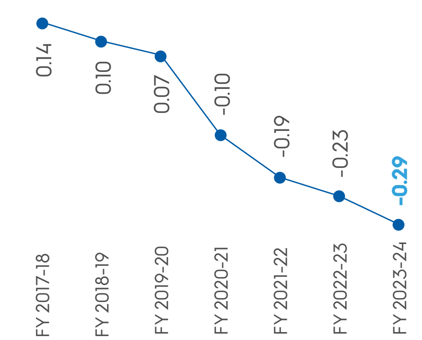
Diluted Earnings Per Share ('EPS')



Reduced Net Debt ratios

Cipla's financial prudence and commitment to sustainable growth is evident in negative net debt to equity and net debt to EBITDA ratios, as well as a favorable increase in the Interest coverage ratio.

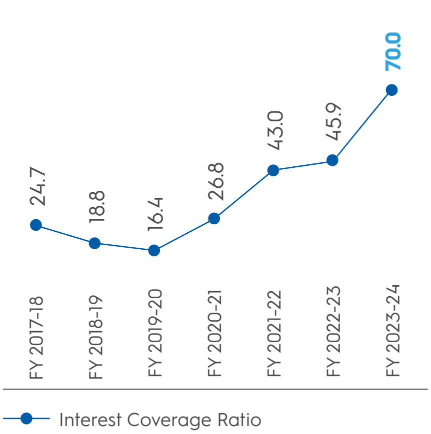
Net Debt to Equity ratio[7]



[4]Free cash flow = Cash flow from operations (net of tax) + interest income - interest expenses – capex (tangible and intangible)
[5]RoIC = EBITDA - depreciation & amortisation ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowings)]
[6]RoE = PAT (after non-controlling interest) ÷ Average Shareholder's Funds (excluding non-controlling Interest)
[7]Total borrowings = Total debt + lease liabilities | Net Debt = Total borrowings less Cash and Cash equivalents including fixed deposits, current investments, margin deposits and excludes unclaimed dividend balances

Net Debt to EBITDA ratio

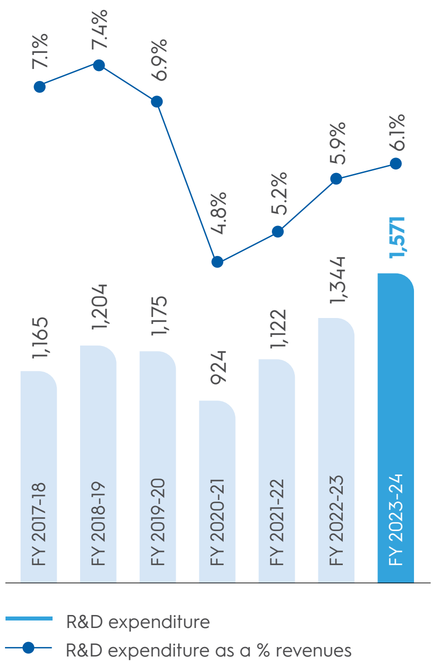
Interest Coverage Ratio[8]



R&D expenditures

In FY 2023-24, the Company's spend in R&D increased by about 17% which was ₹1,571 crores or 6.1% of revenues, reflecting its commitment to developing cutting-edge healthcare solutions and strengthening its position as a provider of high-quality, affordable medicines.

R&D expenditures (in ₹ crores) & (%)



The absolute trajectory of the spends and product filings remain intact, with all priority assets progressing well and other portfolio development efforts remaining on course.

Abbreviated New Drug Application ('ANDA') and New Drug Application ('NDA') Portfolio and Pipeline

(As on 31st March, 2024)

Approved ANDA and NDA	Tentatively approved ANDA and NDA	Under-approval ANDA and NDA	Total ANDA and NDA
164	32	81	277

Note: Cumulative 277 ANDA + NDAs Includes under approval, tentatively approved, approved ANDAs /NDAs/PEPFAR ANDAs for Cipla/InvaGen/Partner.

Employee expenses: Cipla's employee expenses for the year stood at ₹4,310 crores, an increase of 12.5% over FY 2022-23. The increase was largely due to annual increments and performance-linked components.

Other expenses: In FY 2023-24, the other expenses which included R&D, quality, sales and marketing, regulatory, manufacturing, etc. stood at ₹6,353 crores, increasing by 12.6% over FY 2022-23. The other expenses accounted for 24.7% of the revenue (FY 2022-23: 24.8%) due to YoY increase in IPD spends, professional fees and travel expenses.

Depreciation and Amortization: During FY 2023-24, depreciation and amortisation expenses stood at ₹1,051 crores (FY 2022-23: ₹1,172 crores). This includes impairment of intangible assets under development.

Finance cost: During FY 2023-24, finance expenses stood at ₹90 crores, which is in line with FY 2022-23 expenses of ₹110 crores.

Tax expenses: The effective tax rate stood at 27.1% for FY 2023-24.

Leverage position: Robust operating profitability and strong free cash-flow generation enabled the Company to maintain a healthy net-debt to equity ratio, improving it to 0.29 in FY 2023-24 (FY 2022-23: 0.23). Driven by relentless focus on cash generation and rigor on cost discipline, we continue to be a net cash positive Company as at March, 2024.

Operating Profit Margin (%): Operating profit FY 2023-24 stands at healthy 20.3% (FY 2022-23: 16.9%) majorly accounted by favorable product mix.

[8]Interest Coverage Ratio = EBITDA ÷ Total Finance Cost

Other key ratios:

Ratio	FY 2023-24	FY 2022-23
Interest coverage ratio	70.0	45.9
Debtors' turnover ratio	5.8	6.1
Return on Net-worth	16.4%	12.6%
Inventory turnover ratio	1.7	1.6
Current ratio	3.7	3.4
Debt-service coverage ratio	32.6	14.5
Net profit margin	16.0%	12.3%
Operating profit ratio	20.3%	16.9%

No material changes and commitments have occurred after the close of the year till the date of this report, which may affect the financial position of the Company. Interest coverage ratio and Debt-service coverage ratio have improved due to increase in EBITDA. Further, there have been no significant changes in other key financial ratios requiring disclosure and explanation as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Capital Allocation[9]

Cipla's management and the Board strives to optimize capital allocation based on business and financial parameters, ensuring a sustainable foundation for its operations. Shareholders play a crucial role in success, demonstrating continued trust and also providing the capital required for growth aspirations. The Company's capital allocation policy aims to strike a judicious balance between retaining cash for operations and contingencies, while also rewarding and creating value for shareholders.

The Board has a policy of dividend pay-out of up to 30% of consolidated Profits After Tax ('PAT'). Nonetheless, it retains the flexibility to recommend a lower dividend based on a comprehensive analysis of the business environment and other internal, external and regulatory factors.

Cipla recognises the importance of cash retention for its growth, expansion and diversification endeavors. The Company has a robust financial management process that assesses the requirement of funds for sustainable business operations and continues to strategically commit capital across value-accretive avenues and future growth levers.

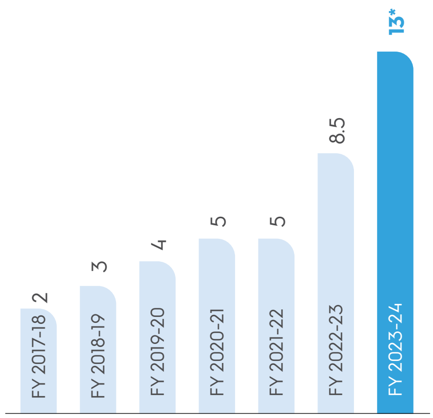
Organic and inorganic growth opportunities

Enhancements/ sustenance in manufacturing infrastructure

Working capital requirements

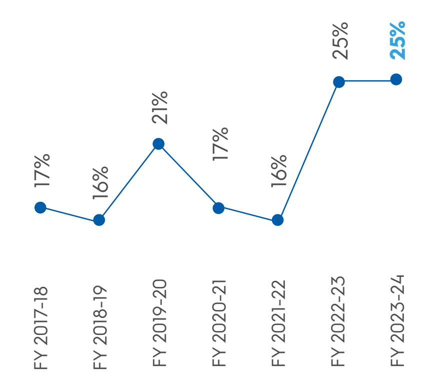
Research and development to strengthen portfolio

Dividend Per Share - trend (in ₹)



*Proposed dividend for FY 2023-24

Dividend Payout Ratio (in %)



To align the growth with the overall profitability it is proposed to increase the dividend per share to ₹13 in FY 2023-24 (FY 2022-23: ₹8.5 per share)

Financial Performance and growth in key markets

One-India

In FY 2023-24, the One-India business experienced significant traction led by strong core portfolio check - tail winds in branded prescription and trade generics businesses. Overall, the One India business grew 10% during the year. The focus for FY 2024-25 will be towards maintaining market beating growth, increase in the share of chronic therapies, traction in big brands, industry leading medical representatives' productivity and enhancing patient experience with digital analytics and data science.

[9]GRI 3-3

North America

Cipla's North America business delivered the highest-ever revenue of USD 906 million, growing 24% on a YoY basis. This was achieved through strong pipeline and execution, which has provided a well-defined balance to differentiated portfolio. Lanreotide is scaled up by achieving a market share of ~21% as per IQVIA February'2024 and Albuterol market share was in the range of 12-13% during the year as per IQVIA March'2024 robust strategy in place to improve this market share by a few percentage points. The Company continues to maintain strong serviceability levels across respiratory and complex portfolios. It expects the business to continue the growth path in FY 2024-25 led by traction in existing portfolio and new peptide launches.

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

Cipla continued to deliver market beating growth in private market (prescription and OTC). South Africa prescription business ranked no. 1 in the market as per IQVIA MAT March 2024. In line with strategy to strengthen global wellness portfolio, the Company acquired and integrated Actor Pharma (Pty) Ltd in FY 2023-24 to provide new growth engine to OTC business in South Africa. The focus for the upcoming financial year continues on growth with substantial margin improvement.

Emerging Markets and Europe

The region navigated extreme volatility, forex movement and geopolitical headwinds during the year. Revenues were flat YoY however, business was able to deliver growth on margins. The DTM business, where it has its own sales force and local team, is focused on driving growth across key geographies.

Active Pharmaceutical Ingredients ('API')

The API business faced headwinds due to a drop in demand in regulated markets, however, emerging markets continued showing traction. The business maintained high visibility in seedings and lock-ins.

Business performance and Outlook

One-India

Cipla's One-India business comprises of branded business, trade generics and consumer health business (incorporated under Cipla Health Limited). The One India Business posted a healthy growth of 10% for the year, propelled by traction in branded prescription and trade generics, while Consumer Health was impacted by seasonally slow market. The business continues to witness strong growth across core therapies which are likely to sustain in FY 2024-25.

Branded prescription business

Cipla's robust growth in the branded prescription business has continued in FY 2023-24, solidifying its position as an industry leader. Internally, India sales of Rx business grew at 11%, surpassing sales of USD one billion in FY 2023-24*. Cipla is currently ranked 2nd in chronic therapies, continues to grow faster than the market as per IQVIA MAT March 2024 and has maintained strong market shares and leadership positions in core therapies of respiratory, cardiology, urology and anti-infectives.

Key highlights

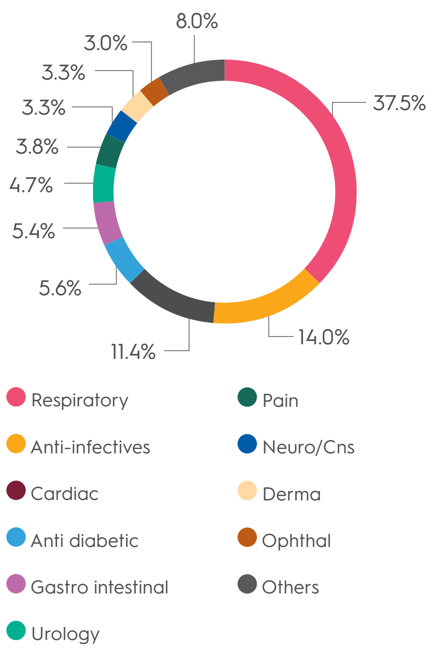
- Cipla's brand Foracort has become #1 brand of Indian Pharmaceutical Market ('IPM') as per IQVIA MAT March 2024.
- Market Share in Anti-Diabetics therapy, compared to FY 2022-23 has increased by 130 bps, driven by ILD brand, Galvus.
- Contribution of chronic to overall sales compared to FY 2022-23 has increased by 110 bps to 61%.
- Cipla now has 11 brands clocking ₹200 crores revenue as per IQVIA MAT March 2024 compared to nine in FY 2022-23, which is also the 2nd highest among all IPM players.

Therapy	Market rank	Market Share	Cipla Growth	Market Growth
Overall	**3**	**5.4%**	**8.0%**	**7.6%**
Chronic	2	8.6%	9.9%	9.7%
Acute	7	3.5%	5.1%	6.3%
Respiratory	1	24.6%	10.3%	2.7%
Urology	2	11.9%	13.0%	13.7%
Anti-infectives	4	6.7%	3.1%	4.7%
Cardiac	6	5.0%	11.3%	10.0%
Gastro-Intestinal	12	2.8%	-2.6%	7.2%
Anti-diabetics	9	3.4%	-0.5%	6.0%

Source: IQVIA MAT March 2024

*USD 1 billion business, converted at rate: 1 USD= ₹ 83

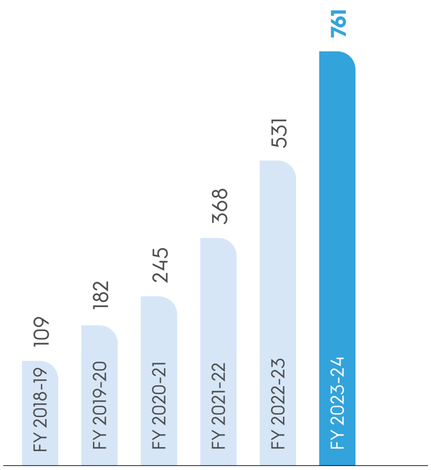
Therapy-wise share split of India Branded prescription business



Source: IQVIA MAT March 2024

Cipla has consistently strengthened & expanded its presence across chronic therapies through various strategic partnerships with global pharma companies. The In-licensing portfolio has reached 7% of overall One-India sales over the last five years. The collaborations include ventures with Novartis & Eli Lilly for anti-diabetes medication and with Roche for oncology treatments. In line with this strategy, recently Cipla has entered into a partnership with Sanofi to distribute and promote its CNS products in India. This portfolio was sized at ₹198.5 crores (IQVIA MAT March 2024) and is expected to be a strong contributor to strengthening presence in CNS segment in future.

Strong sales from Specialty In-Licensing (in ₹ crores)



*Note- Internal Sales numbers in ₹ Crores. Some ILD products have been transferred back to their parent companies; sales of these products is excluded here from the earlier years.

Branded prescription business Outlook FY 2024-25

India branded prescription business aims to sustain the upward momentum and is committed to enhancing core business through strategic measures such as outpacing market growth, concentrated emphasis on big brands, launching high value new products, increasing field presence across geographies & therapies, implementing market shaping initiatives and optimising mass market portfolio.

At the same time, focus will be on building new business by strengthening presence in emerging therapies and consumer segments, leveraging digital tools and analytics for improved engagement with doctors and launch of innovative patient centric initiatives.

Modification to National List of Essential Medicines ('NLEM') will affect pricing in the coming financial year also, coupled with no price growth in Drug Price Control Orders ('DPCO') products. The business is planning to mitigate the impact by focusing on volume led growth.

Trade generics business

In the FY 2023-24, the Trade Generics business unit at Cipla continued to thrive in a dynamic market environment, demonstrating resilience and adaptability in the face of challenges. Responded to competitive pressures in the market by implementing strategic initiatives to differentiate offerings and enhance value proposition. The trade generics business unit is now an independent subsidiary of Cipla under the name Cipla Pharma and Life Sciences Limited. The business also underwent a change in distribution model to consolidate channel and increase direct touchpoints for improved trade visibility and positioning the unit closer to the market.

Key Achievements

- This business vertical's growth is driven by consumerisation initiatives, new product launches and various marketing campaigns.
- Successfully expanded into new channels like retail to increase market share in existing regions with dedicated focus on the selected brands in growing categories.
- Implemented initiatives that enhanced customer experience and loyalty, leading to increased customer satisfaction at the retail and trade level.
- Entered the injectables market with over 35 products, contributing to business revenue and expanding market coverage. Additionally, partnered with multiple e-commerce platforms to enhance distribution and expand presence.

Trade generics business Outlook FY 2024-25

Looking ahead, the business unit aims to:

- Ensure smooth transition to new distribution model. Streamline operations and optimise processes to drive profitability and sustainability through newly formed distribution structure.
- The retail vertical is poised to make a significant impact in the Indian market, engaging with over 1.5 lacs retail and pharmacy stores.
- Investing in digital capabilities and digital marketing to reach a broader audience.
- Introducing new products to cater to evolving customer / patient needs.
- Expanding horizon of consumerisation initiatives to take more products closure to its users.

In the dynamic regulatory environment with uncertainty over governing trade margin rationalisation and increase in regional competitors, the business aims to continue fortification of its leadership position.

Consumer business

In India, Cipla's consumer health business is housed under its wholly owned subsidiary, Cipla Health Limited ('CHL'). In FY 2023-24, the business continued to drive "illness to wellness" theme led by brand building initiatives, deep distribution and category innovations.

Consumer reached			
Retailers*	**Grocers and others**	**Modern trade**	**E-commerce**
~5,20,000	over 85,000	9,500	11

*Note: Including pharmacies

The business crossed ₹1,000 crores mark in FY 2023-24 led by healthy traction in both core and emerging brands driven by high consumer awareness through robust media campaigns and in-depth consumer insights conducted throughout the year. The business has five core ₹ 100 crores+ brands and is well positioned for growth across brands.

CHL plays across all key channels including chemists, grocers, modern trade, e-commerce, quick commerce, cosmetic stores and also has D2C channels for consumer forward brands like Rivela Dermascience ('Skin Care'), Tugain Essentials ('Hair Care') and Endura Mass Range.

Top brands like Nicotex, Omnigel, Cofsils, Prolyte, Cipladine, Endura Mass, Maxirich continue to build a strong connect with their consumers through an "Always On Media" approach.

Brand	Therapy	Market Position
Anchor Brands		
Nicotex	Nicotine replacement therapy	#1*
Cofsils	Sore Throat	#2 **
Omnigel	Pain Care	#1 **
Cipladine	Medicated Ointments	#1**
Prolyte ORS	ORS	#2 **

Note: Market share as per latest market estimates (*IQVIA estimates as on February'2024 I ** AC Nielsen Estimates as on February'2024)

Consumer Business Outlook for FY 2024-25

- CHL will continue the growth momentum by making big brands bigger, strengthening current portfolio position in the market and build a formidable franchise to improve consumer's lives every day.
- CHL will focus on brand-building of existing brands while also exploring inorganic opportunities and strengthening its play in digital channels of growth.

North America

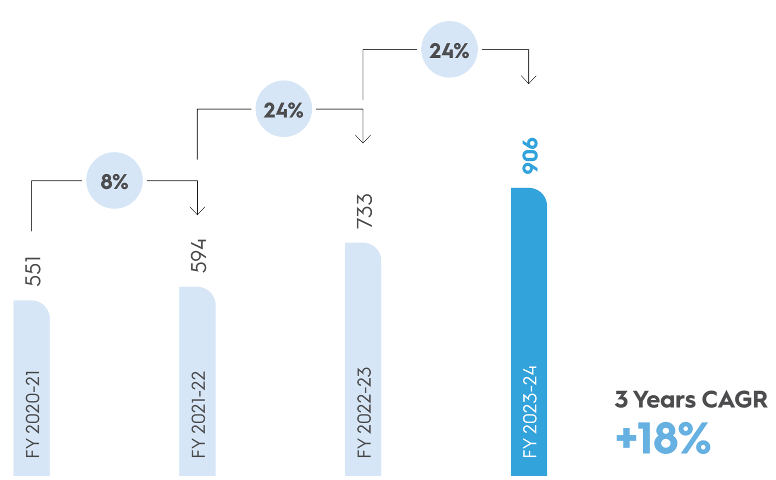
Cipla's North America business delivered highest ever revenue ever by scaling USD 906 million led by strong traction in the differentiated portfolio. The North America core formulation business contributes 30% of Cipla's topline, growing 24% YoY in FY 2023-24. This performance was achieved through successful commercial execution of Lanreotide and other low competition products in the portfolio. During the year, the business achieved 21% market share for Lanreotide as per IQVIA MAT February 2024 a 505(b)(2) and also launched Lanreotide generic ANDA recently in the oncology therapy area and continue to expand its presence in this segment, setting a new market share benchmark among the 505(b)(2) products that are launched in the US so far.

During the year, the Company has made further progress in building future pipeline and successfully filed ANDA for gSymbicort and gQVAR. The business is planning to launch ANDA version of Lanreodtide injection and three more peptide assets in FY 2024-25. Within the respiratory segment, the business continues to retain its market leading position in Arformoterol, 2nd in Budesonide respules market. In Albuterol, post retaining market share in the range of 12-13% throughout last financial year, the business is looking forward to implementing strategies to improve the market share. As a result, market share has improved to 15.5% as per IQVIA April 2024 with target to improve it further by few more percentage points. With a well-designed strategy of differentiated portfolio and commercial execution, Cipla continues to be one of the fastest growing generic companies in the US in last four years, amongst mid-size generics companies in the US market.

During the year Cipla USA Inc. got certified as "Great Place to Work" in the US. Cipla is the only generic Company to have achieved this recognition in the USA. In-line with its aspiration to expand the respiratory footprint, the business completed first Lung Force Walk in New York, USA in collaboration with American Lung Association and also kicked off a partnership with the COPD Foundation.

Market Segment	TRx Overall Market Rank	TRx Overall Market Share
Anchor Brands		
Albuterol HFA*	4	**12.9%**
Budesonide Solution	2	**26.7%**
Gabapentin Caps	3	**14.2%**
Esomeprazole Granules	1	**50.7%**
Arformoterol Inh. Sol.	1	**37.1%**

Source: IQVIA weekly TRx ending 29th March 2024
*Market share at 15.5% as per IQVIA April 2024



North America Outlook FY 2024-25

Near to medium term focus for the business is targeted on expanding the peptide portfolio through internal development and partnerships, strengthening high value complex generic pipeline and de-risking US portfolio. With focused investments in complex generics and consistent efforts to increase market share, the Company continues to expand its footprint in the US. We expect the business run-rate to continue in FY 2024-25 by investing in de-risking key pipeline products and capacity expansion for respiratory products in US through facilities in Fall River & Long Island. The business is also looking forward to supply respules from newly approved China facility.

Total UA/TA* March 2023	71
Filed in FY 2023-24	13
Final Approvals FA* & TA to FA in FY 2023-24	3
Withdrawals	1
Total UA/TA March, 2024	80

Note:* UA- Under Approval, TA- Tentative approval, FA- Final approval

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

FY 2023-24 delivered strong performance across multiple parameters. Despite an intensive competitive environment, SAGA landed at a revenue of USD 408 million with growth of 3%.

South Africa

Cipla South Africa continues to perform exceptionally well, marked by core revenue growth. Overall, the Cipla South Africa primary business grew by 11% in local currency terms; led by the exceptional performance in the private market. The private business contributed 82% to the overall revenue, with the balance contributed by Tender business.

Actor Acquisition

Cipla South Africa recently acquired 100% equity stake in Actor Pharma (Pty) Limited ('Actor Pharma') on 7th February, 2024, this is in line with Cipla's strategic vision and the ability to adapt to the changing market dynamics. Actor Pharma was a privately owned pharmaceutical Company in South Africa that was founded in 2009 and specialises in Consumer health and generic medicines. Actor Pharma established brand equity in consumer driven markets and has a solid pipeline of new launches in niche markets. The acquisition offers Cipla a high mix of OTC revenue and a portfolio that supplements Cipla's strengths.

By integrating Actor Pharma's business into operations, the business anticipates synergies that will optimise cost structures and bolster revenue streams. Additionally, the expanded market reach and diversified product portfolio resulting from acquisition will strengthen the competitive position, enabling to capture new opportunities. Key brands from Actor's current portfolio have potential to be big brands in near future.

Private Market – OTC and Rx Views

Private market business excelled beyond market trends with healthy secondary revenue growth of 11.2%, more than 5x the market growth. For the first time Cipla ranks 1st in prescription market with sustained rank of 3rd in OTC market, overall Cipla continues to be the 3rd largest pharmaceutical corporation in South Africa private market.

Cipla's OTC business and Rx business have grown ahead of the market increasing their market share in comparison to last year.

Market Segment	Market Rank	Market Share	Cipla Growth	Market Growth
OTC	3	8.6%	7.2%	-0.2%
Rx	1	8.7%	13.5%	3.4%
Total Market	**3**	**8.7%**	**11.2%**	**2.1%**

Source – IQVIA MAT March 2024

South Africa Private Market - Therapy View

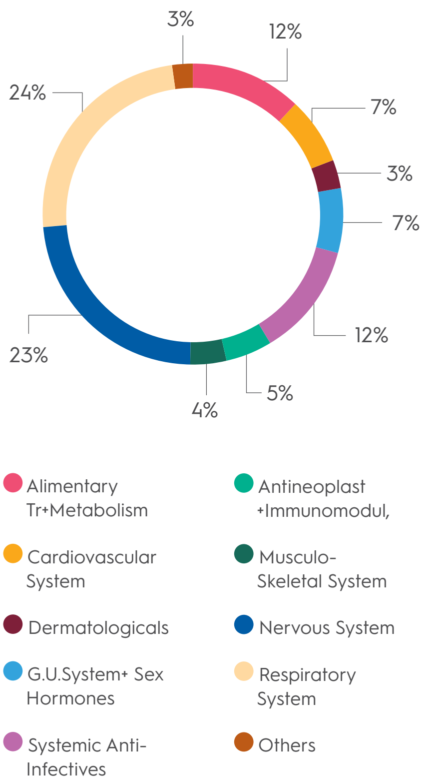
At a therapy level, Cipla has increased its market shares across key therapies including Respiratory, Nervous System, Antineoplast, System Anti-Infectives, Cardiovascular and G.U. System + Sex Hormones.

South Africa; rankings and market share across segments

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
Systemic Anti-infectives	1	11.4%	5.1%	0.5%
G.U.System+sex hormones	2	10.6%	30.6%	3.4%
Respiratory system	2	15.3%	4.3%	-3.1%
Nervous system	3	11.4%	9.3%	3.2%
Cardiovascular system	3	7.9%	6.0%	2.7%
Alimentary Tr+metabolism	3	6.2%	25.5%	2.1%
Musculo-skeletal system	4	7.3%	18.1%	1.8%
Antineoplast+immunomodul	5	7.0%	35.9%	6.9%

Source – IQVIA MAT March 2024

Therapy wise share split of Cipla South Africa Private Business



Source: IQVIA MAT March 2024

Top OTC Brands in South Africa Private Market

The following brands, account for ~34% of the FY 2023-24 revenue of OTC business unit and have reported a strong primary growth of ~12.4% (in ZAR) in FY 2023-24. In addition, it is a strong bounce back from FY 2023 with solid double-digit growth where market is flat.

Brand	Therapy	Revenue
Cipla Actin	Respi OTC	**ZAR 130+ million**
Coryx	Cough, cold & flu	**ZAR 95+ million**
Broncol	Cough, cold & flu	**ZAR 90+ million**
Asthavent	Respi OTC	**ZAR 85+ million**
Accurate	Pain management	**ZAR 80+ million**

(Basis IQVIA MAT March 2024).

Top Rx Brands in South Africa private market

The brands listed below account for approximately 42% of the FY 2023-24 revenue of the OTC business unit, with a strong primary growth of about 12.3% (in ZAR). This represents a robust bounce back from FY 2022-23, achieving solid double-digit growth in a flat market.

Brand	Therapeutic Group	FY 2023-24 YoY Growth%
Lexamil	CNS	**25.7%**
Epitec	CNS	**27.6%**
Uromax	Mens health	**33.2%**
Nurika	CNS	**3.1%**
Serdep	CNS	**15.0%**
Reydin	Infectious diseases	**62.5%**
Vusor	Cardio & diabetes	**19.7%**

(Basis IQVIA MAT March 2024).

New Products

New launches are a significant revenue growth driver in the South African private market, positioning Cipla for success in the coming years.

No. of brands launched

32

Primary Revenue

R84.3 million

Below are the major key launches in South Africa in FY 2023-24:

Brand	Therapeutic Group
Sagalatin	Cardio & diabetes
Colcin	Pain & other s2
Palbociclib	Oncology
Ondansetron	Oncology
Urton	Mens health
Pomalidomide	Oncology
Synglutra	Cardio & diabetes
Aubamide	Cns
Dasatinib	Oncology
Bupyra	Cns

Tender vaccines

This year also marked Cipla South Africa's entry into vaccines and was awarded Pneumococcal conjugate vaccine tender & Measles Rubella tender in FY 2023-24 for a tenure of three years. Vaccines supplied by Cipla to Department of Health would be used to treat approximately one million pediatric patients each year for next three years.

Cipla Select

Cipla launched 'Cipla Select' to promote products with high potential but low historical growth. Cipla Select continues to focus on the growth of its portfolio with minimal overheads while offering competitive, high-quality products to customers and patients. Cipla Select is showing consistent growth and has ignited the potential to build its portfolio of products to give a wider offering to customers in FY 2023-24 and beyond.

Mirren

Acquired in 2018, Mirren continues to be a strategic asset for Cipla as a key driver for its wellness business, while promoting the South African government's policy for local manufacturing in the pharmaceutical industry. Mirren continues to enhance its product manufacturing basket through various technology transfers. Having successfully completed significant productivity improvements, Mirren is committed to enhancing efficiencies, upgrading capacity and pursuing expansions.

BrandMed

Strategic cross-collaboration between Cipla and BrandMed is focused on optimising BrandMed to drive increased commercial business acumen and accelerate its growth journey. In 2019, Cipla Medpro South Africa (Pty) Limited acquired a 30% stake in BrandMed, a connected healthcare firm which develops software to seamlessly integrate a combination of connected solutions across the health continuum for patients, healthcare professionals, practices and institutions and aims to deliver personalised patient care. The Company's vision is to achieve better patient outcomes for non-communicable diseases ('NCDs') through digital monitoring of a patient's healthcare journey. The COVID-19 pandemic has evidenced the importance of digital healthcare solutions, bringing BrandMed solutions into sharp focus.

QCIL Divestment

After a thorough evaluation of Uganda business, strategic decision of divestment of the business was taken. Cipla sold 51.18% stake held in Cipla Quality Chemicals Industries limited QCIL to focus on capital allocation on growth projects to avoid overlapping portfolio. Cipla continues to provide lifesaving medicines in Africa via Cipla Global Access and will also continue to support QCIL by proving access to certain technology for pre-determined period.

Cipla Global Access ('CGA')

Cipla's revolutionary efforts and established alliances with global funding organisations have been at the forefront of extending the reach of affordable care for HIV/AIDS and Malaria patients since 2001. TLD (Tenofovir/Lamivudine/Dolutegravir 300/300/50) is the 1st line regiment for Anti Retro Viral ('ARV') treatment and has reached patients across the globe through various institutional agencies, with the focus on capacity expansion, efficient operations and addition to new customers. Cipla continues to deliver lifesaving medicines to 64 countries in FY 2023-24 with strong growth in TLD.

Sub Saharan Africa ('SSA')

Cipla's Sub Saharan Africa business is committed to bring innovative treatment solutions to the patients of Sub-Saharan Africa as a part of delivering its strategic goals. Through digitised innovation in asthma and Chronic Obstructive Pulmonary Disease ('COPD') diagnosis, the business is aiming to drive improved access to early diagnosis of respiratory diseases and as a result to further solidify the strong market share in the respiratory segment.

As per IQVIA MAT March 2024, Cipla delivered market-beating growth in Kenya, with a corporate ranking of seven, driven by capturing >10% market share in Gastrointestinal, Pain and Respiratory markets, demonstrating the soundness of the strategy.

SSA business launched its first diabetes product, initiating its growth journey in the chronic therapeutic category of cardiovascular and diabetes, the fastest growing therapy area in SSA markets. Furthermore, Cipla SSA is well positioned to continue to drive its rapid growth and expansion through the hard work delivered by the team in setting the foundation and driving a culture of execution excellence.

Outlook for the region FY 2024-25

South Africa

As we look ahead to the coming year, Cipla South Africa outlook is optimistic with the strategic opportunities. Building upon the success of the current year, we anticipate continued growth and expansion. The focus is to continue to maintain a strong market position and enhance its market presence in the private market through organic launches as well as deepening its footprints through strategic partnerships and collaboration. Business will also accelerate growth within the OTC segment fueled by Actor acquisition.

Sub-Saharan Africa also remains committed to bringing innovative treatment solutions to the patients of Sub-Saharan Africa while achieving its strategic goals. Focus on building Cardiovascular + Diabetes portfolio targeting three new launches in the upcoming year.

Cipla Global Access continues to deliver lifesaving affordable medicines in multiple countries and is targeting to launch new products and entering into new therapy areas with the goal of providing patients access to affordable medicines and launches related to oncology, anti tuberculosis and reproductive health.

Emerging Markets and Europe

In FY 2023-24, Emerging Markets and Europe delivered USD 373 million revenue despite some operational challenges and continued volatility across markets. However, the core focus markets continued to show a strong growth trajectory. Emerging Markets and Europe contribute 12% of Cipla's overall revenue. Profitability continues to improve over last year.

Key Highlights from Emerging Markets

- Cipla sold its entire stake of 51% in Saba Investment Limited, UAE ('Saba') to Shibam Group Holding Limited, UAE. Consequent to the sale, Saba and its subsidiaries viz Cipla Middle East Pharmaceuticals FZ LLC, UAE ('CME') and Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen ('Cipla Medica'), ceased to be subsidiaries of the Company.
- Cipla Maroc awarded as "Best Place to work in Morocco 2023".
- Cipla continues to hold leadership position in Respiratory segment at key markets like Sri Lanka, Nepal, Morocco [IQVIA MAT September 2023].

Portfolio Update:

Company's focus is to build future pipeline of differentiated products, both in-house and through licensing route, to drive growth in deep markets. In FY 2023-24. The Company continued to file 100+ products across markets.

Key Launches during FY 2023-24 across Emerging Markets and Europe

Molecules	Therapy	Geography
Salbutamol MDI	Respiratory	Paraguay, Singapore, Kazak, Morocco
Ertapenem Injection	Anti-infectives	United Kingdom, Spain
FPSM MDI	Respiratory	France, Italy, Paraguay
Beclo+Formo MDI	Respiratory	United Kingdom, Netherlands
Mometasone Nasal Spray	Respiratory	Mexico, Myanmar
Budesonide Respules	Respiratory	United Arab Emirates
Gefitinib Tabs	Oncology	Iraq

Emerging Markets and Europe Outlook for FY 2024-25

Emerging Markets and Europe shall continue to focus on deep markets to drive growth. Portfolio, on-time launches and meaningful partnerships will enable the business to deliver on growth aspirations.

Active Pharmaceutical Ingredients ('API')

With its 60+ years' experience in manufacturing APIs, Cipla has produced 200+ APIs of various complexities. The APIs are supplied to 50+ countries across the globe helping local pharmaceutical companies reach out to their patients. The Company continues to be a preferred partner to many large generic pharmaceutical companies globally due to its focus on niche molecules and manufacturing scale. A strong dedicated team of over 300+ scientists aid the Company to differentiate itself with the capability to handle a wide range of chemistries and complex molecules.

Cipla covers a wide array of therapies with 2,204 Drug Master Files ('DMFs') submissions till date. Within FY 2023-24, Cipla made 499 DMF filings in various countries. The Company has a robust portfolio of over 156 APIs across regulated markets in various stages of development.

API Manufacturing Capability

Cipla has four cGMP compliant API sites, approved by the major international regulatory agencies including the United States Food and Drug Administration ('US FDA'), European Directorate for the Quality of Medicines ('EDQM'), Pharmaceuticals and Medical Devices Agency (Japan) ('PMDA'), World Health Organization ('WHO'), Therapeutic Goods Administration (Australia) ('TGA') and Korea Food and Drug Administration ('KFDA'). These sites include dedicated facilities for oncology, hormones and corticosteroid APIs. Cipla offers a total capacity for API manufacturing of over 1,000 MT. Cipla offers high competency in handling broader range of batch sizes and expertise in particle engineering and micronization to meet required particle sizes for Respiratory APIs.

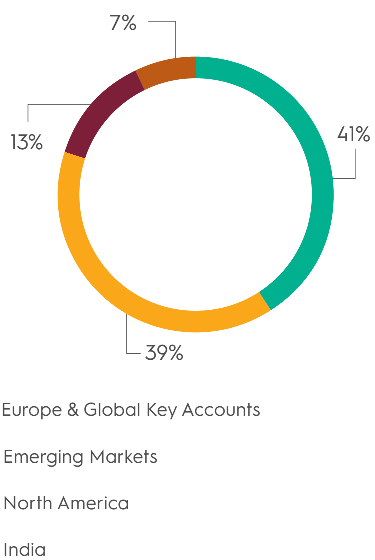
The Company has three API R&D Centers, two pilot plants and three safety screening labs. All facilities and Cipla's plants have zero liquid discharge and waste-water treatment facilities that include ETP with Multi Effect Evaporators ('MEE'), Agitated Thin Film Dryer ('ATFD'), Vertical Thin Film Dryer ('VTFD') and Reverse Osmosis ('RO') facilities.

API Business Performance

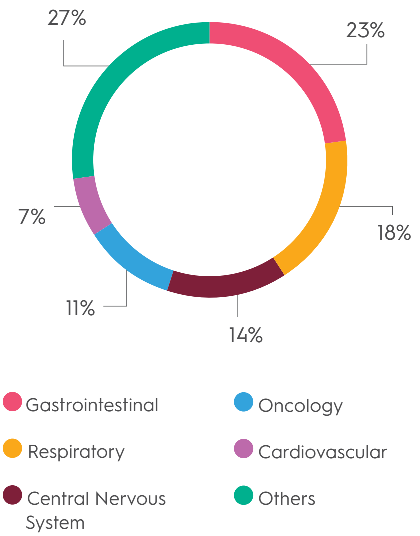
In FY 2023-24, the API Business had multiple headwinds like geopolitical issues, global supply chain interruptions, high inflation rates and pressure on margins for commercialised molecules. Geopolitical issues majorly impacted the prices of key starting materials and intermediates thereby increasing the API prices. However, the API Business team was not only agile with regular supplies but also ensured timely supplies to support customers with their critical launches and lock-in with multiple customers.

API Business revenue had discreet growth as compared to the previous financial year. The FY 2023-24 revenue stood at USD 70.1 million (₹582 crores) Successful deliveries of differentiated product mix, improved traction in seeding and lock-ins are the key drivers for API business. The API team in Cipla successfully supplied 95+ distinct molecules to 250+ customers.

FY 2023-24: API Revenue by Geography



FY 2023-24: Revenue by Therapy



Cipla continues to partner with leading generic companies and innovators for their new products to further expand in markets in Europe, Japan, Korea and Brazil. Strong relationship with the world's largest generic pharmaceutical companies has helped Cipla to take necessary steps to provide better realisations to its partners. Additionally, it aims to support higher number of seeding and lock-ins for new molecules under development that will help in achieving sustainable growth plans to enhance its API, R&D and manufacturing capacities and is focused on productivity to achieve cost optimization through continuous process/yield improvements.

Strategic initiatives adopted and implemented in FY 2023-24

Using Theory of Constraints, the business team came up with the forecast-based manufacturing model and shifted from pull strategy to push supply chain strategy. In FY 2023-24, business implemented multiple digital initiatives to improve the ability to identify white spaces and pursue untapped business opportunities.

API Outlook for FY 2024-25

API team stays committed to Cipla's focus on "Caring for Life" by improving the health conditions of the people over the upcoming years. The API business continues to work with reimagined strategy to focus on its critical and high-demand APIs and to ensure uninterrupted supplies to customers. In FY 2024-25, API business will continue to focus on maintaining a strong market position in Top 10 APIs and bringing new business on board with new pipeline molecules and enhancing its market presence via organic launches, partnering with innovators and deepening its footprint by increasing outreach to newer untapped markets.

Human Resource Management and Industrial Relations

For details on Cipla's approach towards Human Resources, refer to Human Capital on page no. 70 of this report.

Adherence to accounting standards

The Company continues to adhere to standard accounting policies under the Indian Accounting Standards ('Ind AS'), applicable since 1st April, 2016. We have also complied with the recent regulatory change in Ind AS 1, concerning the disclosure of material accounting policy information. These policies are to be read along with the relevant applicable rules and accounting principles. Changes in policies, if any, are approved by the Audit Committee.

Threats, risks and concerns

The Cipla Enterprise Risk Management ('ERM') program covers its key risks across all its business areas. The Investment and Risk Management Committee of the Board reviews and discusses the risk updates on quarterly basis.

During the reporting period, the Company faced heightened risks due to delayed launches in key products, escalations in geopolitical conflicts, supply chain complexities, regulatory audits at manufacturing sites, increased input costs, cyber and information security risks exacerbated by advancements in artificial intelligence and continued foreign exchange volatility. Additionally, the pharmaceutical industry is witnessing heightened regulatory oversight both, domestically and globally. Finally, climate change and adverse weather events continue to be a concern which has potential to disrupt business.

Please refer Page No. 46 for risk management framework and key risks including the mitigation measures.

The Company laid down risk response measures to:

- Address business continuity challenges;
- Overcome growth hurdles;
- Navigate through geopolitical complexities;
- Strengthen and secure enterprise wide cybersecurity;
- Ensure continued compliance with applicable laws and regulations and
- Further the agenda of achieving excellence in relation to Environment, Sustainability and Governance ('ESG') norms.

The Company continued its efforts to maintain sound financial discipline and explore partnerships in niche therapies to expand its presence and meet its mission of 'Caring for Life'.

Internal control and its adequacy

Cipla has an adequate system of internal controls commensurate with the nature of its business and the size and complexity of its operations. The Company has adopted policies and procedures covering all financial, operating and compliance functions. These controls have been designed to provide a reasonable assurance over:

- Effectiveness and efficiency of operations;
- Prevention and detection of frauds and errors;
- Safeguarding of assets from unauthorised use or losses;
- Compliance with applicable laws and regulations;
- Accuracy and completeness of the accounting records and
- Timely preparation of reliable financial information.

The current system of Internal Financial Controls ('IFC') is aligned with the requirement of the Companies Act, 2013 and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organisations ('COSO') of the Treadway Commission.

The Company has an Internal Audit ('IA') function which functionally reports to the Chairperson of the Audit Committee, thereby maintaining its objectivity. The IA function is supported by a dedicated internal audit team and resources from external audit firms.

The annual internal audit plan is carved out from a comprehensively defined Audit Universe which encompasses all businesses, functions, risks, compliance requirements and controls maturity. The internal audit plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and the actions taken on issues highlighted in the previous reports.

The Audit Committee deliberates with the management, considers the systems as laid down and meets the internal auditors and statutory auditors to ascertain their views on the internal control framework. The Company recognises the fact that any internal control framework would have some inherent limitations and hence has inculcated a process of periodic audits and reviews to ensure that such systems and controls are updated at regular intervals.

Board's Report

Dear Members,

The Board is pleased to submit its report on the performance of the Company along with the audited standalone and consolidated financial statements for the year ended 31st March, 2024.

Financial Summary and State of Affairs

(₹ in crores)

Year ended 31st March, 2023		Particulars	Year ended 31st March, 2024	
Standalone	Consolidated		Standalone	Consolidated
14,345.34	22,753.12	Gross total revenue	16,574.34	25,774.09
3,191.50	4,220.77	Profit before tax and exceptional item from continuing operations	4,946.97	5,896.72
493.67	-	Profit before tax from discontinuing/restructuring operations	485.17	-
2,144.06	2,801.91	Profit for the year (after tax and attributable to shareholders) from continuing operations	3,714.19	4,121.55
369.41	-	Profit for the year (after tax and attributable to shareholders) from discontinuing/restructuring operations	363.06	-
(9.98)	2.64	Other comprehensive income for the year (not to be reclassified to P&L) from continuing operations	(81.85)	(60.93)
1.26	134.99	Other comprehensive income for the year (to be reclassified to P&L) from continuing operations	2.09	(59.65)
(0.25)	-	Other comprehensive income for the year (not to be reclassified to P&L) from discontinuing/ restructuring Operations	(0.60)	-
17,534.77	15,669.07	Surplus brought forward from last balance sheet	19,634.22	18,057.03
20,037.72	18,460.53	Profit available for appropriation	23,637.00	22,124.95
		Appropriations:		
(403.50)	(403.50)	Dividend	(686.17)	(686.17)
19,634.22	18,057.03	Surplus carried forward	22,950.83	21,438.78

The financial results and the results of operations, including major developments and statement of affairs of the Company have been discussed in detail in the Management Discussion and Analysis Report.

The above informations have been prepared on the basis of the standalone and consolidated financial statements.

Share Capital

During the year, the Company issued and allotted 2,16,469 equity shares of ₹ 2/- each to its employees under the Employee Stock Option Scheme 2013-A and the Cipla Employee Stock Appreciation Rights Scheme 2021 (collectively referred to as 'Schemes'). As a result, the issued, subscribed and paid-up share capital of the Company increased from ₹ 1,61,43,01,186/- (divided into 80,71,50,593 equity shares of ₹ 2 each) as on 31st March, 2023 to ₹ 1,61,47,34,124/- (divided into 80,73,67,062 equity shares of ₹ 2/- each) as on 31st March, 2024. The equity shares issued under the Schemes rank pari-passu with the existing equity shares of the Company.

Apart from the above, there was no other change in the equity share capital during the year.

Dividend

The Board recommends a final dividend of ₹ 13/- per equity share (650% of face value) for the financial year ended 31st March, 2024. The payment of dividend is subject to the approval of members at the ensuing Annual General Meeting ('AGM') and deduction of income tax at source, as applicable. Upon approval, the dividend will be paid to those members whose names will appear in the Register of Members as at the close of business hours on Friday, 2nd August, 2024. The total dividend pay-out will be approximately ₹ 1,049.58 crores, resulting in a payout of 25.74% of the standalone profit after tax of the Company.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.cipla.com/sites/default/files/2023-05/Dividend-Distribution-Policy.pdf.

Management Discussion and Analysis Report

In compliance with the Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Management Discussion and Analysis Report has been presented in a separate Section on page no. 124.

Corporate Social Responsibility ('CSR')

A detailed report on the Company's CSR initiatives has been provided in the Social Capital section of the Integrated Annual Report on page no. 102. The Annual Report on CSR initiatives including summary of the Impact Assessment Report, committee composition, salient features of the policy, etc. as required under Section 135 of the Companies Act, 2013 ('Act') is annexed as Annexure I to this report on page no. 150. Details of terms of reference of the Committee and meetings held during the year have been provided in the Report on Corporate Governance on page no. 204

Integrated Annual Report

In compliance with SEBI circular dated 6th February, 2017, the Company has voluntarily published the Integrated Annual Report, which includes both financial and non-financial information and is based on the International Integrated Reporting Framework. This report covers aspects such as organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capitals viz. Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital and Natural Capital.

Business Responsibility & Sustainability Report ('BRSR')

In compliance with Regulation 34(2)(f) of the Listing Regulations read with SEBI circular dated 12th July, 2023, the BRSR incorporating the BRSR core has been presented in a separate section on page no. 166.

In accordance with this requirement, the Company has engaged M/s DNV Business Assurance India Private Limited as an independent assurance partner to issue the assurance report on the non-financial information in the Integrated Annual Report for financial year ended 2023-24.

Corporate Governance

In compliance with Regulation 34 read with Schedule V of the Listing Regulations, a Report on Corporate Governance for the year under review, has been presented in a separate section on page no. 188.

A certificate from M/s BNP & Associates, Company Secretaries, confirming compliance with corporate governance requirements under the Listing Regulations, is annexed as Annexure II to this report.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, it is confirmed that the Directors have:

i. in the preparation of the annual accounts for the year ended 31st March, 2024, followed the applicable accounting standards and there are no material departures from the same;

ii. selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2024 and of the profit of the Company for the year ended on that date;

iii. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. prepared the annual accounts on a going concern basis;

v. laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi. devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Details of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure III to this report.

Share-Based Incentive Schemes

The Company has the following share-based incentive schemes in force:

- Employee Stock Option Scheme 2013-A ('ESOS 2013 – A'); and
- Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR Scheme 2021')

The Nomination and Remuneration Committee ('NRC') administers the ESOS 2013 – A and the ESAR Scheme 2021.

The Schemes are compliant with the provisions of Section 62 of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI SBEB Regulations'). Details of the Schemes have been provided in note no. 41 of the standalone financial statements. The disclosure containing details of options granted, number of shares allotted upon exercise of options, etc. as required under the SEBI SBEB Regulations is available on the website of the Company at https://www.cipla.com/investors/annual-reports.

In compliance with the requirements of the SEBI SBEB Regulations, a certificate from the Secretarial Auditor, confirming that the Schemes were implemented in accordance with the SEBI SBEB Regulations and as per the shareholders resolution, is uploaded on the website of the Company at https://www.cipla.com/investors/annual-reports. The certificate will also be available for electronic inspection by the members during the AGM of the Company.

Human Resources

Information required under Section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure IV to this report.

Information required under Section 197(12) of the Act read with rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate exhibit forming part of this report and is available on the website of the Company at https://www.cipla.com/investors/annual-reports.

Particulars of Loans, Guarantees and Investments

Particulars of loans, guarantees and investments as required under Section 186 of the Act have been provided in note no. 43 to the standalone financial statements.

Annual Return

In compliance with the provisions of Section 92(3) read with Section 134(3)(a) of the Act, the Annual return of the Company i.e. form MGT-7 for financial year ended 2023-24 has been uploaded on the website of the Company at https://www.cipla.com/investors/annual-reports.

Vigil Mechanism

The Company has a Whistle Blower Policy, which lays down the process to convey genuine concerns and seek resolution towards the same without fear of retaliation.

A detailed update on the functioning of the Whistle Blower Policy, status of complaints and weblink of the Policy have been provided in the Report on Corporate Governance, on page no. 206.

Prevention of Sexual Harassment of Women at Workplace

The Company is committed to providing a safe and conducive work environment to all its employees and associates. The Company has a policy on Prevention of Sexual Harassment at Workplace, which is available on the website at https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf.

All employees, consultants, trainees, volunteers, third parties and/ or visitors at all business units or functions of the Company, its subsidiaries and/or its affiliated or group companies across all locations and geographies are covered by the said policy. Across the organisation, adequate workshops and awareness programmers against sexual harassment are conducted.

In compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee and is fully compliant of the Committee composition requirements. The complaints pertaining to sexual harassment were periodically reviewed by the Audit Committee.

Details of complaints received/disposed during financial year ended 2023-24 have been provided in the Report on Corporate Governance on page no. 212.

Related Party Transactions

A detailed note on procedure adopted by the Company in dealing with contracts and arrangements with related parties has been provided in the Report on Corporate Governance on page no. 208.

During the year, the Generics Business Undertaking of the Company was transferred to Cipla Pharma and Life Sciences Limited ('CPLS'), wholly owned subsidiary, on a slump sale basis as a going concern through a Business Transfer Agreement. Since the transaction was between the holding Company and its wholly owned subsidiary and the entire economic value of the wholly owned subsidiary following the transfer of the undertaking continued to remain with the holding Company, the arm's length principle was not relevant.

Except the above referred transaction as further detailed in Form AOC-2 annexed as Annexure V to this report, all other contracts, arrangements and transactions entered by the Company with its related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company did not enter any transaction, contract or arrangement with related parties, that could be considered material in accordance with the Listing Regulations and the Company's Policy on Related Party Transactions ('RPT Policy'). Details of the related party transactions as per IND AS24 have been provided under note no. 40 of the standalone financial statements on page no. 288 and under note no. 48 of the consolidated financial statements on page no. 405 The RPT policy of the Company is available on the website of the Company at https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf.

Internal Financial Controls and their adequacy

Cipla has laid down an adequate system of internal controls, policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

The current system of internal financial controls is aligned with the statutory requirements and is in line with the globally accepted risk-based framework issued by the Committee of Sponsoring Organisations ('COSO') of the Treadway Commission. The internal financial controls with respect to the financial statements are adequate and operating effectively.

Effectiveness of internal financial controls is ensured through management reviews, control self-assessment and independent testing by the Internal Audit Team.

The Audit Committee reviewed the internal financial controls that ensure that the Company's accounts were properly maintained and that the transactions were recorded in the books of accounts in accordance with the applicable accounting standards, laws and regulations. The Statutory and Internal auditors have confirmed that there were no internal control weakness during financial year ended 2023-24.

Risk Management

The Investment and Risk Management Committee ('IRMC') of the Board oversees the Enterprise Risk Management ('ERM') process. An update on ERM activities is presented and deliberated upon in the IRMC meetings on a quarterly basis and periodically by the Board. The Audit Committee has an additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on an ongoing basis. In terms of the provisions of Section 134 of the Act, a detailed note on Risk Management has been provided on page no. 46.

Board Evaluation

A detailed disclosure on the performance evaluation criteria and the process of Board evaluation as well as the outcome has been provided in the Report on Corporate Governance on page no. 193.

Subsidiaries, Associates and Joint Ventures

The Company had 42 subsidiaries and 10 associates as on 31st March, 2024. Changes during the year were as follows:

- Madison Pharmaceuticals Inc., wholly owned step-down subsidiary of the Company in USA being a dormant entity was dissolved w.e.f. 28th April 2023;
- GoApptiv Private Limited, associate Company incorporated Pactiv Healthcare Private Limited, a whollyowned subsidiary Company w.e.f. 26th July, 2023;
- The Company executed a Share Purchase Agreement with Shibham Group Holding Limited, UAE, to divest its 51% stake held in Saba Investment Limited (Saba), UAE viz., Cipla Middle East Pharmaceuticals FZ LLC, UAE and Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen. As an effect, Saba ceased to be subsidiaries of the Company w.e.f. 29th September, 2023;
- Cipla (EU) Limited and Meditab Holdings Limited, wholly owned subsidiaries of the Company entered into a Share Purchase Agreement with Africa Capital works SSA 3 on 14th March, 2023 for sale of entire 51.18% stake held in Cipla Quality Chemical Industries Limited, Uganda. ('CQCIL'). As an effect, on completion of sale CQCIL ceased to be subsidiary of the Company w.e.f. 14th November, 2023;
- Cipla (EU) Limited, UK and Cipla Holding B.V., wholly owned subsidiaries of the Company jointly incorporated 'Mexicip S.A. de C.V.', a wholly owned subsidiary in Mexico w.e.f. 22nd January, 2024;
- Cipla Medpro South Africa (Pty) Limited, wholly owned subsidiary of the Company acquired 100% stake in Actor Pharma (Pty) Limited, South Africa w.e.f. 7th February, 2024;
- Incorporation of MKC Biotherapeutics Inc., USA as a 45.4 : 35.2 : 19.4 joint venture between MNI Ventures, Cipla (EU) Limited and Kemwell Biopharma UK Limited on 27th February, 2024, to develop and commercialise novel cell therapy products for major unmet medical needs in the United States, Japan and EU regions;
- Cipla Technologies LLC, USA, wholly owned step-down subsidiary of the Company was merged with and into Cipla USA Inc., USA, another wholly owned step-down subsidiary of the Company with effect from 31st March 2024., as an effort towards group structure simplification and to streamline the US business operations.

Details of these subsidiaries and associates are set out on page no. 321. Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the subsidiary and associate companies in Form AOC-1 has been presented on page no. 419. The statement also provides details of the performance and the financial position of each of the subsidiaries and associates. The consolidated financial statements presented in this annual report include financial results of the subsidiary and associate companies.

Copies of the financial statements of the subsidiary companies will be available on the website of the Company at www.cipla.com.

Nomination, Remuneration and Board Diversity Policy and its Salient Features

The Company has in place a Nomination and Remuneration and Board Diversity Policy ('NRC Policy') which provides for process w.r.t. selection, appointment and remuneration of directors, key managerial personnel and senior management employees including other matters as provided under Section 178(3) of the Act.

Following are the salient features of the NRC Policy:

- to lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including independent directors), key managerial personnel and persons who may be appointed in senior management positions;
- to provide framework for remuneration of the directors, key managerial personnel and senior management personnel in alignment with the Company's business strategies, values, key priorities and goals;
- to provide for rewards directly linked to the effort, performance, dedication and achievement of the Company's targets by the employees; and
- to lay down approach for Board diversity.

The Policy is available on the website of the Company at https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf.

Directors and Key Managerial Personnel

At the 87th AGM of the Company held on 10th August, 2023 the members approved the re-appointment of Mr Umang Vohra as a Director liable to retire by rotation.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr S Radhakrishnan, is liable to retire by rotation at the ensuing 88th AGM. While eligible for re-appointment, Mr S Radhakrishnan has conveyed his desire to retire at the ensuing AGM and does not seek reappointment.

The Board decided not to fill the vacancy caused by the retirement of Mr S Radhakrishnan as the present composition of the Board of Directors is adequate and meets the compliance requirement. The said proposal is subject to the approval of the members at the ensuing AGM.

On the recommendation of the NRC, the Board appointed Dr Balram Bhargava as an additional independent director of the Company for a period of five years commencing from 1st April, 2024 to 31st March, 2029. The Company has sought approval of the members of the Company for the appointment of Dr Balram Bhargava as an Independent Director of the Company, by means of special resolution through Postal Ballot. The voting process will end on 16th May 2024. The Notice of Postal Ballot is available on the website of the Company athttps://www.cipla.com/sites/default/files/2024-04/Notice_of_Postal_Ballot.pdf.

Ms Samina Hamied had stepped down from the position of Executive Vice Chairperson of the Company while continuing as a Non-Executive Director liable to retire by rotation effective close of business hours of 31st March, 2024. The Board placed on record its appreciation and gratitude for Ms Samina Hamied's leadership, guidance and vision.

Dr Peter Mugyenyi, resigned from the position of Independent Director w.e.f. 13th May, 2023. The Board placed on record its sincere appreciation for the contribution made by him over the years.

As per Regulation 17(1D) of the Listing Regulations, which came into effect on 15th July, 2023, the continuation of a director (other than Whole Time Director, Managing Director, Manager, Independent Directors and Director liable to retire by rotation) serving on the board of a listed entity is subject to approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment. In case a director is serving on the board of a listed entity as on 31st March, 2024, without the approval of the shareholders for the last five years or more, the continuation of such director shall be subject to the approval of members in the first general meeting to be held after 31st March, 2024.

In compliance with the requirement of the above referred Regulation 17 (1D) of the Listing Regulations and in view of the valuable contribution, experience and expertise of Dr Hamied, the Board recommended his continuation on the Board of the Company as Non-Executive Director, not liable to retire by rotation.

In the opinion of the Board, all directors including the directors appointed / re-appointed during the year possess requisite qualifications, experience and expertise and hold high standards of integrity. All the independent directors have passed or are exempted from passing the proficiency test, as the case may be. The list of key skills, expertise and core competencies of the Board is provided in the Report on Corporate Governance on page no. 190.

Criteria for determining qualification, positive attributes and independence of a director is given in the NRC Policy.

As on the date of this report, the Company has the following Key Managerial Persons ('KMPs') as per Section 2(51) and Section 203 of the Act:

Sr. No	Name of KMPs	Designation
1	Mr Umang Vohra	Managing Director and Global Chief Executive Officer
2	Mr Ashish Adukia	Global Chief Financial Officer
3	Mr Rajendra Chopra	Company Secretary and Compliance officer

Except Ms Samina Hamied, Mr Umang Vohra, Dr Peter Mugyenyi, Mr Ashok Sinha and Mr Robert Stewart, no other directors received any remuneration or sitting fees from any subsidiary of the Company during financial year ended 2023-24.

Declaration by Independent Directors

All Independent Directors have submitted requisite declarations confirming that they (i) continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent; and (ii) continue to comply with the Code of Conduct laid down under Schedule IV of the Act. Details on the same have also been provided in the Report on Corporate Governance on page no. 194.

The Directors have further confirmed that they are not debarred from holding the office of director of the Company by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such other statutory authority.

Board Committees and number of meetings of the Board and Board Committees

As on the date of this report, the Board has following committees:

i) Audit Committee;

ii) Nomination and Remuneration Committee;

iii) Corporate Social Responsibility Committee;

iv) Stakeholders Relationship Committee;

v) Investment and Risk Management Committee;

vi) Operations and Administrative Committee;

All the recommendations made by the Board Committees, including the Audit Committee, were accepted by the Board.

Details of the meetings of the Board and the Board Committees are provided in the Report on Corporate Governance on page no. 220.

Statutory Auditor and their reports

M/s Walker Chandiok & Co LLP, Chartered Accountants, (Firm Registration No 001076N/ N500013) were re-appointed as the Statutory Auditors of the Company at the 85th AGM held on 25th August, 2021, to hold the office till the conclusion of the 90th AGM to be held in the year 2026.

The Statutory Auditor's Report for the standalone and consolidated financial statements does not contain any qualification, reservation, adverse remarks or disclaimer and has been presented separately on page no. 223 and 312 respectively.

Secretarial Auditor and their reports

M/s BNP & Associates, Company Secretaries, (Firm Regn. No. P2014MH037400) were appointed as the Secretarial Auditors for the financial year ended 31st March, 2024. The Secretarial Audit Report is annexed as Annexure VI to this report.

In compliance with Regulation 24A of the Listing Regulations, the Annual Secretarial Compliance Report issued by the Secretarial Auditor was submitted to the stock exchanges within the statutory timelines.

The Secretarial Audit Report and the Annual Secretarial Compliance Report did not contain any qualification, reservation, adverse remarks or disclaimer.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s BNP & Associates, Company Secretaries, who have confirmed their eligibility for the said re-appointment, to conduct the secretarial audit of the Company for financial year ending 2024-25.

Cost Auditor and Cost Audit Report

Mr D H Zaveri, practising Cost Accountant (Fellow Membership No. 8971), was appointed as the Cost Auditor to conduct the audit of the Company's cost records for the financial year ended 31st March, 2024. The Cost Auditor will submit his report for financial year ended 2023-24 by the due date.

Based on the recommendation of Audit Committee, the Board has appointed M/s Joshi Apte & Associates – Cost Accountants (Firm Registration No. 000240) as the Cost Auditor to conduct the audit of the Company's cost records for the financial year ended 31st March, 2025. M/s. Joshi Apte & Associates – Cost Accountants has confirmed eligibility for the said appointment.

The Company maintains the cost records as per the provisions of Section 148(1) of the Act. The Cost Audit Report, for financial year ended 2022-23, was filed with the Central Government within the statutory timelines.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration to be paid to the Cost Auditor for financial year ending 2024-25 is required to be ratified by the members, the Board of Directors recommends the same for ratification at the ensuing AGM. The proposal forms a part of the notice of the AGM.

During the year under review, the Statutory Auditor, Secretarial Auditor and Cost Auditor did not report any instance of fraud committed in the Company by its officers or employees under Section 143(12) of the Act, the details of which need to be mentioned in the Board's report.

Other Disclosures

During the financial year under review:

- There was no amount proposed to be transferred to the Reserves;
- There were no changes made in the nature of business of the Company;
- The Company has complied with the applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively;
- The Company issued and allotted equity shares as per its ESOS 2013-A Scheme and the ESAR Scheme 2021. There was no instance wherein the Company failed to implement any corporate action within the statutory time limit;
- The Company did not accept any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount on account of principal or interest on public deposits was outstanding as on 31st March, 2024;
- The Company did not issued shares with differential voting rights and sweat equity shares during the year under review;
- There were no significant or material orders passed by the regulators or courts or tribunals which could impact the going concern status of the Company and its future operations;
- There were no material changes and commitments which occurred after the close of the year till the date of this report, which may affect the financial position of the Company; and
- There are no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2024.

Acknowledgements

We wish to place on record our appreciation to the Government of various countries where the Company has its operations. We thank the Ministry of Chemicals and Fertilisers, India; Central Government; State Government and other regulatory bodies / authorities; banks; business partners; members; medical practitioners and other stakeholders for the assistance, cooperation and encouragement extended to the Company. We would also like to place on record our deep sense of appreciation to the employees for their contribution and services.

On behalf of the Board of Directors

Date: 10th May, 2024
Place: Spain

Y K Hamied
Chairman

Annexure I

Annual report on Corporate Social Responsibility ('CSR') activities pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time

1. Brief outline on CSR Policy of the Company

'Caring for Life' has been at the forefront of the Company business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into the Company people, products and processes and is the foundation and underlying objective of the Corporate Social Responsibility Policy ('CSR Policy'). The Company strives to create a healthier world and enrich the lives of all our stakeholders and community at large through our CSR initiatives. Some of these initiatives were put in place long before the CSR law came into effect. The Company's CSR initiatives and related projects are undertaken through Cipla Foundation, the principal implementation agency and their implementing partners. Our initiatives are compliant of CSR requirements under the Section 135 of the Act.

The CSR Policy covers the following

- Guiding principles for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan
- Mode of implementation of CSR activities of the Company, stating Cipla Foundation to be the principal implementation agency
- Key focus areas for the CSR activities include:
  - i. Health
  - ii. Education
  - iii. Skilling
  - iv. Environmental sustainability
  - v. Contribution to government funds for socio economic development
  - vi. Research and development
  - vii. Rural development projects
  - viii. Disaster management
  - ix. Any other activity under Schedule VII of the Act
- Process for approval of CSR activities
- Monitoring mechanism
- Responsibilities of the implementation agencies

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr M K Hamied	Non-Executive Vice-Chairman	4	4
2	Mr Adil Zainulbhai	Independent Director	4	3
3	Ms Punita Lal	Independent Director	4	4
4	Mr S Radhakrishnan	Non-Executive Director	4	4
5	Mr Umang Vohra	Managing Director and Global Chief Executive Officer	4	4
6	Dr Balram Bhargava*	Independent Director	-	-

*Appointed as a member of the Committee w.e.f. 1st April, 2024

3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company

- CSR Committee composition: https://www.cipla.com/about-us/board-directors/committees-board
- CSR Policy: https://www.cipla.com/sites/default/files/2023-05/Corporate-Social-Responsibility-Policy.pdf
- CSR Projects: https://www.cipla.com/sites/default/files/Corporate-Social-Responsibility-Approved-CSR-Projects-2023-24.pdf

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

With the prime purpose of 'Caring for Life', Cipla Limited through its philanthropy arm, i.e., Cipla Foundation (Foundation) continues its passionate journey of social change in partnership with various implementation agencies. All CSR Activities within Cipla are undertaken directly by the Company or through its Foundation. The Foundation further collaborates with various credible institutions, NGOs, government agencies to enhance the outreach of its CSR initiatives. HelpAge India, Tata Memorial Centre, Agastya International Foundation, CanSupport are few of the implementation partners with whom Cipla Foundation has collaborated across various geographies covering, Maharashtra, Madhya Pradesh, Karnataka, Uttar Pradesh, New Delhi, Sikkim, Himachal Pradesh etc. to name a few.

As mandated by the CSR Rules, Cipla Foundation is obligated to assess the impact of its CSR projects that were completed over a year ago. For the purpose of the impact study, OECD DAC Evaluation Criteria was used for assessing the impact. The framework has defined six (6) evaluation criteria, i.e., Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability.

The implemented projects are also aligned with the United Nations Sustainable Development Goals as below

The major projects considered for study are highlighted below

CSR initiatives and its key impact

Palliative Care Projects

- 31,000+ beneficiaries supported through OPD, IDP and home care services across 15 locations.
- 6200+ healthcare professionals trained accross 11 hospitals and medical colleges.
- More than 1,000 calls have been received on 'Saath-Saath' helpline, which includes 120+ patients that were referred to partner organisations through the helpline.
- Collaborations with 23 partners in 14 cities across India.

Respiratory Support Programme

- 550+ patients provided support for rehabilitation.
- Across 9 centres, strengthened healthcare infrastructure and workforce capabilities to address respiratory health needs more effectively.
- 550+ post-COVID patients enrolled in PRC program.

CSR initiatives and its key impact

Patient Support

- 4,000+ lives impacted through patient support for various diseases.
- 30+ children supported for bone marrow transplantation.
- Supported 1200+ NAT tested and leucodepleted blood transfusions for thalassemia major children and adults.

Strengthening Health Systems

- New infrastructure led to servicing 2,000+ patients.
- 5 local health centres were supported with medical equipment's accross 3 states.
- Day care unit established with a capacity of 30 children per day for blood transfusions.

Community Doorstep Health

- 1,20,000+ lives impacted through last mile delivery and enhanced access to healthcare.
- 2,500+ lives impacted through awareness and doorstep access through home visits.

Promoting Quality Education

- 75,000+ science exposures to students.
- 2,000+ pairs of footwear and masks recycled, refurbished and distributed to school going children across 20 schools.
- 11,000+ students benefitted from school infrastructure.

E – Learning

- 80 schools reached across 5 states impacting 45000+ students.
- 4,300+ tablets were distributed with pre-loaded content.

Strengthening School Infrastructure

- Impacted 11,700+ students and equipped 11 schools in 4 states (Karnataka, Maharashtra, Sikkim and Himachal Pradesh) with superior infrastructure facilities.
- Through skill training under family welfare support, parents have started earning an additional income of up to ₹ 3,000+ per product.

Research

- 170+ students attended seminars/webinars.
- 2 science laboratories have been set up for the research in CSIR CDRI.
- 15 students trained on lab safety.

Scholarship

- 4,300+ students supported through scholarships and school fees, merit awards in and exposure visits.
- 490+ students were awarded merit awards.

CSR initiatives and its key impact

Vocational Skills

- 11,300+ visually impaired persons assisted for their queries through helpline.
- 900+ youths trained.
- 21 elderly Self Help Group (SHG) members were trained and provided with technical support to manufacture scientific inexpensive, washable facemask with anti-microbial properties.

Disaster Response

- 4,000+ households supported through immediate response assistance.
- 600+ hygiene kits distributed.
- 50+ Elderly Self Help groups (ESHGs) have mobilized 811 families including elderly persons during a response towards Yaas cyclone in Odhisa.

Environmental Sustainability

- 10,800+ varieties of saplings planted across locations.

Executive Summary on the impact assessment report and detailed impact assessment report can be accessed at https://www.cipla.com/investors/annual-reports.

5. (a) Average net profit of the Company as per sub-section (5) of section 135

₹ 34,66,78,87,323.46

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135

₹ 69,33,57,746.47

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years

₹ 27,68,952.00

(d) Amount required to be set-off for the financial year, if any

₹ 77,84,912.67*

* The actual excess CSR expenditure for financial year ended 2022-23, carried forward for set-off in financial year ended 2023-24 was ₹ 77,84,912.67, however while rounding off the amount was erroneously recorded and disclosed in the annual report of financial year ended 2022-23 as ₹ 0.79 crores.

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]

₹ 68,83,41,785.80

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)

₹ 69,18,75,248.26

(b) Amount spent in Administrative Overheads

Nil

(c) Amount spent on Impact Assessment, if applicable

₹ 32,67,617.06

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]

₹ 69,51,42,865.32

(e) CSR amount spent or unspent for the financial year

Total amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total amount transferred to unspent CSR Account as per subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
₹ 69,51,42,865.32	Not Applicable				

(f) Excess amount for set-off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	69,33,57,746.47
(ii)	Total CSR obligation for the financial year (Refer Note 1)	68,83,41,785.80
(iii)	Total amount spent for the financial year (Refer Note 2)	69,51,42,865.32
(iv)	Excess amount spent for the financial year [(iii)-(ii)]	68,01,079.52
(v)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Refer Note 2
(vi)	Amount available for set off in succeeding financial years [(iii)-(ii)]	68,01,079.52

Note 1: The total CSR obligation of the Company is ₹ 68,83,41,785.80, as mentioned in point 5(e). This point is not part of the statutory format and has been voluntarily added to reflect the correct calculation on excess amount available for set-off.

Note 2: The total amount spent for the financial year is ₹ 69,51,42,865.32, as mentioned in point 6(f)(iii), includes a surplus amount of ₹ 27,68,952.00 arising out of the CSR Projects from the current financial year. Therefore, this amount has not been separately presented under point 6(f)(v).

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years

Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year

● Yes ○ No

If Yes, enter the number of Capital assets created/ acquired

671

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year

The details of capital assets is provided in a separate exhibit forming part of this report and is available on the website of the Company at https://www.cipla.com/investors/annual-reports

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

Not Applicable

M K Hamied
Chairman - CSR Committee

Umang Vohra
Managing Director & Global Chief Executive Officer

Date: 10th May, 2024
Place: Mumbai

Annexure II

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of
Cipla Limited

We have examined all relevant records of **Cipla Limited** (hereinafter referred to as "the Company") for the purpose of certifying compliance of the disclosure requirements and corporate governance norms as specified for the listed companies under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended 31st March 2024. We have obtained all the information and explanations to the best of our knowledge and belief, which were necessary for the purpose of this certification.

We state that the compliance of conditions of corporate governance is the responsibility of the management andour examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as specified for a listed Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400
PR No. 637/2019

____
Avinash Bagul
Partner
FCS No. 5578
CP No. 19862
UDIN: F005578F000345665

Date: 10th May, 2024
Place: Mumbai

Annexure III

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, for the year ended 31st March, 2024 is given below and forms part of the Board's Report.

A. Conservation of energy

The steps taken or impacted on conservation of energy

We are dedicated to conserving energy and enhancing our investments in initiatives that promote energy efficiency. Aligned with our sustainability strategy, we prioritise focused efforts on energy conservation throughout our operations. Additionally, we harness alternate fuel sources like biomass to mitigate our environmental footprint. In financial year ended 2023-24, biomass accounted for 11% of our total energy consumption. Here are some of our key initiatives for energy conservation:

I. Steps taken by the Company for utilising alternate sources of energy:

- As of 31st March, 2024, our operational capacity includes 55 MWp of captive solar power open access, 2.7 MVA of captive wind power open access and 8.4 MWp of solar rooftop installations at multiple sites across India. These initiatives enabled us to procure a total of 98,363 MWh of renewable electricity during financial year ended 2023-24, marking a 12.3% increase from financial year ended 2022-23 (87,591 MWh).
- Our captive solar plant in Tuljapur, with a capacity of 46 MWp, contributed to fulfilling 65.4% of the electricity needs for our manufacturing facilities at Kurkumbh and Patalganga, as well as our R&D center in Vikhroli, Mumbai. Additionally, our 9 MWp solar and 2.7 MVA wind projects, combined with third-party solar and wind power sourcing, enabled us to cover 95.40% of the electricity requirements for our manufacturing units in Virgonagar and Bommasandra, Karnataka.
- During the reporting period, we completed the installation of an 815 KWp solar rooftop power plant at our Medispray Goa Unit. Furthermore, we have commissioned the installation of a 550 KWp solar plant at our Medispray Satara Unit in April 2024.

II. Steps taken on conservation of energy (based on plant wise location):

Kurkumbh

- We have installed a Variable Frequency Drive ('VFD') System for brine chiller of 110KW / 76 TR, resulting in energy savings of approximately 92 MWh. Furthermore, we also installed VFDs for reactors that supported energy savings of approximately 66MWh.
- The utility chilled water pump was replaced by a new pump that includes an energy efficient motor, enabling approximately 75 MWh energy savings.
- We undertook installation of an energy efficient pump that resulted in energy savings approximately of 114 MWh.

Patalganga

- We undertook optimization of the ventilation unit at the API Plant, leading to approximately 230 MWh energy savings.
- We have installed a Chiller Tube cleaning system that supported energy savings of approximately 99 MWh.

Bommasandra

- We have installed a VFD system for Chilled water system Compressor that resulted in energy savings of approximately 76 MWh.
- We undertook installation of Energy Efficient Inline vertical pumps, resulting in energy savings of approximately 42 MWh.

Virgonagar

- We altered the temperature set point change from +7.2°C to +9°C for Air cooled chillers, enabling energy savings of approximately 170 MWh.
- We replaced the cooling tower FRP blades to Aerodynamic E-Glass epoxy coated blades, resulting in energy savings of approximately 41 MWh.

Goa-I

- We have undertaken the installation of eight EC blowers for Air Handling Units ('AHU'), leading to energy savings of approximately 90 MWh.
- We have optimized the operation of hot water pumps through modification and installation of three-way vales in the AHU, that resulted in energy savings of approximately 149 MWh.
- We have replaced conventional cooling tower fans with E Glass Epoxy fans resulted in energy savings of approximately 59 MWh.

Goa-II

- We have undertaken installation of magnetic bearing chiller resulted in energy savings of approximately 127 MWh.
- We installed VFDs for cooling tower and replaced Glass Lined FRP blades that resulted in energy savings of approximately 51 MWh.
- We have arrested air ingression across the boiler outlet and optimized the speed of the ID fan, leading to energy savings of approximately 42 MWh.

Indore

- We replaced six old higher sized pumps with new appropriate energy efficient pumps that enabled energy savings of approximately 333 MWh.
- We have undertaken installation of Magnetic Bearing 1,000TR Chiller, leading to energy savings of approximately 383 MWh.

Sikkim

- We have undertaken decluttering of AHU & re-zoning of AHU leading to energy savings of approximately 249 MWh.
- We have installed EC blowers that resulted in energy savings of approximately 134 MWh.

Baddi

- We changed the %RH set point of AHU in BMS leading to energy savings approximately 40 MWh.
- We have installed EC blowers that resulted in saving approximately 111 MWh.

III. During the year, we have made a capital investment of ₹ 7.8 crores towards energy conservation equipment.

B. Technology absorption

In the pursuit of innovation and sustainability, we focus on initiatives to drive process developments and efficiency. Through robust management practices, we ensure the optimization of resources, reduction of costs and adherence to environmentally conscious methodologies.

I. The efforts made towards technology absorption and the benefits derived thereon are as follows:

Our commitment to innovation and sustainability drives us to focus on process developments and efficiency. We have formalised comprehensive management practices to optimise resource use, reduce costs and align with environmentally conscious methodologies.

- Impurity Synthesis: Synthesising impurities is crucial for ANDA filings and approvals. This year, we introduced Waters prep High-Performance Liquid Chromatography ('HLPC') with Photodiode Array ('PDA') in our impurity synthesis laboratory. This highly sensitive tool supports thorough screening and isolation of desired impurities, enhancing our internal capabilities and reducing dependency on third parties and vendors.
- Nitrosamines and Nitrosamine Drug Substance-Related Impurities ('NDSRI'): NDSRIs present unique scientific and regulatory challenges due to their specificity to APIs and limited safety data. Our API analytical team has established a facility for developing NDSRIs methods in API and formulation products. We have installed a High-Resolution Mass Spectromy (HR-MS) instrument at ADL and successfully developed methods for NDSRI evaluation in multiple products. This advancement ensures timely compliance and supports the development of our extensive product portfolio.

II. The details of imported technology (imported during the last three years reckoned from the beginning of the financial year)

No expenditure has been incurred on the import of new technology during the financial years 2021-22, 2022-23 and 2023-24.

III. The expenditure incurred on research and development (standalone)

	(₹ in crores)
Opex	1,148.90
Depreciation	49.20
Total	**1,198.00**

The total R&D expenditure as a percentage of total revenue is around 6.63 %.

C. Foreign Exchange earnings and outgo

Exports sales were ₹ 5,714.98 crores for financial year ended 2023-24. The Company earned ₹ 1,718.64 crores towards royalty, technical knowhow and licensing fees and ₹ 24.82 crores for other services. During the year, the foreign exchange outgo was ₹ 2,365.65 crores and earnings in foreign exchange were ₹ 7,479.95 crores on an actual basis.

On behalf of the Board of Directors

Date: 10th May 2024
Place: Spain

Y K Hamied
Chairman

Annexure IV

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2023-24 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2023-24.

Name	Designation	Ratio to median remuneration	% increase in remuneration in FY 2023-24
Dr Y K Hamied	Non-Executive Chairman	52:1	25.48%
Mr M K Hamied	Non-Executive Vice-Chairman	52:1	25.71%
Ms Samina Hamied[i]	Executive – Vice Chairperson	199:1	24.63%
Mr Umang Vohra	Managing Director and Global Chief Executive Officer	317:1	39.88%
Mr S Radhakrishnan	Non-Executive – Non-Independent Director	55:1	24.38%
Mr Ashok Sinha	Independent Director	21:1	40.27%
Dr Peter Mugyenyi	Independent Director	2:1	NA[ii]
Mr Adil Zainulbhai	Independent Director	20:1	53.03%
Ms Punita Lal	Independent Director	22:1	68.46%
Mr P R Ramesh	Independent Director	20:1	45.26%
Mr Robert Stewart	Independent Director	22:1	53.10%
Dr Mandar Vaidya	Independent Director	18:1	NA[ii]
Mr Ashish Adukia	Global Chief Financial Officer	118:1	NA[ii]
Mr Rajendra Chopra	Company Secretary	55:1	8.24%

i. Ms Samina Hamied stepped down from the position of Executive Vice Chairperson while continuing as a Non-executive director effective close of business hours of 31st March, 2024.

ii. Dr Peter Mugyenyi resigned as an Independent Director of the Company w.e.f. 13th May, 2023. Mr Ashish Adukia was appointed as Global Chief Financial Officer w.e.f. 16th August, 2022. Dr Mandar Vaidya was appointed as an Independent Director w.e.f. 29th July, 2022. As the remuneration paid to these directors and KMP is only for part of the previous year, the field for % increase in remuneration is not comparable.

2. The percentage increase in the median remuneration of employees in the financial year: 7.76%.

3. Number of permanent employees on the rolls of the Company as on 31st March, 2024: 23,647.

4. For the financial year ended 2023-24, average annual increase in the remuneration of employees (excluding the remuneration of managerial personnel) was 5.48% and for the managerial remuneration there was an increase of 33.58%.

   The % increase in the average managerial remuneration for financial year ended 2023-24 include perquisite value of stock options exercised during the financial year. Had the perquisite value of stock options (which were granted in earlier years but exercised during financial year ended 2023-24) not been considered, the % increase in the average managerial remuneration for financial year ended 2023-24 would have been 13.84%.

5. It is affirmed that the remuneration is as per the Nomination Remuneration and Board Diversity Policy of the Company.

Notes:

1. The variation reflected in column "% increase in remuneration in FY 2023-24" for the Non- Executive Directors and Independent Directors is due to payment of sitting fees on account of higher number of meetings held/attended during the year as compared to last year.
2. In addition, Ms Samina Hamied, Mr Umang Vohra, Dr Peter Mugyenyi, Mr Ashok Sinha and Mr Robert Stewart received director's remuneration/ sitting fees from the subsidiaries during financial year ended 2023-24. The details have been presented in the Corporate Governance Report.

Annexure V

Form No. AOC–2

(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Act, including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arms' length basis

Sl. No.	Name of the related party & nature of relationship	Nature of transaction	Duration of transaction	Transaction Value (₹ in crores)	Salient terms of the transaction	Justification for entering into such transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the resolution was passed in general meeting as required under first proviso to Section 188
1	Cipla Pharma and Life Sciences Limited. (CPLS), Wholly owned subsidiary	Transfer of Generics (Gx) Business Undertaking as a going concern on a slump sale basis	One time	198.21	Transfer of Gx Business Undertaking of Cipla Limited to CPLS. The total consideration after working capital adjustments was recorded as loan in the books of accounts as per the agreed terms. The salient terms of the loan are detailed in Note 1.	Refer Note 2	6th November, 2023 (the transfer of Gx Business Undertaking was completed with closing date of 29th February, 2024)	No advance payment was made	Since the transaction is between a holding and wholly owned subsidiary Company, approval of the shareholder is not applicable

Note 1: Salient terms of the loan to CPLS

- Period - Four years with moratorium for initial one year;
- Security – Nil;
- Rate of Interest – 7.5% (Prevailing yield of ten-year Government Security)
- In the event, CPLS is unable to repay the loan within the stipulated time period, the Company will have the right to acquire the business undertaking which was transferred to CPLS pursuant to the Business Transfer Agreement ('BTA'). As on 31st March, 2024, the outstanding amount of loan was ₹ 198.21 crores.

Note 2: Rationale for transfer of Gx business undertaking to CPLS

The generic market is expected to grow at a fast pace and the Company is one of the largest players in Gx Business. With an endeavour to provide agility, singular focus and faster decision making, the Company has transferred its Gx Business Undertaking to CPLS, wholly owned subsidiary of the Company. The transaction will help in capitalising on this high growth potential business by increasing investments in new launches, deepening penetration in Tier 2-6 towns/cities and improving patient access through high quality Generic medicines.

2. Details of material contracts or arrangement or transactions at arms' length basis

There were no material contracts or arrangements or transactions entered into during the year ended 31st March, 2024, which were at arms' length basis.

On behalf of the Board of Directors

Date: 10th May, 2024
Place: Spain

Y K Hamied
Chairman

Annexure VI

Secretarial Audit Report

For the financial year ended 31st March, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Cipla Limited
Cipla House Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to the good corporate practices by **Cipla Limited having CIN L24239MH1935PLC002380** ('hereinafter called the Company') for the financial year ended on **31st March, 2024** (the 'Audit period'). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company;

(ii) The certificates confirming compliances of all applicable laws as submitted to the Board of Directors on a quarterly basis by the management;

(iii) Representations made and information provided by the Company, its officers, agents and authorised representatives during our conduct of the secretarial audit; and

(iv) Compliance related action taken by the Company after 31st March, 2024 but before the issuance of draft report to the Company for placement of the same at its Board Meeting.

We hereby report that, in our opinion, during the Audit period covering the financial year ended on 31st March, 2024, the Company has complied with the statutory provisions listed herein below. The Company has adequate board processes and compliance mechanisms and our views are limited to the reporting made hereinafter:

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period according to the applicable provisions/clauses of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the regulations and byelaws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder to extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulation");

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulation");

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.

The Company has also maintained a Structured Digital Database ("SDD") pursuant to the requirements of Regulation 3(5) and Regulation 3(6) of the PIT Regulation.

(vi) The Secretarial Standards 1 and 2 ("Standards") issued by the Institute of Company Secretaries of India and notified by the Central Government under Section 118(10) of the Act.

(vii) The following specific acts, laws, rules and regulations applicable to the Company, based on the nature of its business activities:

a) The Drugs and Cosmetics Act, 1940;

b) The Narcotic Drugs and Psychotropic Substances Act, 1985; and

c) The Drugs Price Control Order, 2013.

1.2 We report that during the Audit period, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

1.3 We are informed that, during the Audit period, there were no transactions undertaken by the Company which required compliance of the following Acts, Rules and Regulations:

(i) The Foreign Exchange Management Act, 1999 to the extent of the rules and regulations made for External Commercial Borrowings;

(ii) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

(iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

(iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(v) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

2. Board processes:

We further report that:

2.1 The Board of Directors ("Board") of the Company as on 31st March, 2024 is duly constituted with the proper balance of executive directors, non-executive directors and independent directors, as stated below:

(i) Two executive directors –

- Ms Samina Hamied (DIN: 00027923)
- Mr Umang Vohra (DIN: 02296740)

(ii) Three non - executive, non independent directors –

- Dr Y K Hamied (DIN: 00029049),
- Mr M K Hamied (DIN: 00029084),
- Mr S Radhakrishnan (DIN: 02313000)

(iii) Six independent directors including one women independent director :

- Mr Adil Zainulbhai (DIN: 06646490)
- Mr Ashok Sinha (DIN: 00070477)
- Dr Mandar Vaidya (DIN: 09690327)
- Mr P R Ramesh (DIN: 01915274)
- Ms Punita Lal (DIN: 03412604)
- Mr Robert Stewart (DIN: 03515778)

2.2 The changes in the composition of the Board and the Key Managerial Personnel ('KMP'), during the Audit period, were carried out in compliance with the provisions of the Act and the Listing Regulations:

(a) At the 87th Annual General Meeting dated 10th August, 2023, Mr Umang Vohra was re-appointed as a director liable to retire by rotation;

(b) Dr Peter Mugyenyi resigned as an Independent Director of the Company w.e.f. close of business hours of 13th May 2023; and

(c) Ms Samina Hamied stepped down from the position of Executive Vice Chairperson of the Company. However she is continuing as a Non-Executive Director, liable to retire by rotation w.e.f close of business hours of 31st March, 2024.

2.3 The Board committees reviewed compliance status of its charter and confirmed it to be compliant.

2.4 Adequate notices for the meetings of the Board and Board Committees constituted by the Board were given to all the directors and members of the Committee. The agenda and detailed notes on agenda were sent at least seven days in advance. In case of circulation of agenda or detailed notes on agenda at shorter notice, due consent of the Board/ Committee were taken. The Company has a system in place where the directors can seek further information and clarifications on the agenda items before the meeting to ensure their meaningful participation at the meetings.

2.5 All the decisions at Board and Board Committee meetings were approved unanimously. All the recommendations made by the Board Committees, including the Audit Committee, were accepted by the Board.

There was no instance of any dissent raised by any director/ member in any of the business matters approved at such meetings.

3. Management responsibility:

3.1 Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit of these records.

3.2 We have followed the audit practices and the processes as are considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification has been done on a test basis to ensure that correct facts are reflected in the secretarial records and compliance procedures.

3.3 We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

3.4 We have obtained the representations from the management on the compliance of laws, rules, regulations and happening of certain specific events, wherever required.

3.5 This report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

4. Compliance mechanism

4.1 We further report that the internal compliance mechanism and processes in the Company are adequate and commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4.2 We further report that, during the Audit period:

(i) All the business activities undertaken by the Company were authorised under Clause III (i.e. Objects Clause) of the Memorandum of Association of the Company;

(ii) The Company had filed all applicable forms, returns, disclosures etc. pursuant to the provision of the applicable laws;

(iii) All statutory registers and records as required to be maintained under the applicable laws were duly maintained and found to be in order;

(iv) All meetings of shareholders, board of directors and committees of the Company have been duly and validly conducted and the minutes and necessary records have been properly maintained;

(v) The remuneration paid to the managerial personnel was within the limits as approved by the shareholders and well within the permissible limits under the Act;

(vi) The Company had not accepted any public deposits under the Act read with the Companies (Acceptance of Deposits) Rules, 2014;

(vii) The Company had not advanced any loans and/or given any security or guarantee to any Director(s) of the Company or any other person in whom any of the Directors were interested;

(viii) The Company did not avail any secured loan and did not create any charge on the asset(s) of the Company;

(ix) All the investments made by the Company within or outside India were in compliance with the Act, the Listing Regulations and the

Foreign Exchange Management Act, 1999 and the other applicable rules and regulations;

(x) The Company had not entered into any material transaction with any related party that required approval of the shareholders under the provisions of the Act or the Listing Regulations. All transactions with related parties were approved by the Audit Committee and by the Independent Directors who are members of the Audit Committee and were compliant with the provisions of the Act and the Listing Regulation;

(xi) The Company had spent its statutory obligation of 2% of its average net profits for the last three financial years on the Corporate Social Responsibility ('CSR') activities and was accordingly compliant with the provisions of Section 135 of the Act and the relevant Rules thereunder;

(xii) The Nomination and Remuneration Committee ('NRC') had engaged an independent agency that had carried out an annual evaluation of the performance of the Board, Board Committees as well as the performance of each individual director through an online tool. The Chairman, the Executive Vice-Chairperson and the Managing Director were also evaluated on certain additional parameters. The outcome of performance evaluation was discussed at the respective Board/ Committee meetings and by the independent directors in their meeting.

(xiii) In compliance with the provisions of Section 125 of the Act, the Company had transferred all unpaid/ unclaimed dividends for the financial year ended 31st March, 2016, which remainedunclaimed/unpaid for seven years, to the Investors Education and Protection Fund ('IEPF').;

(xiv) The Company had implemented the Employee Stock Option Scheme 2013-A ("ESOS 2013-A Scheme") and the Cipla Employee Stock Appreciation Rights Scheme, 2021 ("Cipla ESAR Scheme 2021") for grant of share-based benefits to its employees and the employees of its subsidiary companies. During the year, the Company had granted 1,61,629 stock options and 4,64,657 ESAR's under the schemes. Accordingly, during the audit period, upon exercise the Company allotted 1,41,331 and 80,351 equity shares to the eligible employees under the ESOS 2013-A scheme and Cipla ESAR Scheme 2021 respectively.

All grants, vestings and exercises as well as the disclosures and statutory filings with the Central Depository Services (India) Limited and the National Securities Depository Limited ("Depositories") and the BSE Limited and the National Stock Exchange of India Limited ("Stock Exchanges") were in compliance with the applicable laws.

All the shares allotted were duly listed on the Stock Exchanges, where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited. The ESOS 2013-A Scheme and the Cipla ESAR Scheme 2021 of the Company were compliant of the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

(xv) We have, neither identified nor have we reported on any fraud committed under the provisions of Act or applicable laws.

4.3 We further report that during the Audit period there was no such event occurred which had any major bearing on the Company's affairs and all the material information was intimated to the Stock Exchanges from time to time by the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

Avinash Bagul
Partner
FCS: 5578/ CP No. 19862
UDIN: F005578F000345313

Date: 10th May, 2024
Place: Mumbai

*The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.

Annexure A to the Secretarial Audit Report for the financial year ended 31st March, 2024

To,
The Members,
Cipla Limited
Cipla House Peninsula Business Park,
Ganpatrao Kadam Marg Lower Parel,
Mumbai – 400013

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's Management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. We have considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.

4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of significant events, wherever required.

7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

Avinash Bagul
Partner
FCS: 5578/ CP No. 19862
UDIN: F005578F000345313

Date: 10th May, 2024
Place: Mumbai

Business Responsibility & Sustainability Report

SECTION A:

GENERAL DISCLOSURES

I. Details of the listed entity[1]

1.	Corporate Identity Number (CIN) of the Listed Entity	L24239MH1935PLC002380
2.	Name of the Listed Entity	Cipla Limited
3.	Year of incorporation	1935
4.	Registered office address	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013
5.	Corporate address	Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013
6.	E-mail	cosecretary@cipla.com
7.	Telephone	+91 22 4191 6000
8.	Website	www.cipla.com
9.	Financial year for which reporting is being done	1st April 2023 to 31st March 2024
10.	Name of the Stock Exchange(s) where shares are listed	a. National Stock Exchange of India Limited b. BSE Limited c. Societe De La Bourse De Luxembourg (Luxembourg Stock Exchange) for GDRs
11.	Paid-up Capital	₹ 1,61,47,34,124
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	a. Name – Rajendra Chopra b. Designation – Company Secretary c. Telephone Number – +91 22 4191 6000 d. Email ID – cosecretary@cipla.com
13.	Reporting boundary	Refer on page no. 02 of About this Report
14.	Name of assurance provider	DNV Business Assurance India Private Limited
15.	Type of assurance obtained	• Reasonable assurance for BRSR Core indicators • Limited assurance for other selected BRSR indicators

II. Products/services[2]

16. Details of business activities *(accounting for 90% of the turnover)*

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Trade	Wholesale trading	23.64
2.	Manufacturing	Chemical and chemical products, pharmaceuticals, medicinal chemical and botanical products	64.55

[1]GRI 2-1

[2]GRI 2-6

17. Products/Services sold by the entity *(accounting for 90% of the entity's Turnover)*

Sr. No.	Product/Service	NIC Code 2004	% of total Turnover contributed
1.	Manufacture of chemical substances used in the manufacture of pharmaceuticals: antibiotics, endocrine products, basic vitamins; opium derivatives; sulpha drugs; serums and plasmas; salicylic acid, its salts and esters; glycosides and vegetable alkaloids; chemically pure sugar etc.	24,231	2.18
2.	Wholesale of pharmaceutical and medical goods	51,397	38.53
3.	Manufacture of allopathic pharmaceutical preparations	24,232	59.29

III. Operations[3]

18. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	38	64	102
International	8	33	41

19. Markets served by the entity

a. Number of locations

Locations	Number
National (No. of States)	28 states and 8 union territories
International (No. of Countries)	77[4]

b. What is the contribution of exports as a percentage of the total turnover of the entity?

37.75% (standalone)

c. A brief on types of customers

Refer page no. 94 of Relationship Capital

IV. Employees

20. Details as at the end of Financial Year

a. Employees and workers (including differently abled)

Refer page no. 72 of Human Capital

b. Differently abled employees and workers

Refer page no. 72 of Human Capital

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	11	2	18.18
Key Management Personnel	4	1	25.00

22. Turnover rate for permanent employees and workers

Refer page no. 82 of Human Capital

[3] GRI 2-1, GRI 2-6

[4] Represents countries/ markets where sales are more than USD 0.5 million

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Names of holding / subsidiary / associate companies / joint ventures. Do these entities participate in the Business Responsibility initiatives of the listed entity?

Details of subsidiary / associate / joint venture companies are given in Form AOC-1, on page no. 419 of this report. All the entities, wherever applicable, participate in the relevant Business Responsibility initiatives of the Company, except associate companies and joint venture companies.

VI. CSR Details

24. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

Standalone numbers (₹ in crores)

- Turnover: 18,057.40
- Net worth: 27,974.17

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct[5]:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	Policy Coverage	FY 2023-24			FY 2022-23		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf	Code of Conduct	-	-	-	-	-	-
Investors (other than shareholders)	Not Applicable							
Shareholders	https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redrrssal-Policy.pdf	Investor Servicing and Grievance Redressal Policy	16	2	-	38	2	-
Employees and workers	Available on the intranet	Employee Grievance Policy	-	-	-	-	-	-
	https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf	Code of Conduct	46	7	-	53	4	-
	https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf	Human Rights Policy	-	-	-	-	-	-
	https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf	Policy on Prevention of Sexual Harassment at the workplace	15	1	-	7	-	-

[5] GRI 2-24, GRI 2-25

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	Policy Coverage	FY 2023-24			FY 2022-23		
			Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Customers	https://www.cipla.com/contact-us	Reporting on adverse / technical events	6,179	1,111	-	4,691	992	-
	https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf	Code of Conduct	2	-	-	-	-	-
Value Chain Partners	https://www.cipla.com/contact-us	Reporting on adverse / technical events	474	91	-	351	63	-
	https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf	Code of Conduct	2	-	-	3	-	-
Healthcare Professionals	https://www.cipla.com/contact-us	Reporting on adverse / technical events	383	55	-	284	47	-
	https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf	Code of Conduct	-	-	-	1	-	-
Government and Regulators	https://www.cipla.com/contact-us	Reporting on adverse / technical events	80	10	-	58	18	-
	https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf	Code of Conduct	-	-	-	-	-	-
Other	https://www.cipla.com/sites/default/files/1530274684_Cipla--Code-of-Conduct-FC.PDF.pdf	Code of Conduct	37	5	-	22	6	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Refer page no. 44 of Materiality Assessment

SECTION B:

MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes[6]									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes								
b. Has the policy been approved by the Board? (Yes/No)	Yes[7]								
c. Web Link of the Policies, if available	Policies are available on: (1) website of the Company - www.cipla.com and the weblink of the policies are also available in the Report on Corporate Governance on page no. 206 (2) Intranet portal of the Company - accessible to the employees of the Company								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, Code of Conduct and other applicable policies extend to our value chain partners								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	ISO 9001:2015, United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	ISO 45001: 2018 at 38 of 46 manufacturing sites globally, United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	ISO 14001: 2015 at 38 of 46 manufacturing sites globally, United Nations Sustainable Development Goals, ISO 50001 at 25 of 46 manufacturing sites, National Guidelines on Responsible Business Conduct	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct	United Nations Sustainable Development Goals, National Guidelines on Responsible Business Conduct
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The specific commitments, goals and targets are provided in the respective capitals of the Integrated Annual Report, wherever applicable								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The performance against specific commitments, goals and targets are provided in the respective capitals of the Integrated Annual Report, wherever applicable								

[6]GRI 2-23, GRI 2-24

[7]Policies are approved by the Board, respective board committees, respective department heads, wherever applicable

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements *(listed entity has flexibility regarding the placement of this disclosure)*	Refer to MD & GCEO's Message on page no. 14								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr Umang Vohra, Managing Director and Global Chief Executive Officer (DIN: 02296740)								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.[8]	The Investment and Risk Management Committee (IRMC) is responsible to periodically review environmental, social and governance (ESG)/ sustainability matters pertaining to the Company, including initiatives and reporting. The Committee composition of IRMC is as follows								

DIN	Name	Designation
00027923	Ms Samina Hamied	Chairperson*
00070477	Mr Ashok Sinha	Member
03515778	Mr Robert Stewart	Member
02313000	Mr S Radhakrishnan	Member
01915274	Mr P R Ramesh	Member
02296740	Mr Umang Vohra	Member

*w.e.f. 1st April, 2024, Mr Robert Stewart has been appointed as Chairman of IRMC.

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The policies of the Company are reviewed periodically / on a need basis by department heads / directors / board committees, wherever applicable.																	
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	Status of compliance with all applicable statutory requirements is reviewed by the Board and the Audit Committee on a quarterly basis.																	

	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	1. DNV Business Assurance India Private Limited has been engaged to provide assurance on Cipla's Integrated Annual Report, including the Business Responsibility & Sustainability Report for FY 2023-24. As part of the assurance process, DNV has reviewed implementation of ESG related policies at operational level. 2. SGGS & Associates, Practicing Company Secretaries was engaged to conduct a detailed assessment of the effectiveness of policies and practices relating to human rights. 3. The procedures and compliances pertaining to the working of Company's policies are also evaluated by the internal auditors of the Company from time to time.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated

Not Applicable

[8]GRI 2-12

SECTION C:

PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the Principles during the financial year**[9]

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors[10]	17	The Company conducts familiarisation programmes for its Board of Directors at regular intervals which covers topics such as ESG parameters and targets, corporate governance practices, various other industry, business and regulatory updates.	91.44
Key Managerial Personnel			94.12
Employees other than BoD and KMPs	3,975	The employees / workers undergo various trainings / awareness sessions such as induction training at the time of joining and leadership, policy, technical and compliance training during the course of employment.	94.60
Workers	334		49.64

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)**[11]

   Nil

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed**

   Nil

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy**[12]

   Yes, the Company has an anti-corruption and anti-bribery policy that is applicable to all associates, business partners (as defined in the policy) and all its subsidiaries across the globe. The policy details our zero tolerance approach towards corruption and bribery and includes the following elements:

   1. Responsibility of Cipla associates and business partners
   2. Mechanism to deal with complaints on bribery and corruption
   3. Advice on interactions with public servants
   4. Do's and Don'ts regarding entertainment, gifts and hospitality

   The Policy also guides business partners and associates on how to file complaints about bribery and corruption in accordance with our Whistle-blower Policy. Risk assessments regarding compliance with anti-corruption and anti-bribery laws are conducted as and when necessary as part of Enterprise Risk Management activities and appropriate mitigation measures are taken in response. In addition to our Code of Conduct training, our employees

[9]GRI 2-17, GRI 2-24

[10]It includes programmes which are offered to all the board members of Cipla Limited. For further details, please refer Familiarisation programme for Independent Directors in the 'Report on Corporate Governance'

[11]GRI 2-27

[12]GRI 205-1, GRI 205-2

receive anti-corruption and anti-bribery training. The policy is available via the following weblink: https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption[13]**

   Nil

6. **Details of complaints with regard to conflict of interest**

   Nil

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest[13]**

   Not applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format**

Particulars	FY 2023-24	FY 2022-23
Number of days of accounts payables	60	66

9. **Open-ness of business**

   Provide details of concentration of purchases and sales with trading houses, dealers and related parties along-with loans and advances & investments, with related parties in the following format

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	10.68%	8.80%
	b. Number of trading houses where purchases are made from	274	224
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	51.22%	51.33%
Concentration of Sales	a. Sales to dealers / distributors[14] as % of total sales	82.36%	83.91%
	b. Number of dealers / distributors to whom sales are made	13,923	13,141
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	35.85%	33.62%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.05%	0.04%
	b. Sales (Sales to related parties / Total Sales)	0.003%	-
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	100%	-
	d. Investments (Investments in related parties / Total Investments made)	86.99%	27.23%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year[15]**

   Refer page no. 100 of Relationship Capital

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same[16]**

   Yes, the Company has in place a 'Conflict of Interest Policy' and a 'Policy on Related Party Transactions', which are applicable to our board members. Transactions with the board members or any entity in which such board members are concerned or interested are required to be approved by the Audit Committee and the Board of Directors. In such cases, the interested directors abstain themselves from the discussions at the meeting. The weblink of the above mentioned policies are as below:

   Conflict of Interest Policy- https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf

   Policy on Related Party Transactions - https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf

[13]GRI 205-3

[14]Sales to dealers/distributors excludes sales made directly to consumers, retailers, hospitals, e-commerce and manufacturers

[15]GRI 2-24, GRI 2-25

[16]GRI 2-15

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively**

   Refer page no. 56 of Manufactured Capital and page no. 63 of Intellectual Capital

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes

   b. **If yes, what percentage of inputs were sourced sustainably?**

   The Company has requisite procedures in place for sustainable sourcing. Sustainability parameters are integrated into our overall supply chain having a Sustainable Supply Chain Policy and Supplier Code of Conduct. The Company also carries out assessment of suppliers based on ESG parameters and organises capacity building workshops for critical suppliers, who are selected based on value, volume and dependency. Please refer page no. 99 of Relationship Capital for details of assessments completed during the year for determining the products that are sourced in a sustainable manner.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

   As a pharmaceutical Company, we do not engage in the reclamation or recycling of products once they reach the end of their lifespan. However, we have implemented waste management protocols across all our manufacturing facilities and warehouses. Any products that remain unsold in the market and approach their end of life for any reason are retrieved by our warehouses for secure disposal, typically through incineration.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same**

   Yes, refer page no. 122 of Natural Capital

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? if yes, provide details in the following format ?**

   Refer page no. 122 of Natural Capital

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life cycle perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

   Refer page no. 122 of Natural Capital

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry)**

   Since we are in the pharmaceutical business, we do not recycle or reuse input material.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed as per the following format**

   Since the company is engaged in the pharmaceutical bussiness, products are not reclaimed at the end of their life for reusing, recycling. However, the reclaimed products are sent for safe disposal through incineration. We do use recycled tertiary packaging material sourced from our suppliers. We also collect and channelise quantities of different types of plastics such as rigid, flexible and multi-layered which is equivalent to that used in packing our own products.

   In FY 2023-24, 1,466 metric tonnes of date expired products were collected and sent for incineration and 252 metric tonnes of packaging material was sent for recycling.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

   Since the Company is engaged in the pharmaceutical business, products are not reclaimed at the end of their life for reusing, recycling but the reclaimed products are sent for safe disposal through incineration.

   However, 100% equivalent amount of pre and post-consumer plastic waste is collected through waste management agency and co-processed, recycled and/or converted to energy.

   9.40% of our formulation products were reclaimed and safely disposed through incineration in FY 2023-24.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees

   Refer page no. 80 of Human Capital

   b. Details of measures for the well-being of workers

   Refer page no. 80 of Human Capital

   c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

   Refer page no. 80 of Human Capital

2. Details of retirement benefits, for Current FY and Previous Financial Year

   Refer page no. 81 of Human Capital

3. Accessibility of workplaces

   Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard

   Refer page no. 82 of Human Capital

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy

   Refer page no. 82 of Human Capital

5. Return to work and Retention rates of permanent employees and workers that took parental leave

   Refer page no. 80 of Human Capital

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief

   Refer page no. 83 of Human Capital

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity

   Refer page no. 85 of Human Capital

8. Details of training given to employees and workers

   Refer page no. 76 and 89 of Human Capital

9. Details of performance and career development reviews of employees and worker

   Refer page no. 78 of Human Capital

10. Health and safety management system

    a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

    Refer page no. 86 of Human Capital

    b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

    Refer page no. 87 of Human Capital

    c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

    Refer page no. 87 of Human Capital

    d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

    Refer page no. 89 of Human Capital

11. Details of safety related incidents, in the following format

    Refer page no. 88 of Human Capital

12. Describe the measures taken by the entity to ensure a safe and healthy work place

    Refer page no. 85 of Human Capital

13. Number of Complaints on the following made by employees and workers

    Refer page no. 86 of Human Capital

14. Assessments for the year

    Refer page no. 86 of Human Capital

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

    Refer page no. 87 of Human Capital

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

   Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

   All value chain partners of the Company are expected to conduct themselves in an ethical and responsible manner in all their business transactions and maintain high standards of fair business practices. Robust processes have been adopted to ensure that requisite statutory dues, as applicable to the transactions of the Company with its value chain partners, are deducted and deposited in accordance with the applicable regulations and reviewed as per regular audit processes. Necessary certificates and proofs from contractors with respect to payment of statutory dues like PF, ESIC, etc. relating to contractual employees and workers are also collected by the Company.

3. **Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment**

Particulars	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	-	-	-	-
Workers	1	-	-	-

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

5. **Details on assessment of value chain partners**

Refer page no. 99 of Relationship Capital

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners**

Refer page no. 99 of Relationship Capital

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity**

Refer page no. 38 of Stakeholder Engagement

2. **List of stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group**

Refer page no. 38 of Stakeholder Engagement

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board[17]**

Respective business / functional heads engage with the stakeholders on various ESG topics and the relevant feedback from such consultation is provided to the Board, wherever applicable. For further details, refer page no. 44 of Materiality Assessment.

2. **Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity[18]**

Yes, our material issues are identified based on our engagement with our stakeholders. For details please refer page no. 44 of Materiality Assessment.

3. **Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups**

We engage with various stakeholders who may be classified as vulnerable/marginalised stakeholder groups. Please refer to page no. 38 of the Stakeholder Engagement.

The Company undertakes various CSR activities in local areas that serve the concerns of the vulnerable / marginalised stakeholder groups. For more information, refer page no. 103 to 109 of Social Capital. There are no reportable concerns of vulnerable / marginalised groups.

[17]GRI 2-12, GRI 2-25
[18]GRI 2-12

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format**[19]

   Refer page no. 84 of Human Capital

2. **Details of minimum wages paid to employees and workers, in the following format**

   Refer page no. 83 of Human Capital

3. **Details of remuneration/ salary/ wages**

   a. **Median remuneration/ wages**

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)	Number	Median remuneration/ salary/ wages of respective category (Amount in ₹)
Board of Directors (BoD)	10	1,07,75,000	2	5,53,02,472
Key Managerial Personnel	2	4,22,25,883	-	-
Employees other than BoD and KMPs	23,220	6,38,191	4,111	6,68,686
Workers	271	8,57,086	114	10,43,399

   b. **Gross wages paid to females as a % of total wages paid by the entity, in the following format**

Particulars	FY 2023-24	FY 2022-23
Gross wages paid to females as a % of total wages	19.37%	18.88%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   Yes, refer page no. 84 of Human Capital

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues**

   Refer page no. 84 of Human Capital

6. **Number of Complaints on the following made by employees and workers**

Particulars	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	15	1	-	7	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced labour/ Involuntary labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

[19]GRI 2-24

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format**

Particulars	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)*	12	7
Complaints on POSH as a % of female employees / workers	0.17%	0.11%
Complaints on POSH upheld*	12	7

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases[20]**

Refer page no. 84 of Human Capital

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)[21]**

Yes, Refer page no. 83 of Human Capital

10. **Assessments for the year**

Refer page no. 84 of Human Capital

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**

There were no significant risks/concerns arising from the assessments at question 10 above

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints**

Not applicable

2. **Details of the scope and coverage of any Human rights due-diligence conducted**

Refer page no. 84 of Human Capital

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

4. **Details on assessment of value chain partners**

Refer page no. 99 of Relationship Capital

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above**

Refer page no. 99 of Relationship Capital

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format**

Parameter	FY 2023-24	FY 2022-23
From renewable sources		
Total electricity consumption (A)	3,54,105	3,15,294
Total fuel consumption (B)	2,28,869	1,97,324
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C) GJ	**5,82,974**	**5,12,618**
From non-renewable sources		
Total electricity consumption (D)	9,03,539	8,71,901
Total fuel consumption (E)	5,31,498	4,96,379
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+ F) GJ	**14,35,037**	**13,68,280**
Total energy consumed (A+B+C+D+E+F) GJ	**20,18,011**	**18,80,898**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) GJ/₹ lac of Revenue	0.78	0.83
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	17.92	18.92
Energy intensity in terms of physical output (GJ/MT Product)	127.62	115.24

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited

[20]GRI 2-25

[21]GRI 2-23

*This data includes complaints only specific to Cipla Limited and its Indian Subsidiaries as per statuory requirements.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any**

During FY 2023-24, the list of Designated Consumers has been amended to include the chemical sector (including pharmaceuticals API) with an energy consumption of 3,000 Metric tons of Oil equivalent per year or above. We are currently in the process of reaching out to relevant authorities for further guidance.

3. **Provide details of the following disclosures related to water, in the following format**

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	48,667	52,000
(ii) Groundwater	2,13,764	2,51,173
(iii) Third party water	13,51,648	12,63,636
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**16,14,079**	**15,66,809**
Total volume of water consumption (in kilolitres)	**14,98,961**	**14,84,831**
Water intensity per rupee of turnover (Total water consumption/₹ lac of Revenue)	**0.58**	**0.65**
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	**13.31**	**14.93**
Water intensity in terms of physical output (Water consumption/MT Product)	**94.79**	**90.97**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

4. **Provide the following details related to water discharged**

Parameter	FY 2023-24	FY 2022-23
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	1,15,118	81,978
- No treatment	66,084	44,328
- With treatment: Primary treatment	9,818	6,861
- With treatment: Tertiary treatment	39,216	30,789
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**1,15,118**	**81,978**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation**

We have implemented zero liquid discharge ('ZLD') mechanism at our Sikkim, Kurkumbh, Virgonagar, Indore, Goa and Bommasandra manufacturing units. As of 31st March, 2024, 54% of our manufacturing units have ZLD operations.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format[22]**

Parameter	Please specify unit	FY 2023-24	FY 2022-23
NOx	mg/Nm3	64.68	49.09
SOx	mg/Nm3	29.91	48.14
Particulate matter (PM)	mg/Nm3	31.25	29.60
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format**

Parameter	Unit	FY 2023-24	FY 2022-23
Total Global Scope 1 Emissions	Metric tonnes of CO_2 equivalent	Energy based- 37,398 Refrigerant emissions: -6,97,682	Energy based: 35,831 Refrigerant emissions: 6,11,026[23]
Total Global Scope 2 Emissions	Metric tonnes of CO_2 equivalent	2,07,238	1,95,777[24]
Total Global Scope 1 and Scope 2 emissions per rupee of turnover	tCO_2e/₹ lac of Revenue	0.365	0.370
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)		8.37	8.47
Total Scope 1 and Scope 2 emission intensity in terms of physical output	tCO_2e/MT Product	59.59	51.62

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details**

Refer page no. 114 from Natural Capital

[22]GRI 305-7

[23]GRI 2-4. We continually review and monitor our data for accuracy and constancy. Hence, we are issuing a restatement of our global refrigerant emissions for FY 2022-23

[24]GRI 2-4. We have used the CEA 2023 factor to calculate our Scope 2 emissions for FY 2023-24 and FY 2022-23. Hence, we are issuing a restatement for our FY 2022-23 Scope 2 emissions.

9. Provide details related to waste management by the entity, in the following format

Parameter	FY 2023-24	FY 2022-23
Total Waste generated (in metric tonnes)		
Plastic waste (A)	2,748	3,057
E-waste (B)	67	30
Bio-medical waste (C)	102	64
Construction and demolition waste (D)	999	103
Battery waste (E)	70	45
Radioactive waste (F)	-	-
Other Hazardous waste, if any. (G)	17,107	14,834
Other Non-hazardous waste generated (H), if any. (Break-up by composition i.e. by materials relevant to the sector)	10,550	8,945
Total (A + B + C + D + E + F + G + H)	**31,643**	**27,078**
Waste intensity per rupee of turnover (Total waste generated / ₹ lac of Revenue)	0.012	0.012
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	0.28	0.27
Total waste generated/MT product	2.00	1.66
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled/Reused	22,374	19,626
(ii) Other recovery operations	5,828	5,042
Total	**28,202**	**24,668**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	2,503	1,342
(ii) Landfilling	1,522	1,012
(iii) Other disposal operations	-	-
Total	**4,025**	**2,354**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Kindly refer page no. 120 and 123 from Natural Capital.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format[25]

Sr. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1.	Cipla Limited Bommasandra-Jigani Link Road, Industrial Area, Plot No. 285, KIADB Bangalore, Krishnapuram, Jigani, Karnataka 560105, India.	API manufacturing	Yes

[25]GRI 304-1

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year**

The Company has not undertaken any Environmental Impact Assessments of its Projects in FY 2023-24.

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances[26]**

Yes, the Company is compliant with all applicable environmental laws and regulations.

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)**

For each facility / plant located in areas of water stress, provide the following information

(i) **Name of the area:** Baddi, Bommasandra, Virgonagar, Indore, Satara

Note: As per WRI Aqueduct tool (Beta Version 3.0). Sites with water stress >80% are considered

(ii) **Nature of operations:** API- Bommasandra, Virgonagar

Formulations- Baddi, Indore, Satara

(iii) **Water withdrawal, consumption and discharge in the following format**

Parameter	FY 2023-24	FY 2022-23
Water withdrawal by source (in kilolitres)		
(i) Surface water	158	-
(ii) Groundwater	57,940	58,970
(iii) Third party water	3,32,345	3,68,126
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	**3,90,443**	**4,27,096**
Total volume of water consumption (in kilolitres)	**3,80,625**	**4,20,235**
Water intensity per rupee of turnover (Water consumed / ₹ lac of Revenue	0.15	0.19
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	9,818	6,861
- No treatment	-	-
- With treatment-Primary treatment	9,818	6,861
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	**9,818**	**6,861**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

[26]GRI 2-27

2. Please provide details of total Scope 3 emissions & its intensity, in the following format

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	45,76,772	41,05,383
Total Scope 3 emissions per rupee of turnover	tCO_2e/₹ lac of Revenue	1.77	1.80
Total Scope 3 emission intensity adjusted for PPP		40.63	41.29
Total Scope 3 emission intensity in terms of physical output	tCO_2e/MT Product	289.43	251.52

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance has been carried out by DNV Business Assurance India Private Limited.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities

Bommasandra site is under notified Industrial Area, located within 10 km of the Bannerghatta National Park. We have conducted Environmental Impact Assessment studies and no significant impact of the organisation on Biodiversity has been observed.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives

Please refer page no. 56 of Manufactured Capital

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link[27]

A detailed framework and guidelines have been provided in Cipla's Business Continuity Plan guidance document to support Cipla's business units and operations to respond, restore and check critical business processes when normal operations are disrupted. This document provides an overview of ongoing functions, describes an approach to supporting critical business functions and defines personal roles and responsibilities. It also outlines notification procedures and communication methods, protocols for activation deactivation plans, provisions for alternative workplaces/manufacturing/ product development and a plan for the maintenance and recovery of important records.

This document contains BCP guidelines to respond to outages caused by natural, technical and man-made events, as well as events that cause loss of access to parts or the entire facility or loss of service due to failure of equipment or systems. The effect of the above disruptive events can lead to the realisation of risks in main risk categories i.e. Environmental, health and safety ('EHS') and business/financial risks. The BCP guidelines provide a framework for addressing these EHS and business/financial risks. BCP guidelines\apply to Cipla, its subsidiaries and affiliates. Additionally, every Cipla location has an on-site emergency response plan.

Furthermore, due to the variability of disruptions, from time to time, business functions may define specific business continuity/ risk mitigation plans which are taken with due consideration toward risks involved and are subject to cross-functional deliberations and approvals.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

Refer page no. 99 of Relationship Capital.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts

Refer page no. 99 of Relationship Capital.

[27]GRI 3-3

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   Refer page no. 96 of Relationship Capital

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

   Refer page no. 96 of Relationship Capital

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities**

   Not applicable

Leadership Indicators

1. **Details of public policy positions advocated by the entity**

   Refer page no. 96 of Relationship Capital

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year[28]**

   During the year, the Company was not required to undertake any SIA under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement ('R&R') is being undertaken by your entity, in the following format**

   Not applicable

3. **Describe the mechanisms to receive and redress grievances of the community[29]**

   The communities can raise their grievances as per the mechanism provided in our Code of Conduct available on our website of the Company. For further details refer our response to Question no. 23 of Section A on page no. 168.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers**

   Refer page no. 98 and 99 of Relationship Capital

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost[30]**

Location	FY 2023-24	FY 2022-23
Rural	9.76%	9.89%
Semi-urban	2.17%	2.25%
Urban	3.35%	4.66%
Metropolitan	84.72%	83.20%

[28]GRI 413-2

[29]GRI 2-25

[30]This data pertains to permanent employees and workers of Cipla Limited and its Indian subsidiaries (except Jay Precision Pharmaceutical Private Limited) employed in India

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above)**

   Not applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies**

Sr. No.	State	Aspirational District	Amount spent (in ₹)
1	Bihar	Muzaffarpur	2,740,436
2	Andhra Pradesh	Visakhapatnam	5,124,158

3. a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

   (b) **From which marginalized /vulnerable groups do you procure?**

   (c) **What percentage of total procurement (by value) does it constitute?**

   The Company is impartial in its selection and procurement processes of its suppliers which is driven by the Company's procurement policy, supplier code of conduct and supply chain sustainability policy. Currently, the Company does not consider the criteria for marginalised / vulnerable groups during selection of its suppliers. During the year, we spend 65% of our total procurement budget on local sourcing and out of the total input materials sourced by the Company and 9.2% were sourced from MSME suppliers.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge**

   Refer page no. 64 of Intellectual Capital

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved**

   Refer page no. 64 of Intellectual Capital

6. **Details of beneficiaries of CSR Projects**

   For CSR projects and no. of persons benefited from CSR projects – Refer page no. 103 to 109 of Social Capital and page no. 150 of the Annual Report of CSR.

   % of beneficiaries from vulnerable and marginalised group - The primary objective of the CSR projects is to reach out to the most vulnerable and marginalised communities from a weak socio-economic background from the rural as well as urban population.

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

Consumer complaints and feedback are addressed through a robust mechanism and focused efforts are made to do so in an effective and timely manner. All patients/consumers, healthcare professionals and other concerned stakeholders can report any adverse event or product complaint through a dedicated phone line and mailbox. Consumer complaints received at drugsafety@cipla.com are assessed and addressed as per Standard Operating Procedure (SOP). Depending on the nature, the complaint will be forwarded to the relevant department for possible further action, including appropriate response to the complaints. Consumers can also submit their complaints/feedback as per the mechanism set out in our Code of Conduct available on the Company's website. We also take appropriate steps to address consumer complaints raised in consumer forums in accordance with applicable laws and regulations.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about**

Particulars	As a percentage of total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	100
Recycling and /or safe disposal	-

Note: The Company does not maintain/record data pertaining to the percentage of turnover of products of the Company that carry information regarding environmental / social parameters relevant to the product and recycling and/or safe disposal of the products. The Company is in compliance of applicable laws and regulations w.r.t. product labelling and information.

3. **Number of consumer complaints in respect of the following**

Particulars	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber- security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	1	1	Sub Judice

4. **Details of instances of product recalls on account of safety issues**

Refer page no. 59 of Manufactured Capital

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy**

Refer page no. 61 of Manufactured Capital

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Not applicable

7. **Provide the following information relating to data breaches**

   a. **Number of instances of data breaches:** One

   b. **Percentage of data breaches involving personally identifiable information of customers:**

      Nil

   c. **Impact, if any, of the data breaches:** The Company recorded one data breach for FY 2023-24, however, there was no loss of data or adverse negative impact.

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

   Please refer to the following weblink: https://www.cipla.com/our-offerings

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services**

   Refer page no. 95 of Relationship Capital

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services**

   Not applicable

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, Refer page no. 95 of Relationship Capital

Report on Corporate Governance[1]

Cipla's Philosophy on Corporate Governance

The corporate governance philosophy at Cipla stems from the set of principles and framework embedded in its values. Our legacy of deep commitment to compassion and care for patients resonates throughout the organisation. Our vision of providing high quality, life-saving drugs at affordable prices since our inception, has evolved into our endearing purpose, 'Caring for Life'. This purpose ultimately guides our organisational decisions and anchors our every action.

Creating Value

At Cipla, we aim to abide by the highest standards of good governance and ethical behaviour across all levels within the organisation with a zero-tolerance policy towards any deviation from these standards. Our ethical framework focuses on long-term shareholder value creation through responsible decision-making. Cipla's corporate governance framework is founded on the following pillars:

Transparency

For us, transparency is key to healthy, self-sustaining growth and promotes self-enforcing checks and balances. It also fosters deep and long-standing trust among our stakeholders. We strive to demonstrate the highest levels of transparency, over and above statutory requirements, through accurate and prompt disclosures.

Fairness

We practice fair play and integrity in our transactions with all stakeholders, both within and outside the organisation. We conduct ourselves in the most equitable manner.

Accountability

For us, accountability is about holding ourselves firmly responsible for what we believe in and for delivering what we have promised. We ensure this by promoting a mind-set of end-to-end ownership throughout the organisation. By means of openness and transparency, we consider ourselves accountable to the entire universe of stakeholders including our patients, employees, shareholders, vendors, government agencies, society, medical community, customers and business partners and supply chain participants.

Competent leadership and management

We believe that a dynamic, diverse and experienced Board with a focus on excellence plays a pivotal role in Cipla's corporate governance aspirations. In view of this, we endeavour to maintain a Board composition that brings healthy balance of skills, experience, independence, assurance, growth mind-set and deep knowledge of the sector.

Empowerment

The empowerment of leaders and employees is an important step in enabling high performance and developing leadership capabilities within the Company. Our leadership essentials focus on people, performance and health, are strongly embedded in our First Principles. They define a common vocabulary and approach for building leadership within the Company.

Sustainability

At Cipla, sustainability is about effectively managing the triple bottom line i.e. the financial, social and environmental aspects, whilst focusing on business continuity. We are committed to pursuing our economic growth while concurrently watching our ecological footprint and increasing our positive social impact.

Compliance and risk management

Full adherence to all regulatory and statutory requirements in letter and spirit is a key guiding principle at Cipla. Our global footprint and the associated operating environment is characterised by several risks, which can potentially impact our current and future earnings. The risk management function targets to maintain a live register of important risks along with implementing a plan to monitor and mitigate them. We believe that effective compliance and risk management activities will drive the sustainability of corporate performance.

Governance structure[2]

Cipla's robust governance philosophy is executed through a multi-tiered governance structure[1] with clearly defined roles and responsibilities for every constituent of the governance system.

Board of Directors: The one-tier Board of Directors ('Board') is responsible for the strategic supervision and overseeing the Management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgment and plays a vital role in monitoring the Company's affairs. The Board also ensures the Company's adherence to the standards of corporate governance and transparency.[3]

Board Committees: To effectively discharge the obligations and to comply with the statutory requirements, the Board has constituted six board committees. The committees deal with specific areas that are assigned to them for either final decision-making or giving appropriate recommendations to the Board. All the committees have a clearly laid down charter and are responsible for discharging their roles and responsibilities as per their charter.[4]

Chairman: The Chairman acts as the leader of the Board and presides over the meetings of the Board and the shareholders, while ensuring that the Company's strategies are based on our underlying principle of 'Caring for Life' and reflect our core values. During the last financial year, the Chairman was supported by the Executive Vice-Chairperson, who takes

[1]GRI 3-3
[2]GRI 2-9
[3]GRI 2-12
[4]GRI 2-13

a lead role in managing Board meetings and interactions, determining the Board's composition and facilitating effective communication among the directors[5].

Managing Director and Global Chief Executive Officer ('MD & GCEO'): The MD & GCEO is responsible for business performance, driving growth and implementation of the strategic decisions aligned to the vision and purpose-driven mission of Cipla. The MD & GCEO's priorities include designing and executing Cipla's long-term strategy based on organic and inorganic initiatives, defining the innovation and business reimagination agenda for the Company, to ensure growth with sustainability by leveraging digitisation and automation initiatives and to create a world-class future-ready global organisation with a vibrant and enabling culture where talent thrives and grows.

Management Council: The Management Council serves as the apex leadership team, to set and deliver the strategic long-term growth agenda for Cipla, by creating and delivering best in class practices, processes and products. The Management Council drives the growth ambition and sustainability initiatives across the organisation[6].

The Management Council includes the following members:

MD & GCEO (Chair), Global Chief Technology Officer, Global Chief Financial Officer, Global Chief People Officer, Global Chief Scientific Officer, CEO- Emerging Markets and Europe, CEO-Cipla South Africa and Regional Head Africa and Access, CEO-One India Business, CEO-North America, Global Head of Quality, Global Chief Manufacturing Officer.

Business Council: A Business Council comprising select business and functional heads was formed during FY 2019-20 to support the Management Council and participate in strategic discussions and share perspectives on key strategic matters[7].

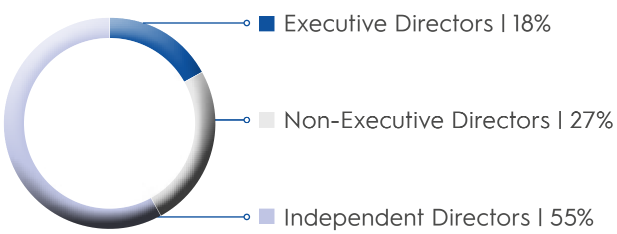
Operating Committees: The Company has various cross-functional committees that ensure robust delivery of business objectives and operationalisation of strategic plans. The committees also ensure that the Company maintains its growth momentum within the defined risk management framework and governance principles.[8]

Board of Directors

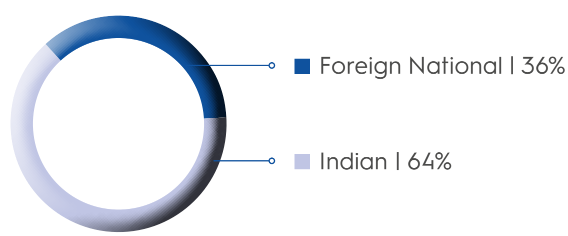
Composition of the Board[9]

Cipla's Board represents an appropriate mix of executive, non-executive and independent directors, which is compliant with the requirements of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and is also in line with the best practices of corporate governance.

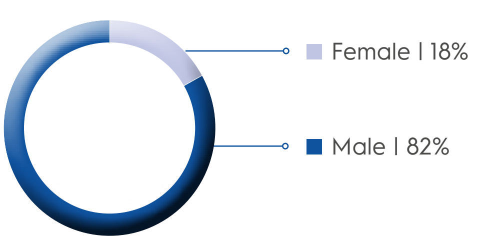
Categorywise - Percentage of total number of Directors



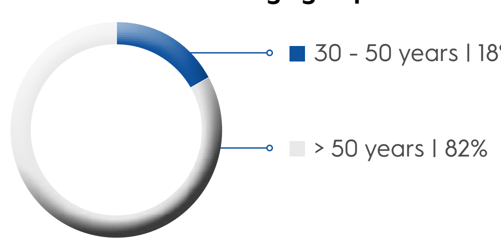
Nationality of Directors



Genderwise - Total no. of Directors



Age group



Details of directors

Detailed profile of the directors is available on the Company's website at https://www.cipla.com/about-us/board-directors

The statutory details of the directors, including the category, composition, directorships held by them in other listed companies and their committee memberships/chairpersonships in other public companies as on 31st March, 2024, are listed in Annexure A.

[5]GRI 2-11

[6]GRI 2-13

[7]GRI 2-13

[8]GRI 2-13

[9]GRI 2-9, GRI 405-1

Board skill matrix

The Board of the Company comprises of qualified directors who possess relevant skills, expertise and competence to ensure effective functioning of the Company.[10]

Board Skills	Board skill distribution(%)
Corporate Governance Protection of stakeholders' interest, observing best governance practices, commitment to the highest standards of compliance, corporate ethics and values and identifying key governance risks.	100
Global Economics and Business Understanding of diverse business environments, regulatory framework and global economy, political conditions & cultures.	100
General Management and Leadership General know-how of business management, talent management and development, succession planning, workplace health & safety.	100
Operations Operational expertise and technical know-how in the areas of manufacturing, quality and supply chain.	83.33
Mergers & Acquisitions (M&A) Experience in evaluating M&A deals for inorganic growth and ability to align it with the Company's growth strategy and future business opportunities.	83.33
Risk Management Ability to identify and evaluate the significant risk affecting the business operations of the Company and to monitor the effectiveness of risk management framework and practices.	75.00
Sales, Marketing and Commercial Experience in strategising market share growth, building brand awareness, enhancing enterprise reputation	66.67
Sustainability and ESG Understanding of diverse and global sustainability and ESG practices and the ability to align them with the Company's growth strategy.	66.67
Financial Expertise Proficiency in financial management, financial reporting process, budgeting, treasury operations, audit and capital allocation.	75.00
Tech and Digital Experience in the field of technology and digitalisation, envisage new technological business trends and experience in creating new business models.	66.67
Pharmaceuticals, Science and Technology Significant background and experience in pharmaceuticals sector, science and technology domain.	58.33

[10] GRI 2-17

Name of Director	Special Skills
Dr Y K Hamied	Corporate Governance; Global Economics and Business; General management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Pharmaceutical, Science and Technology.
Mr M K Hamied	Corporate Governance; Global Economics and Business; General management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Pharmaceutical, Science and Technology.
Ms Samina Hamied	Corporate Governance; Global Economics and Business; General Management and Leadership; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
Mr Umang Vohra	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital; Pharmaceutical, Science and Technology.
Mr S Radhakrishnan	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sustainability and ESG; Financial Expertise; Tech and Digital.
Mr Ashok Sinha	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
Mr Adil Zainulbhai	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Financial Expertise; Pharmaceutical, Science and Technology.
Ms Punita Lal	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Tech and Digital.
Mr Robert Stewart	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Risk Management; Sales, Marketing and Commercial; Sustainability and ESG; Financial Expertise; Pharmaceutical, Science and Technology.
Mr P R Ramesh	Corporate Governance; Global Economics and Business; General Management and Leadership; M&A; Risk Management; Sustainability and ESG; Financial Expertise; Tech and Digital.
Dr Mandar Vaidya	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; M&A; Sales, Marketing and Commercial; Tech and Digital; Pharmaceutical, Science and Technology.
Dr Balram Bhargava*	Corporate Governance; Global Economics and Business; General Management and Leadership; Operations; Sustainability & ESG; Financial Expertise; Tech & Digital; Pharmaceuticals, Science and Technology.

*Appointed as an independent director w.e.f. 1st April, 2024

Board membership criteria and selection process[11]

The Nomination and Remuneration Committee ('NRC') is responsible for identifying and evaluating a suitable candidate for the Board, based on the criteria laid down in the Nomination, Remuneration and Board Diversity Policy. The policy is available on the website of the Company at https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf

While selecting a candidate, the NRC evaluates the balance of skills, knowledge and experience of the Board and based on such evaluation approves a description of the role and responsibilities required for the new independent director to be inducted.

On identifying a suitable candidate, the NRC recommends his/her appointment to the Board for approval. Based on the recommendation of the NRC, the Board considers and appoints such person as an additional director and recommends the appointment to the shareholders for their approval.

[11]GRI 2-10

Role of the Board

The Board is the apex body whose constitution is approved by the shareholders who is responsible for strategic supervision and overseeing the management performance and governance of the Company on behalf of the stakeholders. In order to take an informed decision, the Board has access to all relevant information and free to approach the employees of the Company and the subsidiaries. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in the best interests of the Company and its stakeholders.

The following matters were placed before the Board during the FY 2023-24

Strategic matters

i. Reviewing and guiding the corporate strategy;

ii. Corporate re-structuring activities including merger/demerger;

iii. Details of any acquisition, joint venture or collaboration agreement including proposals for investment, divestment and brand/ intellectual property acquisition;

iv. Sale of investment, subsidiaries or assets which are material in nature and

v. Financial assistance to subsidiary companies.

Operational matters

i. Annual operating plans and capital budgets;

ii. Regular business/function updates;

iii. Significant labour problems and their proposed solutions;

iv. Any significant development on the human resources/industrial relations front and

v. Details on regulatory inspection.

Finance matters

i. Quarterly/Annual consolidated and standalone results and financial statements of the Company;

ii. Any material default in financial obligations to or by the Company or substantial non-payment for goods sold by the Company and

iii. Quarterly details of foreign exchange exposures and hedging.

Governance matters

i. Noting materially important show cause, demand, prosecution penalty, legal notices or any compliance matters, if any;

ii. Noting fatal or serious accidents, dangerous occurrences, material effluent or pollution problems, if any;

iii. Noting of statutory disclosures received from the directors;

iv. Noting minutes of meetings of the Board, board committees and unlisted subsidiary and resolutions passed by circulation;

v. Review the performance of the Organisation and the MD & GCEO;

vi. Reviewing quarterly compliance certificate;

vii. Reviewing risk management framework of the Company;

viii. Reviewing significant transactions or arrangements by subsidiary companies;

ix. Reviewing subsidiaries' operations;

x. Approval on Corporate Social Responsibility related matters;

xi. Approval of related party transactions where directors/ KMP/ SMPs are interested;

xii. Approval for appointment and remuneration to Directors, KMP and SMP including grant of share-based incentives to KMP and SMP;

xiii. Appointment of auditors and fixation of remuneration;

xiv. Performance evaluation of the Board, board committees and directors;

xv. Any issue which involves possible public or product liability claims of substantial nature and

xvi. Review of Prohibition of insider trading (PIT) compliances.

Board evaluation[12]

In accordance with the provisions of the Act and the SEBI Listing Regulations, the Board had carried out an annual evaluation of its own performance, performance of the board committees as well as the individual directors.

Board evaluation criteria and process

As a process, the Company engages an independent external agency in a block of four years to conduct a detailed performance evaluation. The last such exercise was undertaken in FY 2020-21. The performance evaluation for FY 2023-24 was undertaken internally. To ensure confidentiality, an independent agency was appointed to facilitate the board evaluation through an online tool and submit the consolidated report. The evaluation was conducted by way of structured questionnaires which was approved by the NRC. The key performance evaluation criteria were as follows:

Board – Structure, composition and quality, agenda and collateral, board meeting practices, overall board effectiveness.

Board Committees - Composition and diversity, leadership of the Chair, meetings frequency and duration, role and responsibilities, statutory responsibilities, etc.

Individual directors – Time spent, participation and contribution, attendance, engagement with fellow board members, Key Managerial Personnels (KMPs) and senior management, etc.

Independent directors – Independence from the Company, independence of judgement, participation in Board deliberations, etc.

Chairman – Effective leadership, conduct of impartial discussions, encouragement to the members for objective discussion and promoting a positive image of the Company

Executive Vice-Chairperson – Effective management and communication with the shareholders, Board, management, employees and other external stakeholders, effectiveness in leading the Board in developing and delivering the Company's strategy and business plans, ease of raising issues by the Board members by promoting constructive debate and effective decision making at the board meetings.

MD & GCEO – MD & GCEO was additionally evaluated against the Key Performance Indicators approved at the beginning of the financial year, which, inter alia, included annual, long-term, short-term, as well as financial and non-financial parameters.

The financial parameters included targets on revenue, EBITDA, ROIC, etc. while the non-financial parameters covered operational performance and strategic priorities including innovation and new business building, new market development and future growth engines, organisation and leadership development, compliance and ESG, etc. The Board and the NRC periodically reviewed the performance of the MD & GCEO against the approved scorecard.

Board evaluation process

- All the directors had participated in the evaluation process. The responses received from the individual members were compiled by an independent agency and a consolidated report was submitted to the Chairperson of the NRC through the Company Secretary.

- The evaluation reports were discussed at the meetings of the board of directors, board committees and the independent directors.

Outcome of the Board evaluation

As per the evaluation report, the directors were satisfied with board effectiveness, experience, diversity and expertise, quality of board discussions and board meeting processes, etc. The Board committees were also found to be effective in terms of its composition, functioning, competence of the members, compliance with the statutory obligations, role and responsibilities and quality of discussions at the meeting. The Board acknowledged to have spent sufficient time on (i) reviews of operational matters including business and functional updates (ii) future strategies and short term and long-term growth plans and (iii) organisation culture, leadership succession planning, governance and compliance matters and internal controls. The Board suggested to, review composition of the Board of Directors in light of retirement of some of the independent directors, continue sharing technical and non-technical updates relating to the pharmaceutical industry, discuss plans for long term sustainability, update on quality and capital allocation, qualitatively optimizing the pre-read materials for meeting and timely circulation of agenda papers, talent pipeline for senior management and succession planning.

Actions taken on the suggestions of the Board during performance review for FY 2022-23

As per the suggestions of the Board the matters relating to pharmaceutical industry, innovation, digital and market intelligence were discussed at the board meeting. As part of the Board succession planning Dr Balram Bhargava was appointed as an independent director w.e.f. 1st April, 2024. The process for identifying other independent directors is underway. During the financial year the management shared various analysists reports on Cipla and reports on pharmaceutical industry. Experts were invited to present updates on the Pharmaceutical industry.

[12] GRI 2-18

Succession planning for the Senior Management

The NRC reviews and oversees succession planning of the management council and select senior management positions. The NRC was satisfied with the progress and Company's preparedness. Currently, the Company has a succession plan in place for its top 30 critical positions including the management council members. Succession planning of the top leadership positions has been covered in detail in Human Capital section on page no. 70.

Board meetings and procedure

The Board and the board committee meetings are prescheduled. An annual calendar of the meetings is circulated to the directors well in advance to ensure their availability and meaningful participation in the Board and board committee meetings. The Board, the Audit Committee and the Nomination and Remuneration Committee are guided by the Annual Agenda Plan, which helps the Board and the respective committees to ensure that they are able to discharge their roles and responsibilities effectively and take up important issues systematically over a period of time. The Annual Agenda Plan is finalised in consultation with the Chairpersons of the respective Committees management and is approved by the Board. In case of urgent matters, approvals are sought by way of circular resolution.

The chairpersons of respective board committees brief the Board on key matters including recommendations and approvals. The Global Chief Financial Officer is a permanent invitee at all the Board and board committee meetings except the Nomination and Remuneration Committee meetings. The Company Secretary finalises the agenda for the Board meetings in consultation with the Chairman, the Lead Independent Director and the MD & GCEO and the same is circulated to the board/ committee members in advance. The agenda for the committee meetings is finalised by the Company Secretary in consultation with the chairperson of the respective committee. Additional items are taken up with the permission of the respective chairperson and consent of majority of the board/respective committee members present at the meeting.

The agenda of the Board and board committee meetings are circulated electronically through a secured IT platform. The Board members have unrestricted access to all Company related information. For updates on business performance, functional outcomes, performance of subsidiaries and other important updates respective functional or process owners are invited to present an update.

Post-meeting follow-up system

The important decisions taken at the Board and Board committee meetings are tracked till their closure and an 'action taken report' is placed before each Board and respective board committee meetings for noting. Immediately upon conclusion of the Board meeting, the key takeaways in terms of action points for the management and key decisions taken at the meeting are circulated to the Board members.

Number of board meetings held

During the financial year, the Board met 12 times i.e., on 25th April, 2023, 12th May, 2023, 29th May, 2023, 26th July, 2023, 27th July, 2023, 22nd October, 2023, 27th October, 2023, 6th November, 2023, 14th December, 2023, 22nd January, 2024, 25th January, 2024 and 15th March, 2024.

Attendance of the directors

Information about the attendance of directors, meeting dates of Board and board committees and the last Annual General Meeting ('AGM') is given in Annexure B.

Independent directors

Each independent director, at the time of appointment and thereafter at the beginning of each financial year, submits a declaration confirming their independence under Section 149(6) of the Act read with the rules made thereunder and Schedule IV and Regulation 16(1)(b) of the SEBI Listing Regulations. The declarations of independence received from the independent directors are noted and taken on record by the Board after underaking due assessment of the veracity of the same.

In the opinion of the Board, the independent directors fulfil the criteria of independence as stated under Section 149(6) of the Act and the rules made thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and are independent of the management. Each of the independent directors have registered their names on the online databank maintained by the Indian Institute of Corporate Affairs.

In line with the SEBI Listing Regulations, at least fifty percent of the directors are independent. Currently, fifty eight percent of our directors are independent.

During the financial year, the following changes took place on the Board:

i. Dr Peter Mugyenyi, vide letter dated 12th May, 2023 resigned from the position of Independent Director of the Company w.e.f. 13th May, 2023 considering his current age was nearing 75 and also his second term as an Independent Director was nearing. He confirmed in his resignation letter that apart from these there were no other material reasons for his resignation before the expiry of his current tenure.

ii. Ms Samina Hamied vide letter dated 25th January, 2024, stepped down from the position of Executive Vice Chairperson of the Company, while continuing as a non-executive director liable to retire by rotation w.e.f. from close of business hours of 31st March, 2024.

iii. Dr Balram Bhargava was appointed as an Independent Director on the Board w.e.f. 1st April, 2024.

All independent directors have passed or are exempted from passing the proficiency test as the case may be.

None of the independent directors of the Company serves as an independent director in more than seven listed companies or as a whole-time director in any listed Company.

At the time of appointment or re-appointment, each independent director was issued a formal letter of appointment containing the terms and conditions of appointment, roles and duties, the evaluation process, applicability of Code of Conduct of the Company and Code of Conduct on Prevention of Insider Trading, etc. The draft letter of appointment is uploaded on the Company's website at https://www.cipla.com/sites/default/files/2020-09/Terms%20and%20Conditions%20of%20appointment%20of%20independent%20directors.pdf

Lead Independent Director

Mr Adil Zainulbhai is the Lead Independent Director. The roles and responsibilities of the Lead Independent Director are as follows:

i. Preside over all meetings of independent directors

ii. Provide objective feedback of the independent directors as a group to the Board on various matters

iii. Liaise between the Promoters, Chairman/Vice-Chairman, CEO and independent directors on contentious matters for consensus building

iv. Preside over meetings of the Board and shareholders when the Chairman and the Vice-Chairman are not present, or where they are an interested party

v. Help the Board and the NRC in identifying suitable candidates for the position of director and board succession planning

vi. Advocacy with key external stakeholders

vii. Help the Company in further strengthening the board effectiveness and governance practices, including suggestions on agenda items for board/committee meetings on behalf of the independent directors

viii. Permanent invitee in all board committee meetings

ix. Perform such other duties as may be delegated by the Board from time to time

Meeting of the independent directors

During the financial year, the independent directors met five times without the presence of the management and non-executive directors. Information about the attendance of directors at these meetings and at the last AGM is given in Annexure B.

The independent directors inter alia discussed matters arising out of the agendas of the Board and board committees, Company's performance, operations and other critical matters while identifying areas where they needed clarity or information from the Management. During the financial year, the independent directors also met the Statutory Auditors without presence of the management.

As part of the Committee briefing at the Board meetings, the Lead ID confirmed that the auditors were satisfied with the audit process, access to the management records and engagement with the management.

The independent directors reviewed performance of the Board as a whole as well as that of the non-independent directors and the Chairman after taking into consideration, the views of the executive and the non-executive directors. They also assessed the quality, quantity, effectiveness and promptness of the flow of information between the Company's Management and the Board.

The Lead Independent Director briefed the Board on the proceedings of the independent directors' meeting and the matters that require attention at the Board or Management level.

Familiarisation programme for Independent Directors

Induction

Cipla has a robust induction process that enables newly appointed directors to familiarise themselves with the Company, management, operations and pharmaceutical industry. All the directors are made aware of their roles and duties at the time of their appointment/re-appointment through a formal letter of appointment which also stipulates other terms and conditions of their appointment.

The Company has an orientation process which includes interaction with the management council members. The directors are apprised about the pharmaceutical industry, business model, group structure, Code of Conduct and Code of Conduct for Prevention of Insider Trading. They are also provided a copy of the Company's Memorandum and Articles of Association, previous financial results, annual reports, committee charters, Corporate Governance policies such as whistle blower policy, CSR policy, policy on dealing with related-party transactions, etc.

The Company also arranges visits to its R&D center, factory and market for the directors to gain a better understanding of business.

Regular familiarisation

As part of the ongoing familiarisation, business and functional heads are invited to make presentations on business performance, operations, finance, risk management framework, etc. to the Board. The Board members are regularly updated on key developments. The directors are provided regular updates on key disclosures, press releases, select analyst reports, key development in the pharmaceutical industry and material information on subsidiary companies.

The Company also convened a Board strategy-offsite during the financial year wherein core strategic priorities and critical business matters were discussed.

During the financial year, the Company comprehensively updated the familiarisation programme to cover its enhanced initiatives. Details of the familiarisation programme for the independent directors is uploaded on the Company's website at https://www.cipla.com/sites/default/files/Details_of_Familiarisation_programme_imparted_to_Independent_Directors_FY_2023_24.pdf

Remuneration to Non- Executive directors[13]

I. Payment of sitting fees

The non- executive directors are entitled to receive the sitting fees of ₹ 1,00,000 per meeting for attending the board meetings and ₹ 50,000 per meeting for attending the Board Committee meetings (except the Operations and Administrative Committee) pursuant to the provisions of Section 197 of the Act and the Board's approval. The sitting fee is paid immediately after the respective board and board committee meeting to those directors who have attended the meetings.

II. Payment of Commission

Pursuant to the statutory provisions and the shareholder resolution passed at the 82nd Annual General Meeting ('AGM'), non-executive directors are eligible to receive remuneration of up to 1% of the Company's annual net profit, calculated as per Section 198 of the Act.

Considering the board compensation benchmarking, time devoted by the directors and based on their roles and functions the 'Policy on Payment of Commission to Non-Executive Directors, including Independent Directors, was revised by the board of directors w.e.f. 1st April, 2023. The Policy provides for payment of commission in the following manner:

➢ Commission to independent directors

- Annual Fixed Commission of ₹ 70 lacs p.a.
- Additional commission of ₹ 14 lacs p.a. to the non-resident directors
- Additional commission of ₹ 10 lacs p.a. to the Lead Independent Director
- Additional commission of ₹ 10 lacs p.a. to the chairpersons of the Audit Committee, the Nomination and Remuneration Committee and the Investment and Risk Management Committee (payable separately for each Committee)
- Additional commission of ₹ 5 lacs p.a. to the members of the Audit Committee, the Nomination and Remuneration Committee and the Investment and Risk Management Committee (payable separately for each Committee)

➢ Commission to Non-Executive and Non Independent Directors

- Annual Fixed commission of ₹ 2.5 crores p.a.

During the financial year, the non-executive directors did not have any pecuniary relationship or transactions with the Company, except payment of director's remuneration, reimbursement of expenses and a non-material rental arrangement, as disclosed in note no. 40 of the standalone financial statements.

During the financial year, none of the independent directors had any pecuniary relationship or transactions with the Company, except payment of directors' remuneration from the Company or its subsidiaries and reimbursement of expense on actuals.

Remuneration to Executive directors[13]

The remuneration payable to the executive directors viz. Ms Samina Hamied and Mr Umang Vohra, is reviewed and approved by the Board on an annual basis, based on the recommendation of the Nomination and Remuneration Committee.

The proposals for re-appointment and remuneration of Ms Samina Hamied and Mr Umang Vohra were also affirmed and approved by the shareholders of the Company in 84th AGM and 85th AGM respectively. The proposals were passed as ordinary resolutions which received 98.77% and 99.79% of votes in favour for Ms Samina Hamied and Mr Umang Vohra, respectively.

A proposal for payment of one-time long-term incentive of ₹ 25 crores to Mr Umang Vohra, Managing Director and Global Chief Executive Officer ('MD & GCEO') to be paid at the end of his current tenure, i.e., on 31st

[13]GRI 2-19, GRI 2-20

March, 2026, subject to his continued employment with the Company was under the Postal Ballot process subject to approval of the shareholders as on the date of this report.

Share-based incentive schemes

The Company had implemented the Employee Stock Option Scheme 2013-A ('ESOS 2013-A Scheme') and the Cipla Employee Stock Appreciation Rights Scheme, 2021 ('Cipla ESAR Scheme 2021') for grant of share-based benefits to its employees and the employees of its subsidiary companies.

In FY 2022-23, Mr Umang Vohra, MD & GCEO was granted 24,031 stock options at an exercise price of ₹ 2 per option and 86,277 stock appreciation rights. Out of which, all the vested stock options were exercised by him during the financial year.

During the financial year, Mr Umang Vohra, MD & GCEO was granted 23,896 stock options and 76,821 stock appreciation rights from the Company, which have vested in May 2024.

Dr Y K Hamied, Mr M K Hamied, Ms Samina Hamied and the independent directors are not entitled to benefits under share-based incentive schemes of the Company.

The details of remuneration to directors (on a consolidated basis) during FY 2023-24 are given below:

(₹ in crores)

Directors[1]	Sitting Fees	Salary	Commission	Perquisites	Allowances	Variable Bonus	Retiral benefits and others	Total
Executive directors								
Ms Samina Hamied[9]								
• Cipla Limited	-	1.88	3.70	0.10	2.91	-	1.45[2]	11.34
• Cipla (EU) Limited[5]	-	1.30	-	-	-	-	-	
Mr Umang Vohra								
• Cipla Limited	-	1.95	-	6.50[3]	2.03	5.24	0.28[2]	22.21
• Cipla USA Inc[5]	-	6.21	-	-	-	-	-	
Non-Executive directors								
Dr Y K Hamied	0.11	-	2.50	-	-	-	-	2.61
Mr M K Hamied	0.14	-	2.50	-	-	-	-	2.64
Mr S Radhakrishnan	0.26	-	2.50	-	-	-	-	2.76
Independent directors								
Mr Adil Zainulbhai	0.16	-	0.85	-	-	-	-	1.01
Mr Ashok Sinha								
• Cipla Limited	0.20	-	0.85	-	-	-	-	1.05
• Cipla (EU) Limited[5]	0.10	-	-	-	-	-	-	
Dr Mandar Vaidya	0.18	-	0.75	-	-	-	-	0.93
Dr Peter Mugyenyi[8]								
• Cipla Limited	0.03	-	0.10	-	-	-	-	0.21
• CQCIL[5][6]	-	-	0.08[4]	-	-	-	-	
Ms Punita Lal	0.16	-	0.94	-	-	-	-	1.10
Mr P R Ramesh	0.20	-	0.80	-	-	-	-	1.00
Mr Robert Stewart								
• Cipla Limited	0.17	-	0.94	-	-	-	-	
• InvaGen[5][7]	-	-	0.35[4]	-	-	-	-	1.46
• Cipla USA Inc[10]	-	-	-	-	-	-	-	

(1) All the directors are entitled to reimbursement of reasonable expenses incurred during the performance of their duty as a director

(2) Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are determined on an overall basis

(3) Perquisite value of stock options exercised during the financial year

(4) Commission includes remuneration received from subsidiaries for serving as independent director on respective boards

(5) Remuneration from foreign subsidiaries includes USD equivalent to ₹ paid to the director

(6) Cipla Quality Chemical Industries Limited

(7) InvaGen Pharmaceuticals Inc

(8) Resigned as an Independent Director w.e.f. 13th May, 2023

(9) Ms Samina Hamied stepped down from the position of Executive Vice Chairperson of the Company w.e.f. close of business hours of 31st March, 2024 and continued as Non-Executive Director

(10) Mr Robert Stewart was appointed as an independent director in Cipla USA Inc w.e.f. 25th September, 2023. Since no meetings were held upto 31st March, 2024, no sitting fees was paid during the financial year

Service contracts, notice period, severance fees

i. The Board on the recommendation of the NRC, re-appointed Mr Umang Vohra, as 'Managing Director and Global Chief Executive Officer' of the Company at its meeting held on 23rd March, 2021, for a further period of five years w.e.f. 1st April, 2021 to 31st March, 2026. The re-appointment was approved by the shareholders at the 85th Annual General Meeting ('AGM') of the Company held on 25th August, 2021. The detailed terms of his appointment inter alia covering remuneration and details of the stock options and stock appreciation rights as approved by the shareholders forms part of the 85th AGM and is available on the website of the Company at https://www.cipla.com/sites/default/files/Notice-of-AGM.pdf.

   As per the terms of appointment and employment agreement dated 31st March, 2021, the arrangement can be terminated by giving - (a) four months notice if the Board has approved a successor who is ready to assume Mr Umang Vohra's role at the expiry of the said four months period; or (b) six months notice where no such successor has been approved by the Board. The Company may relieve Mr Umang Vohra earlier by paying pro-rata annual fixed salary in lieu of the notice period.

   In the event of cessation of employee's employment with the Company within 360 days of the date of announcement of the Change in Control of the Company, then an aggregate amount of the Annual Cap as on the date of termination and the corresponding on-target variable bonus, for a full year from the date of termination shall be payable to the employee, in accordance with applicable laws.

   In case of the share-based incentives all the vested ESOS/ESAR as on the date of Change in Control shall be exercisable before the last working day with the Company. All the unvested incentives shall vest immediately (subject to lock-in period and in accordance with applicable laws) and shall be exercisable within 90 days of the Change in Control, unless otherwise determined by the NRC whose determination will be final and binding. There is no separate provision for payment of severance fees.

Disclosure of relationships between directors inter-se

Except for Dr Y K Hamied and Mr M K Hamied, who are brothers and Ms Samina Hamied, who is daughter of Mr M K Hamied and niece of Dr Y K Hamied, none of the other directors are relatives of any other director.

Board committees

The Board has six committees i.e., the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee, the Investment and Risk Management Committee, the Corporate Social Responsibility Committee, the Operations and Administrative Committee.

The committees operate under the direct supervision of the Board. Generally, the committee meetings are held prior to the board meeting and the chairperson of the respective committee reports to the Board about the deliberations and decisions taken by the committees.

Audit Committee

Composition

The Audit Committee comprises of five non-executive directors, of whom four members including the chairman are independent directors and one is non-executive director. The Committee is chaired by Mr Ashok Sinha and has Mr P R Ramesh, Dr Mandar Vaidya, Dr Balram Bhargava and Mr S Radhakrishnan as its members.

Dr Balram Bhargava was appointed as member of the committee w.e.f. 1st April, 2024.

Since, Mr Sinha would be retiring on completion of his second term as an independent director, Mr P R Ramesh was appointed as the Chairman of the committee w.e.f 11th May, 2024.

The Company Secretary acts as the secretary to the committee. The composition of the committee meets the requirements of the Act and the SEBI Listing Regulations.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Reviewing, with the Management, the quarterly financial results/annual financial statements and auditor's report thereon before submission to the Board for approval;

iii. Recommendation for appointment, remuneration and terms of appointment of statutory auditors;

iv. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

v. Reviewing and monitoring the auditor's independence and performance;

vi. Reviewing, with the Management, performance of internal auditors, adequacy of the internal control systems, internal controls of different functions and businesses;

vii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

viii. To recommend to the Board revision in the Code of Conduct for Prevention of Insider Trading and to supervise implementation of the same;

ix. Approval or any subsequent modification of transactions with related parties;

x. To review and recommend financial or treasury investments (i.e. other than those investments which are required to be specifically handled by Investment and Risk Management Committee) related matters to the Board and to deal with the matters incidental thereto;

xi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the board to take up steps in this matter and

xii. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., of / with the Company and its shareholders.

The Composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:

Composition:https://www.cipla.com/about-us/board-directors/committees-board

Charter:https://www.cipla.com/sites/default/files/Charter-Of-The-Audit-Committee.pdf

Meetings

The committee met ten 10 during the financial year. The gap between two meetings was not more than 120 days as stipulated under the SEBI Listing Regulations. Information about the attendance of members at these meetings is given in Annexure B. The Chairman of the committee was present at the last AGM held on 10th August, 2023.

Audit Committee Report:

To the members of the Company,

The Audit Committee is pleased to present its report for the year ended 31st March, 2024:

I. Constitution

The Audit Committee (hereinafter referred as "Committee') is a five-member committee, comprising of four independent directors, including the Chairman and one non-executive director. All the Committee members have requisite knowledge about core principles of accounting, financial management and internal controls.

The Committee composition is in compliance with the requirements of the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations'). The Company Secretary acts as a Secretary to the Committee. The Executive Vice-Chairperson, the Managing Director & Global Chief Executive Officer, the Global Chief Financial Officer, the Chief Internal Auditor, the Executive Vice President and Head Corporate Functions, the Global General Counsel - Legal and the Statutory Auditors are permanent invitees to the meetings of the Committee. The Statutory Auditors are also invited to attend the meetings on matters relating to financials, accounting, internal audit, internal controls and related party transactions etc.

II. Charter

The functioning of the committee is guided by a charter approved by the Board.

As part of the annual process, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered the responsibilities assigned to it under the charter. The composition details and charter is available on the Company's website under the 'Investors' section.

III. Meetings

The Committee met 10 times during the FY 2023-24. As a practice, two Committee meetings are held every quarter, one, before approval of the quarterly results, for consideration of matters other than financial results and related matters such as key accounting matters, internal audit reports, update on internal financial controls, material legal matters, report on vigil mechanism, POSH and data integrity matters etc. In the second meeting of the quarter, the Committee reviews the financial results and related matters, including the statutory auditors report, related party transactions etc. The meeting is then adjourned on the day of the Board meeting, wherein the results are finally considered and recommended to the Board for approval.

The Committee's functioning is facilitated with an Annual Agenda Plan, which besides the compliance matters also includes a schedule of special matters to be discussed in the Committee meetings during the financial year. As a process, at every quarterly Board meeting, the Chairman apprises the Board of its key discussions and recommendations. The Board favourably considered all the recommendations of the Committee, made during the financial year.

IV. Roles and responsibilities

i. The Management is responsible for the preparation of both standalone and consolidated financial results/statements, financial reporting process and the Company's internal financial controls. The Committee reviewed and recommended to the Board the quarterly and annual financial results/ statements prepared in accordance with the Act, the SEBI Listing Regulations, Indian Accounting Standards and other legal and regulatory requirements. To ensure fairness, accuracy, quality and transparency of the financial results/ statements, the Committee discussed the financial results/ statements with the Statutory Auditor and relied on their report and financial expertise of the Management, while using its best judgement. The Committee believes that the financial results/ statements provide a true and fair view of the Company's financial position.

ii. The Statutory Auditors are responsible for independent audit including overall audit strategy covering the nature, scope and length of audit. The Statutory Auditors discussed with the Committee the statutory audit plan, audit findings, financial reporting process, the overall quality of the financial reporting and compliances and are satisfied with the Company's functioning in this regard. There is no qualification, reservation or adverse remark or disclaimer remark in the Statutory Auditors' Report for FY 2023-24.

iii. M/s Walker Chandiok & Co. LLP will continue as the Statutory Auditor of the Company till the completion of the 90th Annual General Meeting ('AGM'). The Committee evaluated their performance, while ensuring their independence and was generally satisfied. The Committee also approved the non-audit services availed from the Statutory Auditor and confirmed that such services did not affect the independence of the auditor in any manner and were either mandatorily required to be availed from the Statutory Auditor or were in the best interests of the Company and was permissible under the applicable laws.

iv. The Committee reviewed the Cost Audit Report, which confirmed maintenance of records for the required products as per the statutory requirements. M/s Joshi Apte & Associates, Cost Accountants was appointed as the Cost Auditor of the Company to audit the Company's cost records for FY 2024-25.

v. The Committee reviewed the Secretarial Audit Report which confirmed that the Company was compliant with the applicable statutory provisions. M/s BNP & Associates, Company Secretaries, Mumbai was re-appointed as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for FY 2024- 25.

vi. The Chief Internal Auditor is responsible for the internal audit and testing of internal controls and procedures. The Chief Internal Auditor conducted internal audits and submitted his report together with management comments on quarterly basis to the Committee. The Committee discussed the Internal Audit Reports with the Chief Internal Auditor on a quarterly basis, in the presence of the functional owner who responded the queries and explained the corrective action plan. The audit observations were rated based on their severity and repetitive observations were highlighted. The internal audit was conducted as per the risk-based internal audit plan approved by the Committee. The Committee also reviewed the scope of the internal audit, methodology of the audit and structure of internal audit team, risk grading criteria for internal audit observations and found it to be adequate in terms of the Company's scale of operations.

vii. The Company has strengthened the framework of internal controls for better transparency and accountability by rationalising and streamlining controls. These controls were also tested to assess design and operating effectiveness. The

Committee discussed the status of internal controls with the management and noted the improvement and maturity journey of these controls. The Committee also evaluated with the management, the performance of the Chief Internal Auditor and was satisfied with his performance.

viii. The Committee reviewed the internal financial controls that ensure that the Company's accounts were properly maintained and that the transactions were recorded in the books of accounts in accordance with the applicable accounting standards, laws and regulations. The Committee affirms that there were no material weakness in the Company's internal financial control system.

ix. The independent directors met the Statutory Auditors without presence of the management and noted that the auditors were satisfied with the audit process, access to the management records and its engagement with the management.

xi. During the financial year, the Whistle Blower Policy was reviewed and amended to further strengthen the Policy norms. The Committee reviewed functioning of the whistle blower mechanism and the mechanism for prevention of sexual harassment at the workplace and noted that the complaints received were investigated and appropriate actions were being taken wherever necessary. No person was denied access to the Chairman of the Audit Committee and the Committee was assured that none of the whistle blowers were victimised. The Committee also reviewed the system for identification and rectification of data integrity concerns and noted that effective mitigation measures were in place.

xii. The Committee (i) approved all related party transactions, as per the Company's Policy on Related Party Transactions ('RPT Policy') and (ii) reviewed the related party transactions entered on a quarterly basis. Majority of the transactions were between the Company and its subsidiaries/associates.

The Committee noted that except the sale of generics business undertaking by the Company to Cipla Pharma and Life Sciences Limited ('CPLS'), wholly owned subsidiary all the other transactions with the related parties were (a) in the ordinary course of business (b) executed at arm's length basis and (c) were executed as per the terms approved by the Audit Committee. The related party transactions were approved by only those members of the Committee, who were independent directors.

The generics business undertaking by the Company was transferred to Cipla Pharma and Life Sciences Limited ('CPLS'), wholly owned subsidiary as a going concern on a slump sale basis. Since the transaction was executed between the holding Company and its wholly owned subsidiary and the entire economic value of the wholly owned subsidiary following the transfer of the undertaking remained with the holding Company, the arm's length principle was not relevant. The detailed terms of the transaction including the transaction value, justification etc. is provided in Form AOC-2 (Annexure V) to the Board's report.

There was no material related party transaction during the financial year.

xiii. To ensure adequate internal controls the Committee reviewed the utilisation of capital contributions and loans assistance to subsidiaries. The Committee ensured that the amount of capital contribution and the loans were used for the purposes for which such capital contribution were made or loans were given. The unutilised amount was kept in the bank account. The Committee also scrutinized the inter-corporate loans and investments made by the Company.

xiv. As a process, a quarterly update on the status of compliance with the Code of Conduct for Prevention of Insider Trading ('Code') Insider Code is submitted to the Chairman of the Committee and presented to the Committee and the Board. Instances of non-compliances with the Code are dealt in accordance with the Consequence Management Guidelines. During the financial year, an annual internal audit was conducted to review the process and controls and it was confirmed to the Audit Committee that the internal controls were adequate and operating effectively and that the Company was substantively in compliance with the Code and the SEBI PIT Regulations.

xv. The Committee has been vested with adequate powers to seek support from the resources in the Company. It has access to the relevant information and records as well as the authority to obtain professional advice from external sources, if required.

The Committee reviewed its performance evaluation report and was satisfied with its performance during the financial year.

Date: 9th May, 2024 **Ashok Sinha**
Place: Mumbai Chairman - Audit Committee

Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee comprises of four non-executive directors, of whom three members including the chairperson are independent directors and one is non-executive director. The committee is chaired by Ms Punita Lal and has Mr Adil Zainulbhai, Mr Robert Stewart and Mr S Radhakrishnan as its members.

The Company Secretary acts as the secretary to the committee. The composition of the committee meets the requirements of the Act and the SEBI Listing Regulations.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. Implementation, administration and superintendence of the ESARs/ESOS (collectively 'Schemes') and for formulation of the detailed terms and conditions of the Schemes;

ii. Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;

iii. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;

iv. For every appointment of an independent director, to evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend the person to the Board with such capabilities.

v. Recommend to the Board a policy relating to remuneration for the directors, key managerial personnel and other employees;

vi. Review key human resource-related matters including organisation structure, talent succession planning for critical roles, employee attrition/retention/ development plans, cultural transformation initiatives, annual increment approach including variable pay, results of employee survey, etc.

vii. Review and recommend to the Board the Company's annual Corporate Governance report.

As per the terms of reference, the committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

The Composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:
Composition:https://www.cipla.com/about-us/board-directors/committees-board
Charter:https://www.cipla.com/sites/default/files/Charter-of-The-Nomination-and-Remuneration-Committee.pdf

Meetings

The committee met five times during the financial year. Information about the attendance of members at these meetings is given in Annexure B. The Chairperson of the committee was present at the last AGM held on 10th August, 2023.

Nomination and Remuneration Committee Report

To the members of the Company,

The NRC is pleased to present its report for the year ended 31st March, 2024:

I. Constitution

The NRC (hereinafter referred as 'Committee') is a four-member committee, comprising of three independent directors, including the Chairman and one non-executive director.

The NRC composition complies with the requirements of the Companies Act, 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). The Company Secretary acts as Secretary to the Committee. The Non-Executive Vice-Chairman, the Executive Vice-Chairperson, the MD & GCEO and the Global Chief People Officer are permanent invitees at the meetings of the Committee. In case of any conflict of interest on agendas, the permanent invitees recuse themselves from the discussion.

II. Charter

The functioning of the Committee is guided by the charter approved by the Board of Directors ('Board'). As part of the annual exercise, the Committee reviewed the compliance status of its charter and noted that it has comprehensively covered its responsibilities.

III. Meetings/Responsibilities

The Committee met five times during FY 2023-24. As a process, at every quarterly Board meeting, the Committee Chairperson, apprise the Board of key discussions and recommendations.

The Committee's functioning is facilitated with an annual agenda plan, which besides compliance matters included a schedule of strategy matters to be discussed and reviewed in the meetings during the financial year. In order to build consensus, on key strategic / critical matters the committee engage in detailed informal discussion at the Pre NRC meeting and on reaching consensus the proposals are approved in the NRC Meeting.

The Committee inter alia considered the following key matters up to the date of this report:

i. The Organisation Scorecard (Key Performance Indicators) for FY 2023-24 of the MD & GCEO was finalised by the Committee and approved by the Board. The MD & GCEO's performance was evaluated against the approved objectives. The performance of the Senior Management Personnel ('SMP') and Key Managerial Personnel ('KMP') was also reviewed by the Committee. Based on the performance review, the Committee recommended to the Board the variable pay and revision to remuneration for the MD & GCEO, SMPs and KMPs. The Committee also recommended commission payment to the Executive Vice-Chairperson for FY 2023-24.

ii. The Policy for Payment of Remuneration to Non-Executive Directors, including Independent Directors, was benchmarked with the leading industry practices and was suitably revised during the financial year to ensure fair compensation.

iii. Effective from the close of business hours on 31st March, 2024, Ms Samina Hamied resigned from the role as Executive Vice Chairperson of the Company while continuing as a non executive director. The Committee appreciated the significant contributions brought about by Ms Hamied.

iv. The Committee reviewed key strategic HR matters with the Management. The strategic matters included people cost & demographics, culture update, talent acquisition, initiatives undertaken under talent, learning & culture, diversity and inclusion and significant developments in labour relations.

   These initiatives played a significant role in shaping the Company's work environment and employee experience. As a result of these concerted efforts, the Company achieved the prestigious certification as a 'Great Place to Work' for the sixth consecutive year in 2024.

v. The leadership of the Company defines Cipla's ability to stay relevant in changing times and therefore succession planning for the Board, promoters and leadership was one of the crucial matters discussed at the committee meetings. As an outcome of the committee's deliberations, Dr Balram Bhargava was identified as an Independent Director who joined the Board w.e.f. 1st April, 2024. The process of identifying other new independent directors is still underway.

vi. The Committee worked closely with the Management on the leadership succession plan and prepared contingency plans for succession in case of any exigencies. During the financial year, the Committee recommended the appointment and extension of terms of SMPs to ensure continuity and stability in the Company's leadership team. Currently, the Company has a succession plan in place for its top 30 critical positions including the Management Council members. The Committee is working on the succession planning for some of the senior management position including the MD & GCEO, who is due to retire in March 2026.

vii. In order to ensure retention of select SMP'S and KMP's and to reward their performance, the committee approved the proposal recommended by management for a Performance Based Retention Bonus (PBRB) to be paid over a period. The payment of PBRB is subject to achievement of the annual performance targets assigned by the Board and continued employment.

viii. During the financial year, the Company granted 1,61,629 stock options under the Employee Stock Option Scheme 2013-A (Cipla ESOS Scheme 2013-A) and 4,64,657 stock appreciation rights under the Cipla Employee Stock Appreciation Rights Scheme 2021 (Cipla ESAR Scheme 2021) to 103 eligible employees (collectively the schemes are referred as "Schemes').

ix. As a process the composition of board committees were reviewed and the composition of the Audit Committee, the Stakeholder Relationship Committee, the Investment and Risk Management Committee, the Corporate and the Social Responsibility Committee, the Operations and Administrative Committee were revised w.e.f. 1st April, 2024, to represent the right mix of board members based on their expertise and skills.

x. The performance evaluation for the FY 2023-24 was conducted internally with the assistance of an independent agency. The Committee approved the evaluation criteria in the form of a questionnaire. The board, board committees and individual directors were evaluated based on the approved criteria.

   The Chairperson, the Executive Vice-Chairperson and the MD & GCEO were evaluated on additional criteria. The performance evaluation report was discussed in subsequent board and board committee meetings.

   The Committee reviewed the evaluation report and was satisfied with its performance in the year.

Date: 9th May, 2024
Place: London

Punita Lal
Chairperson – Nomination and Remuneration Committee

Stakeholders Relationship Committee

Composition

The Stakeholders Relationship Committee comprises of three non-executive directors, of whom two members including the chairman are independent directors and one is non-executive director. The Committee is chaired by Dr Mandar Vaidya and has Mr Adil Zainulbhai and Mr S Radhakrishnan as its members.

Dr Peter Mugyenyi, consequent to his resignation from the Board vide letter dated 12th May, 2023, ceased to be the member of the Committee w.e.f. 13th May, 2023. In his place, Dr Mandar was appointed as a member w.e.f. 13th May, 2023. Further, Dr Mandar Vaidya, was appointed as Chairman of the Committee in place of Mr S Radhakrishnan w.e.f. 1st April, 2024, who continues as a member.

The Company Secretary acts as the secretary to the committee. The composition of the committee meets the requirements of the Act and the SEBI Listing Regulations.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. Resolve the grievances of the security holders;

ii. Review adherence to service standards and standard operating procedures adopted by Company relating to the various services rendered by the Registrar and Transfer Agent;

iii. Review measures taken by Company for effective exercise of voting rights by shareholders;

iv. Review the engagement with security holders including institutional investors and identify the actionable points for implementation;

v. Review movement in shareholdings and ownership structure;

As per the terms of reference, the committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

The Composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:
Composition:https://www.cipla.com/about-us/board-directors/committees-board
Charter:https://www.cipla.com/sites/default/files/2023-05/Charter-Of-The-Stakeholders-Relationship-Committee.pdf

Meetings

The Committee met three times during the financial year. Information about the attendance of members at these meetings is given in Annexure B. The Chairman of the Committee was present at the last AGM held on 10th August, 2023.

Details of investor complaints / grievances

During FY 2023-24, the Company received 16 investor complaints out of which two complaints were outstanding as on 31st March, 2024 relating to one shareholder. The outstanding complaints were resolved by 9th April, 2024. All of the complaints were appropriately responded and closed within the statutory timeline.

Most Investors' complaints / grievances pertained to transmission, updation of KYC details and dividend related matters. The Company has also appointed an independent consultant to verify and assist the Company in effectively resolving the investor grievances / complaints. The consultant ensured adherence to various service standards and standard operating procedures of the Company by the Registrar and Transfer Agent and enhanced overall quality of communication between the shareholders and the Company.

Mr Rajendra Chopra, Company Secretary, acts as the Compliance Officer and is responsible for ensuring prompt and effective services to the shareholders and for monitoring the dedicated email address for receiving investor grievances. He is also the Nodal officer for the purpose of compliances under Investor Education and Protection Fund.

Corporate Social Responsibility Committee

Composition

The Corporate Social Responsibility committee comprises of six directors of whom two members including the chairman are non-executive directors, three are independent directors and one is executive director. The committee is chaired by Mr M K Hamied and has Mr Adil Zainulbhai, Ms Punita Lal, Mr S Radhakrishnan, Dr Balram Bhargava and Mr Umang Vohra as its members.

Dr Balram Bhargava was appointed as member of the committee w.e.f. 1st April, 2024.

The Company Secretary acts as the secretary of the committee. The composition of the committee meets the requirements of Section 135 of the Act.

Ms Rumana Hamied, Managing Trustee – Cipla Foundation and Mr Anurag Mishra, Head – Cipla Foundation and the Global Chief Financial Officer are permanent invitees at the Committee meetings.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. Recommend the amount of expenditure to be incurred on CSR activities;

ii. Monitor the Annual Action Plan and progress of the activities undertaken, including utilisation of amounts disbursed, on a periodic basis;

iii. Review the Impact Assessment reports undertaken through independent agencies and present the same before the Board and

iv. Review and recommend to the Board the Annual Report on CSR activities which is required to be included in the Boards' Report of the Company.

As per the terms of reference, the committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

The composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:
Composition:https://www.cipla.com/about-us/board-directors/committees-board
Charter:https://www.cipla.com/sites/default/files/2022-04/Charter-of-the-corporate-social-responsibility-committee.pdf

Meetings

The committee met four times during the financial year. Information about the attendance of members at these meetings is given in Annexure B. The Chairman of the committee was present at the last AGM held on 10th August, 2023.

Investment and Risk Management Committee

Composition

The Investment and Risk Management Committee comprises of six directors, of whom three members including the chairman are independent directors, two are executive directors and one is non-executive director. The Committee is chaired by Mr Robert Stewart and has Ms Samina Hamied, Mr Ashok Sinha, Mr P R Ramesh, Mr S Radhakrishnan and Mr Umang Vohra as its members.

Mr Robert Stewart was appointed as the Chairman of the committee in place of Ms Samina Hamied w.e.f. 1st April, 2024, who continues as a member of the committee.

The Company Secretary acts as the secretary to the committee. The composition of the committee meets the requirements of the Act and the SEBI Listing Regulations.

The Chief Internal Auditor and the Global Head of Quality are permanent invitees at the committee meetings.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. Review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by the Company in any legal entity to the Board;

ii. Review and provide recommendation on strategic and/or long-term investments, loans, guarantees, acquisitions or divestment by any of Company's subsidiaries in any legal entity outside Cipla group to the Board of Directors;

iii. Monitoring short-term and long-term strategic priorities of the Company;

iv. Formulate a detailed risk management policy which should include a framework for identification of internal and external risks specifically faced by the Company, Measures for risk mitigation and Business continuity plan;

v. Monitor and oversee implementation of the risk management policy and evaluate the adequacy of risk management systems;

vi. Review and recommend to the Board annual capital expenditure budget of the Company;

vii. Periodically review environmental, social and governance (ESG)/ Sustainability matters pertaining to the Company, including initiatives and reporting and

viii. Review and recommend to the Board the Business Responsibility Report / Business Responsibility and Sustainability Report which is required to be included in the Annual Report of the Company.

As per the terms of reference, the committee reviewed the compliance status of its charter (i.e. its roles and responsibilities) and noted that it has comprehensively covered all the responsibilities assigned to it under the charter.

The Composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:
Composition:https://www.cipla.com/about-us/board-directors/committees-board
Charter:https://www.cipla.com/sites/default/files/2023-05/Charter-Of-The-Investment-Risk-Management-committee.pdf

Meetings

The Committee met five times during the financial year. The gap between two meetings was not more than 180 days as stipulated under the SEBI Listing Regulations. Information about the attendance of members at these meetings is given in Annexure B. The Chairperson of the committee was present at the last AGM held on 10th August, 2023.

Operations and Administrative Committee

Composition

The Operations and Administrative Committee comprises of four directors of whom two including the chairman are executive directors and two are non-executive directors. The committee is chaired by Mr Umang Vohra and has Ms Samina Hamied, Mr M K Hamied and Mr S Radhakrishnan as its members.

Mr Umang Vohra was appointed as the Chairman of the committee in place of Ms Samina Hamied w.e.f. 1st April, 2024, who continues as a member of the committee.

The Company Secretary acts as the secretary to the committee.

Brief description of the terms of reference

The terms of reference of the Committee inter alia includes

i. To grant loans at a rate of interest not lower than the rate as prescribed under the Act or any other relevant law and give guarantee or provide security in connection with the loan;

ii. Issue and allot equity shares of the Company pursuant to the Employee Stock Option Scheme(s) for the time being in force;

iii. To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits and certificates of deposit programmes of banks and other instruments/securities/treasury products of banks and financial institutions within the limits approved by the Board, from time to time;

iv. To purchase, sell, take on lease/license, transfer or otherwise deal with any movable/immovable assets or property for a maximum value of ₹ 50 crores;

v. To constitute, reconstitute, modify, dissolve any trust or association for Company/business related matters and to appoint, reappoint, remove, replace the trustees or representatives;

vi. To nominate director/representative on the subsidiaries, joint ventures and associates and to approve and vote on all resolutions of the Companies, body corporates or entities or bodies, where the Company is a shareholder or member and where specific shareholder resolution is required.

vii. To consider any matter which does not require specific approval of the Board.

The Composition and detailed terms of reference (Charter) of the committee is available on the Company's website at:
Composition:https://www.cipla.com/about-us/board-directors/committees-board
Charter:https://www.cipla.com/sites/default/files/2019-08/Charter-of-the-Operations-and-Administrative-Commitee.pdf

Meetings

During the financial year, the committee approved various matters through circular resolutions. The Chairperson of the Committee was present at the last AGM held on 10th August, 2023.

Policies / Codes[14]

In accordance with Company's philosophy of adhering to the highest standards of ethical business and corporate governance and to ensure fairness, accountability, responsibility and transparency to all stakeholders, the Company, inter alia, has the following policies and codes in place. All the policies have been uploaded on the website of the Company.

Name of the Policy	Website Link
Corporate Responsibility Policy	https://www.cipla.com/sites/default/files/2019-01/Corporate%20Responsibility%20Policy.pdf
Corporate Social Responsibility Policy	https://www.cipla.com/sites/default/files/2023-05/Corporate-Social-Responsibility-Policy.pdf
Dividend Distribution Policy	https://www.cipla.com/sites/default/files/2023-05/Dividend-Distribution-Policy.pdf
Investor Servicing and Grievance Redressal Policy	https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redrrssal-Policy.pdf
Nomination, Remuneration and Board Diversity Policy	https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf
Environment, Health and Safety (EHS) Policy	https://www.cipla.com/sites/default/files/2023-07/EHS-Policy-2023.pdf
Conflict of Interest Policy	https://www.cipla.com/sites/default/files/2019-06/1554391523_1530187477_Conflict%20of%20Interest%20Policy%20-%20V1%20fc.pdf

Name of the Policy	Website Link
Supply Chain Management Sustainability Policy	https://www.cipla.com/sites/default/files/SSCM%20Policy-Final_1.pdf
Whistle Blower Policy	https://www.cipla.com/sites/default/files/2023-05/Whistle-Blower-Policy.pdf
Anti-Trust and Fair Competition Policy	https://www.cipla.com/sites/default/files/2019-06/1553587611_Anti-Trust-and-Fair-Competition-Policy.pdf
Anti-Bribery and Anti-Corruption Policy	https://www.cipla.com/sites/default/files/2019-06/1553587868_Anti-Bribery-and-Anti-Corruption-Policy.pdf
Policy for Determination of Materiality of Events or Information	https://www.cipla.com/sites/default/files/2023-07/Policy-for-determination-of-materiality-of-events-or-information.pdf
Policy for determining Material Subsidiaries	https://www.cipla.com/sites/default/files/2020-04/Material%20subsidiary%20policy_v6_final.pdf
Policy on Related Party Transactions	https://www.cipla.com/sites/default/files/2023-02/Policy-on-Related-Party-Transaction_Revised-%20Final.pdf
Archival Policy	https://www.cipla.com/sites/default/files/2019-01/Archival%20Policy.pdf

[14]GRI 2-23

Name of the Policy	Website Link
Policy for Preservation of Documents	https://www.cipla.com/sites/default/files/2021-09/Policy-for-Preservation-of-Documents.pdf
Risk Management Policy	https://www.cipla.com/sites/default/files/Risk-Management-Policy.pdf
Policy on Prevention of Sexual Harassment at Workplace	https://www.cipla.com/sites/default/files/1558508425_POSH-%20Cipla.pdf
Human Rights Policy	https://www.cipla.com/sites/default/files/2023-07/Human-Rights-Policy.pdf
Equal Opportunity Policy	https://www.cipla.com/sites/default/files/2023-07/Equal-Opportunity-Policy.pdf
Data Privacy Management Policy	https://www.cipla.com/sites/default/files/2023-07/Data-Privacy-Management-Policy.pdf

Name of the Code	Website Link
Code of Conduct	https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf
Code of Conduct for Prevention of Insider Trading	https://www.cipla.com/sites/default/files/2020-08/Insider%20Trading%20Code.pdf
Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://www.cipla.com/sites/default/files/2023-07/Code-of-fair-disclosure-of-unpublished-price-sensitive-information.pdf
Supplier Code of Conduct	https://www.cipla.com/sites/default/files/SSCM%20Code%20of%20Conduct-Final_1.pdf

Particulars of Senior Management Personnel ('SMP')

In accordance with applicable provisions of the SEBI Listing Regulations, the SMPs of the Company as on 31st March, 2024 including the changes in the SMPs since the close of the previous financial year is as follows:

Sr. No.	Employee Name	Designation Title	Total working experience (in Years)
1	Achin Gupta	CEO - One India Business	23
2	Ashish Adukia	Global Chief Financial Officer	24
3	AS Kumar	Global General Counsel	39
4	Deepak Viegas(1)	Chief Internal Auditor	33
5	Geena Malhotra	Global Chief Technology Officer	39
6	Heena Kanal	Head – Corporate Communications	27
7	Jaideep Gogtay	Global Chief Medical Officer	34
8	Jasdeep Singh	Global Chief Strategy Officer and Chief of Staff	19
9	Rajeev Kumar Sinha(2)	Global Chief Manufacturing Officer	35
10	Rajendra Chopra	Company Secretary & Compliance Officer	26
11	Raju Mistry	Global Chief People Officer	32
12	Sharad Jain(3)	Lead Project Management Office	36
13	Swapn Malpani(4)	CEO - Emerging Markets and Europe	29
14	Venkata Sai Mungara(2)	Global Head Supply Chain	28
15	Vijayasarathi R.	Global Head of Quality	30

(1)Appointed as SMP w.e.f. 12th May, 2023

(2)Appointed as SMP w.e.f. 1st April, 2024

(3)Ceased to be SMP w.e.f. 26th July, 2023

(4)Role changed from Global Head – Supply Chain to CEO - Emerging Markets and Europe w.e.f. 1st April, 2024

Code of Conduct

Members of the Board and senior management personnel have affirmed their compliance with the Code of Conduct for FY 2023-24. A declaration to this effect signed by Mr Umang Vohra, MD & GCEO, forms part of the report.

Whistle Blower Policy/ Vigil Mechanism[15]

The Code of Conduct also has a Whistle-Blower Policy that applies to all associates, board members, contractors, consultants, trainees, service providers of the Company, our subsidiaries, affiliates, group companies and persons or entities contractually obligated across the globe. It contains

[15]GRI 2-16, 2-26

a reporting mechanism, the manner in which all reported concerns are dealt with, confidentiality of the investigations and processes, protection of the whistle-blower against any retaliation and guidelines for retention of records during the investigation/reporting of the case.

The Audit Committee oversees the functioning of the vigil mechanism and receives a report of the whistle-blowing incidents and actions taken by the Ethics Committee on a quarterly basis and the same is also presented to the Audit Committee. The members, employees and external stakeholders can report their genuine concerns either in writing or by email to the Chairperson of the Ethics Committee or to the Chief Internal Auditor at ethics@cipla.com. The whistle blower can also approach the Chairperson of the Audit Committee at audit.chairman@cipla.com, whenever required.

An Ethics Committee comprising of the Global Chief People Officer as Chairperson, the Global Chief Financial Officer, the Global General Counsel and the Chief Internal Auditor as members, investigate whistle blower complaints.

As a practice, the policy was reviewed and benchmarking with the leading industry practices. In line with the best practices, the policy was amended to explicitly provide for acceptance of the anonymous Whistle Blower complaints.

During the financial year, the Company received 87 complaints (excluding seven complaints which were carried forward from FY 2022-23). Of the total 94 complaints, 82 were resolved and for the balance 12 complaints investigations were underway as on the date of this report. No person has been denied access to the Chairman of the Audit Committee.

Code on Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has in place a Code of Conduct for Prevention of Insider Trading ('Code'). The Code, inter alia, lays down the procedures to be followed by the Designated Persons and their Immediate relatives while dealing in the Company's securities, handling the Unpublished Price Sensitive Information, prohibited transactions, role and responsibilities of Designated Persons, the Compliance Officer, the Human Resource Department and the Monitoring Committee etc.

A Monitoring Committee comprising of the Manging Director and Global Chief Executive Officer, the Global Chief People Officer, the Global Chief Financial Officer and the Compliance Officer is in place to monitor and administer the compliance of the Code. The Committee reports to the Audit Committee and strives to meet atleast once in every quarter before the Audit Committee. During FY 2023-24, the Committee met four times and submitted its report to the Chairman of the Audit Committee, the Audit Committee and the Board of Directors.

In case of any non-compliance of the Code by any designated person, actions are taken as per the Consequence Management Guidelines. Monitory penalties, if any imposed under the Guidelines, are deposited into the SEBI Investor Protection and Education Fund. All incidence of non-compliances by the Designated Persons and their Immediate relatives are reported to the Stock Exchanges.

To create awareness amongst Designated Persons various initiatives viz. online training and self-assessment test, informative e-mails, in-person training and interactive sessions are organised to educate the Designated Persons on handling of UPSI and dealing in company securities.

An annual internal audit on compliance of the PIT Regulations and the Code was conducted by an independent external audit firm and did not observe any significant non-compliance.

Related Party Transactions

The Company has a Policy on related party transactions ('RPT Policy'). The Policy intends to ensure that proper reporting, approval, disclosure processes are in place for all transactions between the Company and Related Parties.

As a process, RPTs that are in the ordinary course of business, on arm's length basis and repetitive in nature are approved as part of omnibus approval. This approval also applies to unforeseen transactions, as long as they are in line with the Company's RPT Policy.

In accordance with the Company's Related Party Transactions ('RPT') Policy all RPTs are pre approved by the Audit Committee. The RPTs entered into during the previous quarter are reviewed in subsequent quarter. RPTs in which directors or key managerial personnel are concerned or interested are additionally pre approved by the Board of Directors and the interested director abstain from discussion and voting when such transaction is being considered.

During the financial year, the Company did not enter into any material RPT and there was no material significant transaction with any related party that had any potential conflict of interests of the Company at large.

Monitoring governance of subsidiary

As on 31st March, 2024, the Company had 42 subsidiaries in India and across the globe. Each subsidiary is managed by its respective board of directors or equivalent body.

The Board of Cipla Limited or its duly constituted committees also have oversight of the affairs of the subsidiaries and regularly reviews various information w.r.t. the subsidiary companies, that inter-alia includes:

i. Review of financial statements

ii. Review of material developments, financial and operating performance and strategies

iii. Review of significant transactions or arrangements entered into by the unlisted subsidiaries

iv. Review of utilisation of funds and details of investment and advances by the subsidiaries

v. Review of inter-subsidiary related party transactions

vi. Prior recommendation on strategic / long-term investments, loans, guarantees, acquisitions or divestment by subsidiaries outside Cipla Group

vii. Prior recommendation in case of purchase/sale/ disposal of intellectual property rights or other assets and entering into in-licensing deals by subsidiaries/ associates/joint ventures above certain threshold

viii. Noting of minutes of the board meetings and

ix. Noting of key internal audit findings.

As required under Regulation 16(1)(c) and Regulation 24 of the SEBI Listing Regulations, the Company has adopted a 'Policy on determining Material Subsidiaries'. In terms of the Policy and based on the financial statements for financial year ended 31st March, 2024, the following subsidiaries continue to qualify as material subsidiaries of the Company. Mr Ashok Sinha, Independent Director and Mr Robert Stewart, Independent Director of the Company serve as independent directors on the board of Cipla (EU) Limited and Cipla USA Inc., respectively.

Name of the subsidiary	Regulation reference	Date of incorporation	Place of incorporation	Name of the statutory auditor	Date of appointment / re-appointment of statutory auditor
Cipla (EU) Limited	Regulation 24 of SEBI Listing Regulations	16th August, 2002	England & Wales	KNAV Limited	30th May, 2023
InvaGen Pharmaceuticals Inc.	Regulation 16 of SEBI Listing Regulations	20th November, 2003	New York, USA	Walker Chandiok & Co LLP	28th February, 2024
Cipla USA Inc.	Regulation 24 of SEBI Listing Regulations	12th September, 2012	Delaware, USA	Walker Chandiok & Co LLP	5th March, 2024

Note: Auditors are appointed/ re-appointed each year in Foreign Subsidiaries

Compliance management

The Company has adopted a compliance management tool which provides system-driven alerts to the respective owners for complying with the applicable laws and regulations. An update on the compliance status of all applicable laws and regulations applicable to the Company, in the form of a certificate, is submitted by the Global General Counsel to the Audit Committee and the Board on a quarterly basis.

Investor Servicing and Grievance Redressal

The Stakeholders Relationship Committee has adopted an Investor Servicing and Grievance Redressal Policy and Investor FAQs to effectively redress investor grievances and improve the services provided to investors. The Investor FAQs assists the shareholders on matters such as transmission of shares, dematerialisation of shares, dividend, IEPF, etc. The Investor FAQs and Investor Grievance Redressal Policy is uploaded on the Company's website under the Corporate Governance tab of the Investors section at https://www.cipla.com/sites/default/files/Investor-Servicing-and-Grievance-Redrrssal-Policy.pdf.

Web-based facility

Members may utilise the online facility extended by the RTA for posting or tracking a query, checking the dividend status, uploading tax exemptions forms, viewing the demat / remat request, downloading the required ISR forms and checking KYC status for physical folios, by visiting the Investor Service Center (ISC) webpage at https://www.cipla.com/investors/corporate-governance.

Share transfer system

KFin Technologies Limited (KFin) is the Registrar and Share Transfer Agent of the Company.

The Board has delegated the authority for approving the transmission, transposition, deletion of shares and change of name, etc. to the Company Secretary and the Executive Director.

A summary of transactions so approved are placed before the SRC. The matters relating to issue of duplicate share certificate are approved by the SRC.

The Company has obtained an annual certificate from a Practising Company Secretary as per the requirement of Regulation 40(9) of the SEBI Listing Regulations confirming that all certificates have been issued within thirty days of the date of lodgement of renewal and exchange. The certificate has been filed with the stock exchanges and is available on the website of the Company.

In terms of amended Regulation 40 of the SEBI Listing Regulations, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further effective from 24th January, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/ transposition of securities. SEBI vide Circular dated 25th January, 2022, has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request. The Company and its RTA has implemented this as part of its process.

Unclaimed dividend and transfer of dividend and shares to IEPF

Pursuant to the provisions of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividend which remains unclaimed or unpaid for a consecutive period of seven years or more from the date of transfer to the Unpaid Dividend Account of the Company and shares on which dividends are unclaimed or unpaid for a consecutive period of seven years or more are required to be transferred to IEPF. The Company had transferred unclaimed dividend ₹ 67,63,582 and 1,16,236 shares to the IEPF authority within statutory timelines which were due in FY 2022-23.

Unclaimed dividend for the financial year ended 31st March, 2017 will become due for transfer to the IEPF on 12th September , 2024.

Shareholders can check the details of any unclaimed shares and unclaimed dividends on the Company's website, www.cipla.com under Unclaimed Data tab in the Investors section.

Status of unclaimed dividend and shares which have been transferred to IEPF are given hereunder

Unclaimed dividend	Status	Whether it can be claimed	Can be claimed from	Actions to be taken
Upto and including the FY 2015-16 and shares transferred to IEPF	Transferred to the IEPF Authority	Yes	File online application in e-form IEPF-5 and send this e-form IEPF-5 to the Registered Office of the Company addressed to the Nodal Officer along with complete documents	IEPF Authority to pay the claim amount to the shareholder based on the e-verification report submitted by the Company and the documents submitted by the investor
For the FY 2016-17 to FY 2022-23	Amount lying in respective Unpaid Dividend Accounts	Yes	Write to RTA (Kfin) from your registered e-mail ID or make a physical application under the registered signature, along with KYC documents.	RTA to verify the application and release the unclaimed dividend.

Details of date of declaration and due date for transfer to IEPF

Financial Year	Dividend per share (in ₹)	Date of declaration	Due date for transfer to IEPF
2016-17	2	11th August, 2017	12th September, 2024
2017-18	3	30th August, 2018	3rd October, 2025
2018-19	3	16th August, 2019	19th September, 2026
2019-20	4*	12th March, 2020	15th April, 2027
2020-21	5	25th August, 2021	28th September, 2028
2021-22	5	26th August, 2022	27th September, 2029
2022-23	8.50	10th August 2023	5th September, 2030

*Interim dividend ₹ 3 and Special dividend ₹ 1

Shareholder information and communication

Financial Results

During the financial year, financial results were published in the following newspapers: Business Standard (All editions) and Sakaal (Mumbai edition). The annual/half-yearly/ quarterly results were sent to the stock exchanges and were also displayed on the Company's website – www.cipla.com.

News and media release

The official news and media releases of key events are disseminated to the Stock Exchanges and displayed on the Company's website.

Earning conference calls and presentations to Institutional Investors / Analysts

The Company organises earnings conference call with analysts and investors after the announcement of financial results. The transcript and audio recording of the earnings call is uploaded on the Company's website as well as filed with the stock exchanges where the securities of the Company are listed.

Presentations made to institutional investors and financial analysts are filed with the stock exchanges and uploaded on the Company's website.

Compliance reports, corporate announcements, material information and updates

The Company disseminates the requisite corporate announcements including the SEBI Listing Regulations compliances, shareholding pattern, corporate governance report, financial results, material/price sensitive information, etc., electronically through designated electronic portals of the Stock Exchanges.

Integrated Annual Report

The Integrated Annual Report for FY 2023-24 will be uploaded on the Company's website and will be circulated to the members and others entitled thereto in electronic mode. The Annual Report will also be submitted to the stock exchanges and be available on their websites.

Website

The Company's website contains a separate section for investors.

The shareholders can access the profiles of board members, board committees' composition, board committee charters, profile of the Management Council members, Corporate Governance policies, financial information, annual reports, Memorandum and Articles of Association, shareholding information, details of unclaimed dividends and shares transferred / liable to transfer to IEPF, Investor FAQs, etc. on the Company's website.

Other information, such as press releases, stock exchange disclosures and investor presentations are also regularly updated on the Company's website.

Chairman's speech

A copy of the speech to be given by the Chairman at the 88th AGM will be uploaded on the website of the Company.

Designated email ID:

We have a designated e-mail ID for investor services: cosecretary@cipla.com

Other disclosures

i. The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years and accordingly no penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authorities.

ii. The securities of the Company were not suspended from trading at any time during the financial year.

iii. The Company has managed foreign exchange risk with appropriate hedging activities in accordance with the risk management framework of the Company. The Company's approach to managing currency risk is to leave no material residual risk. The Company uses forward exchange contracts and/or options to hedge against its net foreign currency exposures. All material foreign exchange transactions are fully covered. Materially, there are no uncovered exchange rate risks relating to the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2024 are disclosed in note no. 45 to the standalone financial statements.

iv. Total fees for all services paid by the Company and its subsidiaries on a consolidated basis to the Statutory Auditor and all the entities in the network firm/network entity of which Statutory Auditor has been provided in note no. 40 of the consolidated financial statements.

v. The cost of raw materials forms a large portion of the Company's operating expenses. The Company is focused on developing processes/programmes which help in cost-effective procurement of raw materials and which reduces the cost of Active Pharmaceutical Ingredients. Additionally, an Alternate Vendor Development Strategy has been implemented to ensure uninterrupted supply of raw materials and rate benefits. The Company endeavours to monitor the prices of key commodities and formulates procurement strategies based on actual price movements and trends as well as the external regulatory environment and has adequate governance structures in place to align and review procurement strategies with external and internal dynamics. Since the Company has not entered into any derivative contract to hedge exposure from the fluctuations in commodity prices, no disclosure is required pursuant to SEBI circular dated 15th November, 2018.

vi. During the financial year, the Company has not raised funds through preferential allotment or qualified institutional placement as per the Regulation 32(7A) of SEBI Listing Regulations.

vii. The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the SEBI Listing Regulations.

viii. A certificate from M/s BNP & Associates, Practising Company Secretaries, confirming that none of the directors are disqualified or debarred from being appointed or continuing as directors of the Company by the SEBI or the Ministry of Corporate Affairs or any other statutory authority is annexed as Annexure C to this report.

ix. During the financial year, the Board of Directors has accepted all the recommendations of the committees of the Board.

x. Disclosures on complaints by the Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during FY 2023-24 is as follows

Particulars	Number
Number of complaints at the beginning of financial year	-
Number of complaints filed during the financial year	10
Number of complaints resolved during the financial year	9
Number of complaints pending as on 31st March, 2024	1*

*The outstanding complaint was resolved on 2nd April, 2024

Notes:

(1) The total POSH complaints for the FY 2023-24 consolidated across the Company and its subsidiaries, forms a part of the BRSR Report

(2) In line with the statutory provisions all complaints received were investigated and closed within the statutory timelines

xi. The Company has not provided any loans and advances to any firms/companies in which Directors are interested.

xii. There were no agreements to be disclosed under clause 5A of paragraph A of Part A of Schedule III of the SEBI Listing Regulations.

General meetings:

i. The details of last three annual general meetings are as follows

Financial Year	Meeting	Date & Time	Venue	Special Resolution passed
2020-21	85th AGM	25th August, 2021 at 3.00 p.m.	Video conferencing/ other audio-visual means	Reappointment of Mr M K Hamied as a director liable to retire by rotation
2021-22	86th AGM	26th August, 2022 at 3.00 p.m.		Appointment of Dr Mandar Purushottam Vaidya as an Independent Director
2022-23	87th AGM	10th August, 2023 at 3.00 p.m.		None

ii. During the financial year, no special resolution was passed through Postal Ballot.

iii. During the year the following matters have been proposed for approval of the shareholders by way of postal ballot notice dt. 11th April, 2024. The remote e-voting process is underway and will end by 16th May, 2024.

- Appointment of Dr. Balram Bhargava as an Independent Director as a special resolution
- Approval of payment of one-time long-term incentive to Mr. Umang Vohra, MD&GCEO as an ordinary resolution

Upon approval by requisite majority , the above resolutions will be considered as passed on 16th May, 2024.

iv. None of the business proposed to be transacted at the ensuing AGM require passing of resolution through postal ballot.

Compliance of discretionary requirements

The Company has complied with following discretionary requirements under Regulation 27(1) of the SEBI Listing Regulations:

i. The auditors have issued an unmodified opinion on the financial statements of the Company;
ii. The Chairman of the Board is a non-executive director and is not related to the MD & GCEO;
iii. The Chief Internal Auditor functionally reports directly to the Audit Committee.

Certification by Managing Director & Global Chief Executive Officer ('MD & GCEO') and Global Chief Financial Officer ('GCFO')

The MD & GCEO and the GCFO have certified to the Board on the financial reporting and internal controls as required under Regulation 17(8), read with Part B of Schedule II of the SEBI Listing Regulations. The certification by MD & GCEO and GCFO is annexed as Annexure D to this report.

Enhanced disclosures

Cipla has always followed the highest standards of Corporate Governance and has benchmarked its governance and disclosure practices against national and international codes, guidelines and principles. Enhancing the standards of disclosures and transparency, we have voluntarily adopted the following regulations, guidelines and principles:

i. Substantially in compliance with the G-20 OECD Principles of Corporate Governance.

ii. Substantially in compliance with the National Guidelines on responsible business conduct principles issued by the Ministry of Corporate Affairs.

iii. Substantially in compliance with the Global Reporting Initiative (GRI) standards.

iv. For the seventh year in a row, the Annual Report is prepared in accordance with the International Integrated Reporting Council's Integrated Reporting (<IR>) framework. To improve its credibility the Company has obtained an external assurance on the disclosures made under the Integrated Annual Report from M/s DNV Business Assurance India Private Limited.

Market price data for the period from 1st April, 2023 to 31st March, 2024

Month (FY 2023-24)	BSE Limited			National Stock Exchange of India Limited			Luxembourg Stock Exchange	
	Equity Shares						GDRs	
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded	High (US$)	Low (US$)
April	927.00	885.65	8,73,541	925.95	886.30	3,77,65,180	11.30	10.80
May	965.00	897.70	23,54,288	965.00	896.85	5,09,57,316	11.60	11.10
June	1,028.00	946.75	11,86,574	1,026.10	946.75	3,39,78,742	12.50	11.60
July	1,194.55	997.00	16,93,708	1,219.40	996.50	4,15,09,032	14.30	12.20
August	1,277.55	1,149.95	18,87,877	1,277.90	1,150.00	4,68,68,203	15.30	14.10
September	1,268.65	1,158.65	8,60,237	1,268.90	1,158.90	3,23,35,318	15.10	14.00
October	1,224.95	1,132.00	7,74,230	1,225.00	1,132.00	3,41,95,095	14.70	13.80
November	1,283.00	1,165.10	11,46,448	1,283.55	1,164.55	3,59,03,505	15.30	14.00
December	1,271.75	1,192.85	14,04,879	1,267.60	1,192.10	3,50,12,308	15.20	14.40
January	1,424.65	1,246.80	27,94,006	1,425.00	1,246.70	4,05,59,019	17.10	15.30
February	1,493.00	1,352.15	7,65,025	1,493.95	1,352.05	3,01,97,927	18.00	16.70
March	1,519.00	1,415.20	6,20,920	1,519.00	1,415.60	2,94,97,568	18.20	17.00

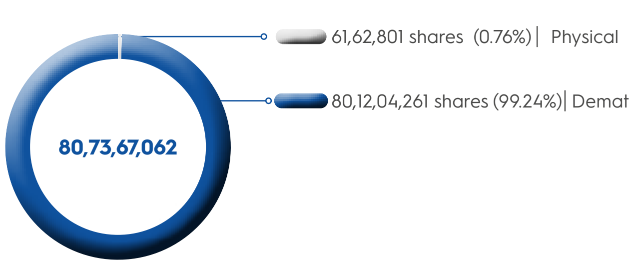
General shareholder information

i. Date, Time and Venue of the AGM	Tuesday, 20th August, 2024, at 3.00 p.m. through Video Conferencing ('VC')/ Other Audio Visual means ('OAVM')
ii. Financial Year	1st April to 31st March of the next calendar year
iii. Adoption of Financial Results*	
Q1-FY25: quarter ending 30th June	Friday, 26th July, 2024
Q2-FY25: quarter and half year ending 30th September	Tuesday, 29th October, 2024
Q3-FY25: quarter and nine months ending 31st December	Tuesday, 28th January, 2025
Q4-FY25: quarter and financial year ending 31st March	Tuesday, 13th May, 2025
iv. Trading window closure for financial results	From the 1st day from close of quarter till the completion of 48 hours after the UPSI becomes generally available.
v. Record Date	Friday, 2nd August, 2024
vi. Dividend and Dividend Payment Date	₹ 13/- per equity share for FY 2023-24. The Company will endeavour to pay the dividend within seven working days from the date of declaration but not later than 30 days from the date of AGM. The payment of dividend will be subject to deduction of tax at source, as applicable, in compliance with the statutory requirements.
vii. Listing on Stock Exchanges	**Equity Shares** i. Name: BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 ii. Name: National Stock Exchange of India Limited Address: Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Global Depository Receipts (GDRs)** Name: Societe De La Bourse De Luxembourg, Address: Societe Anonyme, 35A Boulevard Joseph II, L-1840 Luxembourg. The Company has paid the requisite annual listing fees to the National Stock Exchange of India Limited, BSE Limited and the Luxembourg Stock Exchange.
viii. Stock Code	500087 on BSE Limited CIPLA on National Stock Exchange of India Limited
ix. DR Symbol/CUSIP	CIPLG/1729772095
x. ISIN Number for NSDL & CDSL	INE059A01026

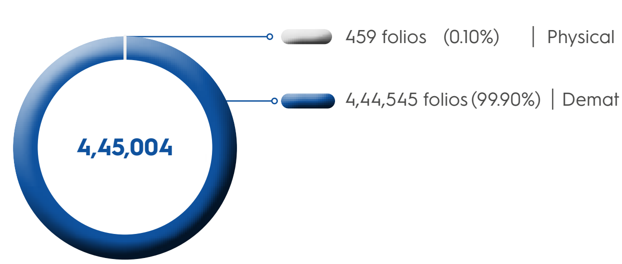
*Tentative Schedule, subject to change

Dematerialisation of shares and liquidity

No. of Shares

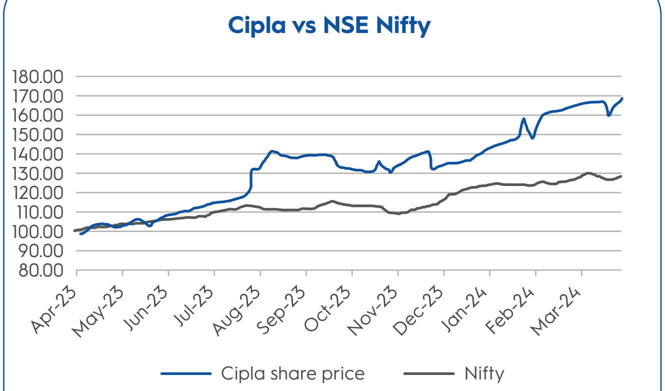


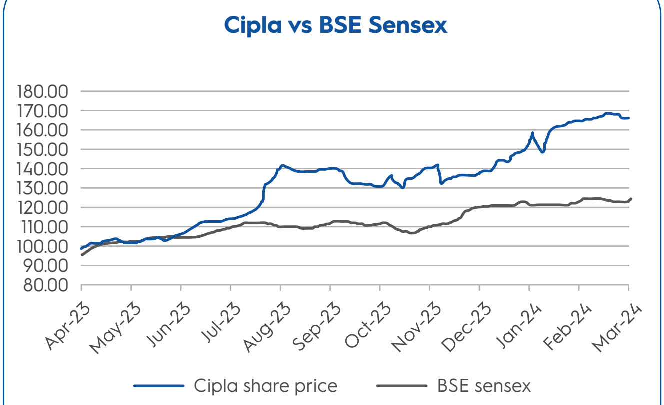
No. of folios



The equity shares of the Company are liquid and traded in dematerialised form on BSE Limited and National Stock Exchange of India Limited.

Performance of share price of the Company in comparison with the NSE Nifty & BSE Sensex for FY 2023-24





Source: www.bseindia.com and www.nseindia.com

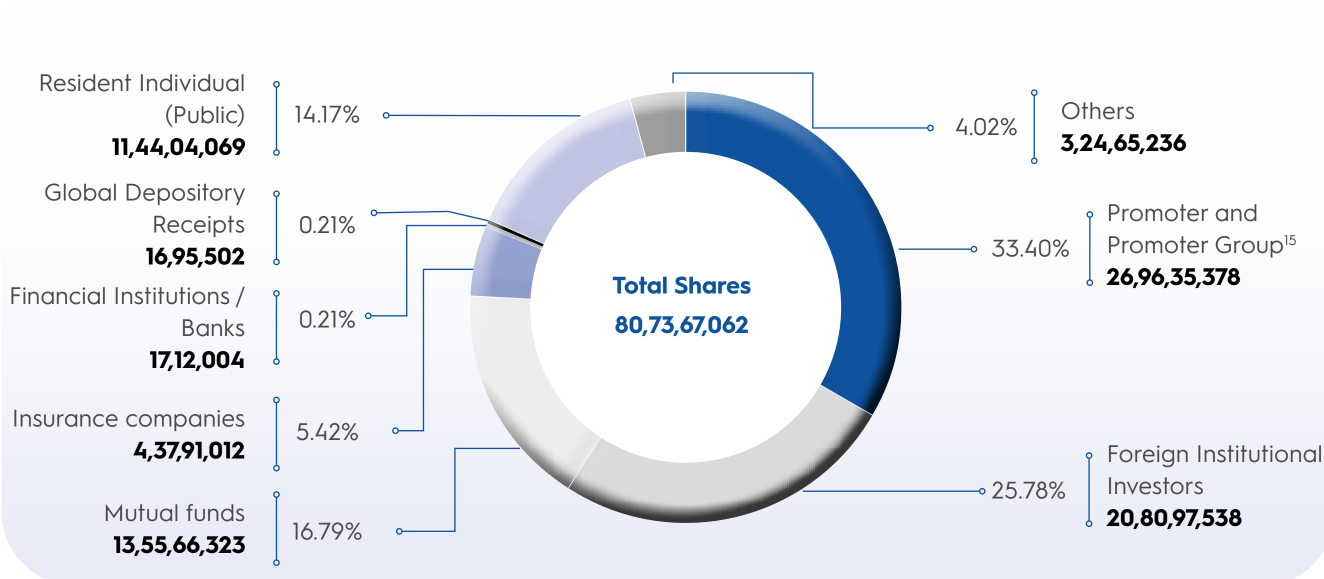
Address for correspondence

	Contact details	Address
For corporate governance, IEPF and other secretarial matters	Mr Rajendra Chopra Company Secretary and Compliance Officer Email: cosecretary@cipla.com	Cipla Limited Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 Tel: +91 22 41916000 Fax: +91 22 41916120
Financial results/ financial statements	Mr Ajinkya Pandharkar Head Investor Relations Email: investor.relations@cipla.com	
For corporate communication related matters	Ms Heena Kanal Head- Corporate Communications Email: corpcomm@cipla.com	
For shares related matters, dividend, annual report, dematerialisation, KYC updation in case of physical folios etc.	KFin Technologies Limited (Registrar and Share Transfer Agent) Email: einward.ris@kfintech.com	Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana Tel: +91 40 6716 2222 / 1511

Distribution of shareholding as on 31st March, 2024

Category	No. of folios	% of total folios	No. of shares	% of shares
1-5,000	4,40,609	99.01	2,48,60,226	3.08
5,001- 10,000	1307	0.29	47,49,159	0.58
10,001- 20,000	860	0.19	63,05,590	0.78
20,001- 30,000	406	0.09	49,90,002	0.62
30,001- 40,000	223	0.05	39,00,957	0.48
40,001- 50,000	185	0.04	41,78,666	0.52
50,001- 1,00,000	426	0.10	1,54,66,811	1.92
1,00,001 & Above	988	0.22	74,29,15,651	92.02
Total	**4,45,004**	**100**	**80,73,67,062**	**100**

Category-wise shareholding as on 31st March, 2024



Top 10 shareholders of the Company including Shareholders holding more than 1% of the shares as on 31st March, 2024

Shareholder name	% of Total holding	Total shares
Dr Y K Hamied	18.64%	15,05,21,183
Ms Sophie Ahmed	5.70%	4,59,82,000
HDFC Trustee Company Limited-HDFC Flexi Cap Fund	4.46%	3,59,93,491
SBI Equity Hybrid Fund	4.22%	3,40,79,873
Life Insurance Corporation of India	3.66%	2,95,68,683
Mr M K Hamied	3.45%	2,78,44,320
Government Pension Fund Global	2.36%	1,90,14,244
Ms Samina Hamied	2.22%	1,79,09,500
NPS Trust A/c LIC Pension Fund Scheme - State Gov	1.65%	1,33,52,547
Mr Kamil Hamied	1.35%	1,09,39,500
Ms Rumana Hamied	1.22%	98,86,500
UTI - Nifty Exchange Traded Fund	1.10%	89,03,623

Outstanding GDRs and Share Based Incentives Scheme

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company. As on 31st March, 2024, 16,95,502 GDRs were outstanding. The Company has not issued any American Depository Receipts (ADRs)/Warrants/convertible instruments.

During the financial year, the Company has granted 1,61,629 stock options and 4,64,657 stock appreciation rights to the employees of the Company under Cipla Limited Employee Stock Option Scheme 2013-A ('ESOS 2013-A') and Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021') respectively. The Company allots equity shares from time to time upon exercise of stock options and stock appreciation rights by the employees, pursuant to the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the terms and conditions of ESOS 2013-A and ESAR 2021'. As on 31st March, 2024, 4,21,584 stock options and 7,49,785 ESARs were outstanding under ESOS 2013-A and ESAR 2021 respectively.

[15]GRI 2-15

List of credit ratings obtained/revised

Instrument Type	Instrument Rating / Issuer Rating / Outlook	Rating Action	Credit rating agency
Commercial paper*	IND A1+ / IND AAA; Stable	Affirmed	India Ratings and Research Private Limited
Long-term/short-term bank facilities	CARE A1+ / CARE AAA; Stable	Reaffirmed	Care Rating Limited

*No commercial papers were issued during the FY 2023-24

Plant locations of Cipla Limited as on 31st March, 2024:

Plant Type	Plant Address
Active Pharmaceutical Ingredients Manufacturing Facility	Virgonagar, Old Madras Road, Bengaluru – 560 049, Karnataka, India
	Bommasandra-Jigani Link Road, Industrial Area, KIADB 4 Phase, Bengaluru – 560 099, Karnataka, India
Active Pharmaceutical Ingredients and Formulations Manufacturing Facility	MIDC, Patalganga-410220, District - Raigad, Maharashtra, India
	MIDC Industrial Area, Kurkumbh-413802, Daund, District - Pune, Maharashtra, India
Formulations Manufacturing Facility	Verna Industrial Estate, Verna-403722, Salcette, Goa, India
	Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi–173 205, District - Solan, Himachal Pradesh, India
	Village Kumrek, Rangpo-737132, District - East Sikkim, Sikkim, India
	Indore SEZ, Phase II, Sector III, Pharma Zone, P.O. Pithampur – 454 774, District - Dhar, Madhya Pradesh, India
	Taza Block, Amba Tareythang Illaka, Rorathang- 737133, District - East Sikkim, Sikkim, India

Plant locations of subsidiary companies of Cipla Limited as on 31st March, 2024:

Plant Type	Plant Address
Formulations Manufacturing Facility	Plot Number 344-348, Kundaim Industrial Estate, Kundaim, Goa – 403115, India
	Plot No. 352, Kundaim Industrial Estate, Kundaim, Goa – 403115, India
	L-1/1, L-1/2/2 & L-2, Additional MIDC, Satara 415004, India
	Tarpin Block, Rorathang, East District, Sikkim – 737133, India
	7 Oser Avenue, Hauppauge, NY, USA, ZIP – 11788
	600 Old Willets, Path Hauppauge, NY, USA, ZIP – 11788
	550 South Research Place, Central Islip, NY, USA, ZIP – 11722
	927 Currant Road, Fall River, MA, USA, ZIP - 02720
	18 Golden Drive Morehill Benoni, South Africa 1501
	1474 South Coast Road, Mobeni, Durban, South Africa 4052
	Oum Azza – BP 4492 – 11850 Ain El Aouda – Rabat, Morocco
	Life and health industrial park, No.1 Jianghai Road, Beixin Town, Qidong City, Jiangsu Province, China – 226200
Contract Research and Contract Manufacturing	L-147/B, Verna Industrial Area, Verna, Goa - 403722, India
Manufacturing of Medical Devices	Plot No. 38 &39, Opp. Sagar Petrol Pump, Western Express Highway, Sativali, Tal. Vasai (E), Dist. Thane, Maharashtra- 401208, India
Analytical Research & Bioequivalence Division	Plot GEN 40, TTC MIDC, Behind Millennium Business Park, Near Nelco Bus stop, Mahape, Navi Mumbai, Maharashtra - 400710, India
Pathology Lab & Screening Area	1 Floor, Jayshree Plaza, L.B.S. Marg, Bhandup West, Near Dreams Mall, Mumbai, Maharashtra - 400078, India
Analytical Research Division (Stability Samples Storage)	EL-87, Electronic Zone, MIDC Industrial Area, Mahape, Navi Mumbai, Maharashtra - 400710, India
Clinical Research Department	Plot No. PAP-A-417, TTC, MIDC, Behind Millennium Business Park, Near Nelco Bus Stop, Mahape, Navi Mumbai, Maharashtra – 400710, India
Testing Laboratory (Testing of pharmaceutical product)	Building A8, Antonie Van Leeuwenhoeklaan 9, 3721 MA, Bilthoven, The Netherlands

Declaration of compliance with the Code of Conduct

I hereby confirm that the Company has obtained from all the members of the Board and senior management personnel, affirmation that they have complied with the Code of Conduct laid down by the Company for the financial year ended 31st March, 2024.

For **Cipla Limited**

Date: 10th May, 2024
Place: Mumbai

Umang Vohra
Managing Director and Global Chief Executive Officer

Annexure A

Statutory details of Board of Directors[16]

Name	Category	Original date of Appointment	No. of shares held in the Company	No. of directorships held in other Indian companies as on 31st March, 2024	Name of other listed companies where he/she is a director as on 31st March, 2024[(1)]	No. of committee membership/ chairpersonship held in other Indian public companies as on 31st March, 2024[(2)] Membership	Chairpersonship
Dr Y K Hamied (DIN: 00029049)	Promoter Non-Executive Director	21st July, 1972	15,05,21,183	1	--	--	--
Mr M K Hamied (DIN: 00029084)		16th August, 1977	2,78,44,320	--	--	--	--
Mr S Radhakrishnan (DIN: 02313000)	Non-Executive Directors	12th November, 2010	1,82,321[(3)]	--	--	--	--
Ms Samina Hamied[(4)] (DIN: 00027923)		10th July, 2015	1,79,09,500[(5)]	1	--	--	--
Mr Umang Vohra (DIN: 02296740)	Executive Directors	1st September, 2016	3,22,935	2	--	--	--
Mr Adil Zainulbhai (DIN: 06646490)	Independent Directors	23rd July, 2014	--	11	• Reliance Industries Limited • Network18 Media & Investments Limited • TV18 Broadcast Limited • Larsen & Toubro Limited	7	5
Mr Ashok Sinha (DIN: 00070477)		16th July, 2013	--	5	• J. K. Cement Limited • The Tata Power Company Limited • Tata Communication Limited • Navin Fluorine International Limited	4	2
Dr Balram Bhargava[(6)] (DIN: 10479707)		1st April 2024	--	--	--	--	--
Dr Mandar Vaidya (DIN: 09690327)		29th July, 2022	--	--	--	--	--
Dr Peter Mugyenyi[(7)] (DIN: 06799942)		12th February, 2014	--	--	--	--	--
Ms Punita Lal (DIN: 03412604)		13th November, 2014	--	--	--	--	--
Mr P R Ramesh (DIN: 01915274)		1st July, 2021	--	10	• Nestle India Limited • Cromption Greaves Consumer Electricals Limited • Tejas Networks Limited • Larsen & Toubro Limited	7	4
Mr Robert Stewart (DIN: 03515778)		14th May, 2021	--	--	--	--	--

[(1)]All the directorships held by the directors in other listed companies are in the capacity of independent directors[17]

[(2)]The committees considered for the purpose are those prescribed under the SEBI Listing Regulations viz. Audit Committee and Stakeholders Relationship Committee of listed and unlisted Indian public companies

[(3)]Includes 38,125 shares which are held jointly with his wife

[(4)]Stepped down from the position of executive vice chairperson of the Company, while continuing as a non executive director w.e.f. close of business hours of 31st March, 2024

[(5)]Includes 43,78,500 shares which are held jointly with her mother Shirin Hamied

[(6)]Appointed as an independent director w.e.f. 1st April, 2024

[(7)]Resigned as an independent director w.e.f. 13th May, 2023

[16]GRI 2-9

[17]GRI 2-15

Annexure B

Attendance of Directors for the meetings of the board and board committees held during the FY 2023-24[7]

Board Members	Board Meeting	ACM	NRC	SRC	CSR	IRMC	Independent Director Meeting	Present at the last AGM
Date of meeting	25-Apr-23 12-May-23 29-May-23 26-Jul-23 27-Jul-23[8] 22-Oct-23 27-Oct-23 06-Nov-23 14-Dec-23 22-Jan-24 25-Jan-24 15-Mar-24	02-May-23 11-May-23[9] 21-Jul-23 26-Jul-23 23-Oct-23 26-Oct-23[9] 06-Nov-23 22-Jan-24 24-Jan-24 29-Feb-24	11-May-23[10] 20-Jul-23 26-Oct-23 24-Jan-24 15-Mar-24	10-May-23 17-Jul-23 23-Jan-24	10-May-23 17-Jul-23 26-Oct-23 23-Jan-24	11-May-23 20-Jul-23 26-Oct-23 28-Dec-24 24-Jan-24	11-May-23 26-July-23 27-Oct-23 06-Nov-23 25-Jan-24	10-Aug-23
Average attendance (in %)	**96.21**	**100**	**90**	**100**	**95**	**100**	**100**	**100**
Dr Y K Hamied	11(12)	-	-	-	-	-	-	Yes
Mr Adil Zainulbhai	11(12)	-	3(5)	3(3)	3(4)	-	5(5)	Yes
Mr Ashok Sinha	12(12)	10(10)	-	-	-	5(5)	5(5)	Yes
Dr Balram Bhargava[5]	-	-	-	-	-	-	-	NA
Dr Mandar Vaidya[3]	12(12)	10(10)	-	2(2)	-	-	5(5)	Yes
Mr M K Hamied	12(12)	-	-	-	4(4)	-	-	Yes
Dr Peter Mugyenyi[1]	2(2)	-	-	1(1)	-	-	1(1)	NA
Ms Punita Lal	11(12)	-	5(5)	-	4(4)	-	5(5)	Yes
Mr P R Ramesh	12(12)	10(10)	-	-	-	5(5)	5(5)	Yes
Mr Robert Stewart[2]	12(12)	-	5(5)	-	-	5(5)	5(5)	Yes
Ms Samina Hamied[2][4]	12(12)	-	-	-	-	5(5)	-	Yes
Mr S Radhakrishnan[3]	12(12)	10(10)	5(5)	3(3)	4(4)	5(5)	-	Yes
Mr Umang Vohra[4]	12(12)	-	-	-	4(4)	5(5)	-	Yes

(1) Resigned as an Independent Director w.e.f. 13th May, 2023

(2) Appointed as the chairman of IRMC in place of Ms Samina Hamied w.e.f. 1st April, 2024

(3) Appointed as a member of the SRC w.e.f. 13th May, 2023 and as the chairman of the SRC in place of Mr S Radhakrishnan w.e.f. 1st April, 2024

(4) Appointed as the chairman of the OAC in place of Ms Samina Hamied w.e.f. 1st April, 2024

(5) Appointed as an independent director and member of the AC and the CSR w.e.f. 1st April, 2024

(6) Appointed as a chairman of the AC w.e.f. 11th May, 2024 in place of Mr Ashok Sinha who continues to be a member of the AC

(7) During FY 2023-24, there was no meeting held for the OAC. The OAC approved various matters through circular resolutions

(8) The adjourned meetings of the ACM were held on 12th May, 2023 and 27th October, 2023

(9) The adjourned meeting of the Board was held on 28th July, 2023

(10) The adjourned meeting of the NRC was held on 12th May, 2023

Annexure C

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V, Para C, Clause (10)(i) of the of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

Cipla Limited

Cipla House, Peninsula Business Park,

Ganpatrao Kadam Marg, Lower Parel,

Mumbai-400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Cipla Limited having **CIN L24239MH1935PLC002380** and having its registered office at **Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013** (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para C, Clause (10)(i) of the of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number ('DIN') status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the directors on the Board of the Company as stated below, for the financial year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or by any other statutory regulatory authority.

Sr. No.	Name of the Directors	DIN	Date of Appointment[1]
1	Dr Y K Hamied	00029049	21st July, 1972
2	Mr M K Hamied	00029084	16th August, 1977
3	Ms Samina Hamied[2]	00027923	10th July, 2015
4	Mr Umang Vohra	02296740	1st September, 2016
5	Mr S Radhakrishnan	02313000	12th November, 2010
6	Mr Ashok Sinha	00070477	16th July, 2013
7	Mr Adil Zainulbhai	06646490	23rd July, 2014
8	Ms Punita Lal	03412604	13th November, 2014
9	Mr Robert Stewart	03515778	14th May, 2021
10	Mr P R Ramesh	01915274	1st July, 2021
11	Dr Mandar Vaidya	09690327	29th July, 2022

[1]Date of appointment of all the Directors are original date of appointment.

[2]Ms. Samina Hamied stepped down from the position of Executive Vice Chairperson of the Company, w.e.f. close of business hours of 31st March, 2024 and continued as a Non-Executive Director.

Ensuring the eligibility of every director for appointment / continuity on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management of the Company has conducted the affairs of the Company.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No.: 637/2019
Avinash Bagul
Partner
FCS No.: 5578
COP No.: 19862
UDIN: F005578F000345687

Date: 10th May 2024
Place: Mumbai

Annexure D

Certificate by CEO/CFO to the Board of Directors

We, Mr Umang Vohra, Managing Director and Global Chief Executive Officer and Mr Ashish Adukia, Global Chief Financial Officer hereby certify that:

A. We have reviewed financial statements and the cash flow statements (standalone and consolidated) for the year ended 31st March, 2024 and that to the best of our knowledge and belief:

   I these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   II these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditor and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditor and the Audit Committee that:

   I there has not been any material changes in internal control over financial reporting during the year;

   II there has been no material change in the material/significant accounting policies during the year;

   III there have been, during the year no instances of material fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Cipla Limited**

Umang Vohra
Managing Director and Global Chief Executive Officer

For **Cipla Limited**

Ashish Adukia
Global Chief Financial Officer

Date: 9th May, 2024
Place: Mumbai

Independent Auditor's Report

To
The Members of
Cipla Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Cipla Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matters	How our audit addressed the key audit matters
DPCO matters: The Company has 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 (DPCO) in various years. The total demand against the Company as stated in NPPA public disclosure amounts to Rs. 3707 crores, as disclosed in note 38B to the standalone financial statements, of which there are : a) Matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crore being 50% of the total demand of ₹ 350.15 crore as at 1 August 2003 under protest pursuant to direction of Honourable Supreme Court of India; and b) Other matters wherein based on facts and legal advice, the Company has recorded a charge of ₹ 19.90 crores (including interest) during the year ended 31 March 2024 and carries a total provision of ₹ 80.78 crores (including interest) as at 31 March 2024.	Our audit of DPCO matters included, but was not limited to, the following procedures: a) Obtained an understanding of the management's process for updating the status of the matters, assessment of accounting treatment in accordance with Ind AS 37 and for measurement of amounts involved; b) Evaluated the design and tested the operating effectiveness of key controls around above process; c) Inspected correspondence with the Company's external legal counsel in order to corroborate our understanding of these matters, accompanied by discussions with both internal and external legal counsels. Tested the objectivity and competence of such management experts involved; d) Obtained direct confirmation from the external legal counsel handling DPCO matters with respect to the legal determination of the liability arising from such matters, conclusion of the matters in accordance with the requirements of Ind AS 37 and disclosures to be made in the financial statements. Evaluated the response received from the external legal counsel to ensure that the conclusions reached are supported by sufficient legal rationale;

Key audit matters	How our audit addressed the key audit matters
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.	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 adequacy of disclosures given in the standalone financial statements, including disclosure of the significant litigations of the Company, in accordance with applicable accounting standards. Based on the audit procedures performed, the judgements made by the management were reasonable and disclosures made in respect of these matters were appropriate in the context of the standalone financial statements taken as a whole.
Recoverability of investments in subsidiaries (Refer note 5): The Company has investments of ₹ 9,264.31 crores in subsidiaries being carried at cost in accordance with Ind AS 27, Separate Financial Statements. The Company assesses the recoverable amounts of each investment when impairment indicators exist by comparing the fair value (less costs of disposal) and carrying amount of that investment as on the reporting date. Management's assessment of whether there are impairment indications and estimate of the recoverable amounts of the identified investments determined through discounted cash flow valuation method requires significant judgment in carrying out the impairment assessment. The key assumptions used in management's assessment of the recoverable amounts include, but are not limited to, projections of future cash flows, growth rates, discount rates, estimated future operating and capital expenditure. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in either impairment or reversals of impairment taken in prior years. Considering the materiality and the inherent subjectivity which involves significant management judgment in predicting future cash flow projections, recoverability of investments in subsidiaries has been considered to be a key audit matter for the current period audit.	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 and tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified investments; b) Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management; c) Reconciled the cash flows to the business plans approved by the respective Board of Directors of the identified investee companies; d) Evaluated and challenged management's assumptions such as implied growth rates during explicit period, terminal growth rate, targeting savings and discount rate for their appropriateness based on our understanding of the business of the respective investee companies, past results and external factors such as industry trends and forecasts; e) Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rates and discount rates; f) Tested the mathematical accuracy of the management computations with regard to cash flows and sensitivity analysis; g) Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for each of the identified investments to evaluate sufficiency of headroom between recoverable value and carrying amount; and h) Evaluated the adequacy of disclosures given in the standalone financial statements, including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards. Based on the audit procedures performed, we determined that the management's assertion on the recoverability of investments in subsidiaries is appropriate in the context of the standalone financial statements taken as a whole.

Key audit matters	How our audit addressed the key audit matters
Revenue from operations: (refer note 1.3.9 and 26 to the Standalone financial statements) The Company recognizes revenue from the sales of pharmaceutical products to resellers or distributors, service fee and out-licensing arrangements. The Company records product sales net of estimated discounts, the right to returns, rebates and other price adjustments. The actual point in time when revenue is recognised varies depending on the specific terms and conditions of the sales contracts entered with customers. Further, the Company has a large number of customers operating in various geographies and sales contracts with customers have different terms relating to the recognition of revenue leading to material deductions from gross sales which includes discounts, the right to return, rebates and other price adjustments. We identified recognition of revenue from operations as a key audit matter because: a) Accrual towards discounts, the right to returns, rebates and other price adjustments 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. b) The nature of out-licensing contracts are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition. c) The Company considers revenue as key benchmark for evaluating performances and hence, there is risk of revenue being overstated due to pressure to achieve targets, earning expectations or incentive schemes linked to performance for a reporting period.	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, the right to returns, rebates, other price adjustments and regulatory compliance requirements; b) Evaluated the design and tested the operating effectiveness of the Company's internal controls, including general IT controls, key IT application controls exercised by the management, over recognition of revenue and measurement of various discount, the right to returns, rebates and other price adjustments; 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 during specific periods before and after the year-end. For the samples selected, verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/ shipping documents to ensure that the correct amount of revenue is recorded in the correct period; e) Obtained management workings for amounts recognised towards discount schemes, the right to returns and rebates and other price adjustments 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; f) Evaluated historical accuracy of the Company's estimates of year-end accruals pertaining to aforesaid arrangements made in the previous years to identify any management bias; g) Tested unusual non-standard journal entries based on certain criteria's which impacts revenue recognized during the year; 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 given in the standalone financial statements in accordance with applicable accounting standards. Based on audit procedures performed, we determined that the revenue recognition and measurement is appropriate in the context of the standalone financial statements taken as a whole.

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

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

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

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

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

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

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, including the manner prescribed in Rule 3(1) of Companies (Accounts) Rules, 2014, except that the audit trail feature was not enabled at the database level as further stated in paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the maintenance of accounts and other matters connected therewith refer to our comments in paragraph 17(b) above on reporting under Section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under rule 11(g) of the of the Companies (Audit and Auditors) Rules, 2014 (as amended).

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2024 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company, as detailed in note 38 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;

        ii. As detailed in note 52, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2024;

        iv. a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in note 44(j) and note 44(k) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 44(f) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. a. The final dividend paid by the Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

b. As stated in note 47 B(b) to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on examination which included test checks, the Company in respect of financial year commencing on 1 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility at the application level of the accounting software and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of such audit trail features being tampered with. The Audit trail feature (edit log) at the database level for the direct changes was not enabled, however, the Company had adequate controls in the accounting software such as strict user rights and access of administrator log in through the application layer.

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

Gautam Wadhera
Partner
Membership No.: 508835
UDIN: 24508835BKFFCO6403

Place: Mumbai
Date: 10 May 2024

Annexure I

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Cipla Limited on the standalone financial statements for the year ended 31 March 2024

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work in progress, investment property and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment, capital work in progress, investment property and relevant details of right-of-use assets and under which the assets are physically verified in a phased manner over a period of 3 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, capital work in progress, right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (including investment properties) held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 2.1 and 3 to the standalone financial statements are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods in transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of goods-in-transit, these have been confirmed from corresponding receipt and/or dispatch inventory records.

(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) The Company has not provided security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. The Company has provided loans and guarantees to subsidiaries during the year as per details given below:

Particulars	Loans (₹ in Crs.)	Guarantee (₹ in Crs.)
Aggregate amount provided/granted during the year:	1,338.92	423.87
Balance outstanding as at balance sheet date in respect of above cases:	2,163.63	Nil

Further, the Company has made investment in 5 entities amounting to ₹ 327.88 crores (year-end balance ₹ 9,410.17 crores).

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees made and terms and conditions of the grant of all loans provided are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.

(d) There is no overdue amount in respect of loans granted to such companies.

(e) The Company has granted loan which had fallen due during the year and such loan were extended during the year. The details of the same has been given below:

Name of the party	Total loan amount granted during the year (₹) in crores	Aggregate amount of overdues of existing loans renewed or extended (₹) in crores	Nature of extension (i.e., renewed/ extended/fresh loan provided)	Percentage of the aggregate to the total loans granted during the year
Cipla USA Inc.	205.49	784.01	Extended	381.53%

(f) The Company has not granted any loan, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act only in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under the aforesaid section and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount Paid Under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	280.23	212.67	AY 2009-10, AY 2013-14, AY 2015-16 and AY 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	33.19	33.04	2014-15	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	72.70	3.64	1992-93 to 2000-01 and 2004-05 to 2016-17	CESTAT (West Zonal Beach)
Central Excise Act, 1944	Excise Duty	12.68	-	1999-00 to 2004-05	Commissioner of Excise, Pune, Raigad, Goa, Mumbai
Central Excise Act, 1944	Excise Duty	0.02	0.01	2001-02 to 2006-07	Honourable High Court, Mumbai
Central Excise Act, 1944	Excise Duty	8.00	0.95	2008-09 to 2017 -18	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	74.04	3.85	2008-09 to 2017-18	CESTAT (South Zonal Bench)
Central Excise Act, 1944	Excise Duty	18.42	2.54	2011-12 to 2013-14 and 2016-17 to 2017-18	CESTAT (East Zonal Bench)
Central Excise Act, 1944	Excise Duty	0.02	-	1999-00 to 2003-04	Honourable Supreme Court

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount Paid Under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
Central Goods and Service Tax Act, 2017	Goods and service tax	13.24	0.65	2016-17 to 2022-23	Commissioner (Appeals)
Central Goods and Service Tax Act, 2017	Goods and service tax	31.10	1.67	2017-18 to 2019-20	Joint / Additional Commissioner
Central Goods and Service Tax Act, 2017	Goods and service tax	0.24	0.01	2017-18	Assistant Commissioner
Central Goods and Service Tax Act, 2017	Goods and service tax	0.10	0.09	2017-18 to 2018-19	Superintendent
Central Goods and Service Tax Act, 2017	Goods and service tax	0.04	0.00	2017-18	Additional Commissioner (Appeals)
Central Goods and Service Tax Act, 2017 and State Goods & Service Tax Act, 2017	Goods and service tax	4.51	0.41	2017-18 to 2019-20	Commissioner (Appeal)
Central Goods and Service Tax Act, 2017 and State Goods & Service Tax Act, 2017	Goods and service tax	1.07	0.14	2017-18 to 2020-21	GSTAT
Customs Act, 1962	Customs Duty	9.39	4.67	2009-10 to 2014-15	CESTAT (South Zonal Bench)
Customs Act, 1962	Customs Duty	29.77	3.09	2016-17 to 2020-21	CESTAT (West Zonal Bench)
Customs Act, 1962	Customs Duty	0.28	0.01	2017-18	Additional Commissioner
Customs Act, 1962	Customs Duty	0.37	0.27	2017-18 to 2019-20 and 2022-23	Commissioner (Appeals)
Finance Act, 1994	Service Tax	38.85	1.48	2008-09 to 2012-13 and 2015-16 to 2017-18	CESTAT (West Zonal Bench)
Finance Act, 1994	Service Tax	0.06	-	2012-13 and 2015-16	Commissioner (Appeals)- Indore
Central Goods and Service Tax Act, 2017	Goods and service tax	4.05	2.86	2017-18	GSTAT
Bihar Value Added Tax Act, 2005	Value Added Tax	0.98	0.49	2014-15 and 2015-16	Joint Commissioner of Commercial Tax, (Appeals), Patna Central Division, Patna
Gujarat Value Added Tax Act, 2003	Value Added Tax	0.38	0.13	2013-14	Gujarat Value Added Tax,Tribunal, Ahmedabad, Gujarat
Maharashtra Value Added Tax, 2002	Value Added Tax	0.06	-	2002-03	Joint Commissioner of Sales Tax, Nagpur
Maharashtra Value Added Tax, 2002	Value Added Tax	0.52	0.07	2007-08 and 2013-14	Deputy Commissioner of Sales Tax - LTU, Mazgaon, Mumbai
Andhra Pradesh VAT, 2005	Value Added Tax	0.13	0.13	2005-06	Telangana VAT Appellate Authority,Hyderabad Rural Division
The Central Sales Tax, 1956	Central Sales Tax	0.09	0.04	2011-12	Joint Commissioner of Commercial Tax, Corporate Circle, Lucknow

Name of the statute	Nature of dues	Gross Amount (₹) in crores	Amount Paid Under Protest (₹) in crores	Period to which the amount relates	Forum where dispute is pending
The Central Sales Tax, 1956	Central Sales Tax	0.02	-	2002-03	In the High Court at Calcutta, Constitutional WRIT Jurisdiction, Kolkata.
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.12	0.02	2001-02 and 2005-06	The West Bengal Taxation Tribunal, Extraordinary Jurisdiction, Kolkata, West Bengal

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us including confirmations received from banks, representation received from the management of the Company and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and did not have any term loans outstanding at the beginning of the current year. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and associates.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associate companies.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us, the Company has received whistle blower complaints during the year, which have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has only one unregistered CIC as part of the Group.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Gautam Wadhera
Partner
Membership No.: 508835
UDIN: 24508835BKFFCO6403

Place: Mumbai
Date: 10 May 2024

Annexure II

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

1. In conjunction with our audit of the standalone financial statements of Cipla Limited ('the Company') as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

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

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

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Gautam Wadhera
Partner
Membership No.: 508835
UDIN: 24508835BKFFCO6403

Place: Mumbai
Date: 10 May 2024

Standalone Balance Sheet

as at 31st March, 2024

₹ in Crores

Particulars	Notes	As at 31st March, 2024	As at 31st March, 2023
Assets			
1. Non-current assets			
(a) Property, plant and equipment	2.1	3,278.31	3,449.67
(b) Right-of-use assets	2.2	92.08	98.16
(c) Capital work-in-progress	2.4	580.90	441.53
(d) Investment properties	3	115.49	61.72
(e) Intangible assets	4	232.75	199.45
(f) Intangible assets under development	4	89.37	62.72
(g) Financial assets			
(i) Investments	5	9,410.17	9,137.91
(ii) Loans	6	1,379.62	131.09
(iii) Other financial assets	7	492.59	55.54
(h) Income tax assets (net)	8	353.70	460.72
(i) Other non-current assets	9	121.45	126.83
Total non-current assets		**16,146.43**	**14,225.34**
2. Current assets			
(a) Inventories	10	3,254.28	3,277.36
(b) Financial assets			
(i) Investments	11	4,383.59	2,771.44
(ii) Trade receivables	12	2,681.75	2,888.49
(iii) Cash and cash equivalents	13	164.52	29.48
(iv) Bank balances other than cash and cash equivalents	14	168.68	936.98
(v) Loans	15	784.25	772.73
(vi) Other financial assets	16	2,766.69	2,065.14
(c) Other current assets	17	654.08	629.51
Total current assets		**14,857.84**	**13,371.13**
3. Assets classified as held for sale	2.3	**48.96**	**-**
Total assets		**31,053.23**	**27,596.47**
Equity and liabilities			
1. Equity			
(a) Equity share capital	18	161.47	161.43
(b) Other equity	19	27,812.45	24,476.66
Total equity		**27,973.92**	**24,638.09**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.2	29.55	35.53
(ii) Other financial liabilities	20	6.89	53.81
(b) Provisions	21	94.24	81.73
(c) Deferred tax liabilities (net)	8	32.64	36.13
(d) Other non-current liabilities	22	53.74	51.44
Total non-current liabilities		**217.06**	**258.64**
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.2	16.00	14.56
(ii) Trade payables	23		
- Total outstanding dues of micro enterprises and small enterprises		201.25	189.30
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,483.39	1,449.62
(iii) Other financial liabilities	24	221.16	193.54
(b) Other current liabilities	25	185.92	205.98
(c) Provisions	21	747.24	646.74
(d) Income tax liabilities (net)	8	7.29	-
Total current liabilities		**2,862.25**	**2,699.74**
Total liabilities		**3,079.31**	**2,958.38**
Total equity and liabilities		**31,053.23**	**27,596.47**

The accompanying notes form an integral part of these standalone financial statements. 1-54

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No. 508835

Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Standalone Statement of Profit and Loss

for the year ended 31st March, 2024

₹ in Crores

	Particulars	Notes	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A.	**Continuing Operations :**			
1	**Revenue from operations**			
	(a) Revenue from sale of products	26	14,441.14	13,073.53
	(b) Other operating revenue	27	2,133.20	1,271.81
	Total revenue from operations		**16,574.34**	**14,345.34**
2	**Other income**	28	1,070.66	456.79
3	**Total income (1+2)**		**17,645.00**	**14,802.13**
4	**Expenses**			
	(a) Cost of materials consumed	29	2,617.21	2,746.50
	(b) Purchases of stock-in-trade	30	2,360.41	1,993.39
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	104.57	194.32
	(d) Employee benefits expense	32	2,644.21	2,335.69
	(e) Finance costs	33	20.25	22.27
	(f) Depreciation, impairment and amortisation expense	34	587.59	595.91
	(g) Other expenses	35 (a)	4,363.79	3,722.55
	Total expenses		**12,698.03**	**11,610.63**
5	**Profit before exceptional items and tax from continuing operations (3-4)**		**4,946.97**	**3,191.50**
6	**Exceptional item**	35 (b)	**-**	**(185.90)**
7	**Profit before tax from continuing operations (5+6)**		**4,946.97**	**3,005.60**
8	**Tax expense (net)**	8		
	(a) Current tax		1,226.69	901.63
	(b) Deferred tax		6.09	(40.09)
	Total tax expense		**1,232.78**	**861.54**
9	**Profit for the year from continuing operations (7-8)**		**3,714.19**	**2,144.06**
B.	**Discontinuing/Restructuring Operations :**	37		
10	Profit before tax		485.17	493.67
11	Tax expense	8	122.11	124.26
12	**Profit for the year from discontinuing/restructuring operations (10-11)**		**363.06**	**369.41**
13	**Profit for the year (9+12)**		**4,077.25**	**2,513.47**
14	**Other comprehensive income / (loss) for the year**	19		
I.	**In respect of continuing operations:**			
a)	(i) Items that will not be reclassified to profit or loss		(109.37)	(13.37)
	(ii) Income tax relating to these items		27.52	3.39
b)	(i) Items that will be reclassified to profit or loss		2.80	1.69
	(ii) Income tax relating to these items		(0.71)	(0.43)
	Sub-total (I)		**(79.76)**	**(8.72)**
II.	**In respect of Discontinuing/Restructuring operations:**	19 & 37		
	(i) Items that will not be reclassified to profit or loss		(0.80)	(0.32)
	(ii) Income tax relating to these items		0.20	0.07
	Sub-total (II)		**(0.60)**	**(0.25)**
	Other comprehensive income for the year (I+II)		**(80.36)**	**(8.97)**
15	**Total comprehensive income for the year (13+14)**		**3,996.89**	**2,504.50**
16	**Earnings per equity share from continuing operations of face value of ₹ 2 each**	48		
	Basic (in ₹)		46.01	26.57
	Diluted (in ₹)		45.97	26.55
17	**Earnings per equity share from Discontinuing/Restructuring operations of face value of ₹ 2 each**			
	Basic (in ₹)		4.50	4.58
	Diluted (in ₹)		4.49	4.57
18	**Earnings per equity share from total operations of face value of ₹ 2 each**			
	Basic (in ₹)		50.51	31.15
	Diluted (in ₹)		50.46	31.12

The accompanying notes form an integral part of these standalone financial statements. 1-54

As per our report of even date attached

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

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Gautam Wadhera
Partner
Membership No. 508835

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Mumbai, 10th May, 2024

Standalone Statement of Changes in Equity

for the year ended 31st March, 2024

(a) Equity share capital (refer note 18)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	161.43	161.36
Changes in equity share capital during the year on exercise of employee stock options (ESOSs & ESARs)	0.04	0.07
Balance at the end of the year	**161.47**	**161.43**

(b) Other Equity (refer note 19)

₹ in Crores

Particulars	Share application money pending allotment	Attributable to the owners of the Company							Total
		Reserves and surplus					Items of other comprehensive income		
		Capital reserve	Securities premium	General reserve	Employee stock options / ESAR	Retained earnings#	Equity instruments fair value through other comprehensive income	Effective portion of cash flow hedges	
Balance as at 1st April, 2022	**-**	**0.08**	**1,631.69**	**3,144.80**	**36.84**	**17,534.77**	**0.18**	**3.83**	**22,352.19**
Profit for the year for continuing and discontinuing operations	-	-	-	-	-	2,513.47	-	-	**2,513.47**
Share application money pending allotment	-	-	-	-	-	-	-	-	**-**
Other comprehensive income/ (loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	-	(10.52)	0.29	1.26	**(8.97)**
Payment of dividend (refer note 47)	-	-	-	-	-	(403.50)	-	-	**(403.50)**
Exercise of employee stock options	-	-	21.08	-	(21.08)	-	-	-	**-**
Transfer to general reserve	-	-	-	0.12	(0.12)	-	-	-	**-**
Share based payments expense (refer note 41)	-	-	-	-	23.47	-	-	-	**23.47**
Balance as at 31st March, 2023	**-**	**0.08**	**1,652.77**	**3,144.92**	**39.11**	**19,634.22**	**0.47**	**5.09**	**24,476.66**

Standalone Statement of Changes in Equity

for the year ended 31st March, 2024

₹ in Crores

Particulars	Share application money pending allotment	Attributable to the owners of the Company							Total
		Reserves and surplus					Items of other comprehensive income		
		Capital reserve	Securities premium	General reserve	Employee stock options / ESAR	Retained earnings#	Equity instruments fair value through other comprehensive income	Effective portion of cash flow hedges	
Profit for the year for continuing and discontinuing operations	-	-	-	-	-	4,077.25	-	-	**4,077.25**
Share application money pending allotment*	0.00	-	-	-	-	-	-	-	**0.00**
Other comprehensive income/ (loss) (net of tax) for continuing and discontinuing operations	-	-	-	-	-	(74.47)	(7.98)	2.09	**(80.36)**
Payment of dividend (refer note 47)	-	-	-	-	-	(686.17)	-	-	**(686.17)**
Exercise of employee stock options	-	-	20.07	-	(20.07)	-	-	-	**-**
Transfer to general reserve	-	-	-	0.08	(0.08)	-	-	-	**-**
Share based payments expense (refer note 41)	-	-	-	-	25.07	-	-	-	**25.07**
Balance as at 31st March, 2024	**0.00**	**0.08**	**1,672.84**	**3,145.00**	**44.03**	**22,950.83**	**(7.51)**	**7.18**	**27,812.45**

*represent share application money pending allotment of ₹ 30,196 for 15,098 number of shares

#Remeasurement gain/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

There are no prior period errors and hence disclosure with respect to the restatement of the opening balance of "Equity share capital" and "Other equity" is not applicable.

The accompanying notes form an integral part of these standalone financial statements. 1-54

As per our report of even date attached

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

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Gautam Wadhera
Partner
Membership No. 508835

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Mumbai, 10th May, 2024

Standalone Statement of Cash Flows

for the Year Ended 31st March, 2024

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cash flow from operating activities		
Profit before exceptional Item and tax from:		
Continuing operations	4,946.97	3,191.50
Discontinuing/Restructuring operations (refer note 37)	485.17	493.67
Adjustments for:		
Depreciation, impairment and amortisation expense	587.59	595.91
Finance costs (including on discontinuing operations)	24.60	27.02
Unrealised foreign exchange (gain)/loss (net)	(22.78)	(43.69)
Share based payment expense	25.07	23.47
Allowances for credit loss (net)	9.22	(7.78)
Interest income on income tax refund	(10.33)	(25.24)
Interest income on bank deposits and others	(283.49)	(133.50)
Dividend income	(380.69)	(14.92)
Sundry balance written off (net)	(7.03)	0.45
Net gain on sale of current investments carried at fair value through profit or loss	(43.47)	(118.13)
Net fair value (gain)/loss on financial instruments at fair value through profit or loss	(215.01)	(13.89)
Net gain on sale/disposal of property, plant and equipment	(7.50)	(11.02)
Gain on divestment of Subsidiary	(4.93)	-
Rent income	(14.16)	(9.11)
Operating profit before working capital changes	**5,089.23**	**3,954.74**
Adjustments for working capital:		
(Increase)/decrease in inventories	(196.80)	185.18
Increase in trade and other receivables	(152.94)	(51.56)
Increase in trade payables and other liabilities	211.44	30.95
Cash generated from operations	**4,950.93**	**4,119.31**
Income taxes paid (net of refunds)	(1,224.16)	(1,084.26)
Net cash flow generated from operating activities (a)	**3,726.77**	**3,035.05**
Cash flow from investing activities		
Purchase of property, plant and equipment {refer note (ii) below}	(550.49)	(586.40)
Purchase of intangible assets (including intangible asset under development)	(132.22)	(97.75)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	29.94	29.93
Investments in associates	(42.00)	(50.90)
Investments in subsidiaries	(279.86)	(337.77)
Purchase of non-current investments	(6.03)	-
Proceeds from sale of investments in subsidiaries (refer note 5)	49.82	-
Purchase of current investments (net)	(1,353.67)	(600.63)
Change in bank balance other than cash and cash equivalents	(197.94)	(463.63)
Long term loan given to subsidiaries	(1,140.71)	(71.20)
Short term loan given to subsidiaries	-	(772.40)
Proceeds from loan given to subsidiaries	77.89	55.00
Interest received	267.60	113.77
Dividend received	380.69	14.92
Rent received	14.16	9.11
Net cash flow used in investing activities (b)	**(2,882.82)**	**(2,757.95)**

Standalone Statement of Cash Flows

for the Year Ended 31st March, 2024

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs & ESARs)	0.04	0.07
Principal payment of lease liabilities	(12.51)	(13.54)
Interest paid	(10.19)	(7.80)
Dividend paid	(686.17)	(403.50)
Net cash flow used in financing activities (c)	**(708.83)**	**(424.77)**
Net increase/(decrease) in cash and cash equivalents (a+b+c)	**135.12**	**(147.67)**
Cash and cash equivalents at the beginning of the year	29.48	177.29
Exchange difference on translation of foreign currency cash and cash equivalents	(0.08)	(0.14)
Cash and cash equivalents at the end of the year (refer note 13)	**164.52**	**29.48**

The accompanying notes form an integral part of these standalone financial statements (note 1-54).

Notes:

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

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

iii. There is no borrowing in current year and previous year, hence net debt movement as required by Indian Accounting Standard (Ind AS) 7 - *Statement of Cash Flows* is not applicable.

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No. 508835

Mumbai, 10th May 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Notes to the standalone financial statements

Corporate information

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

Note 1: Basis of Preparation, Measurement, Key accounting estimates and judgements and Material accounting policy information

1.1 Basis of preparation and Measurement.

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

The standalone financial statements of the Company as at and for the year ended 31st March, 2024 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 standalone financial statements have been prepared by the Company on a going concern basis.

(ii) 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.

(iii) Functional currency and rounding of amounts

The financial statements are presented in Indian Rupee (₹) which is also the functional currency. All amounts disclosed in the financial statements and notes have been rounded-off to the nearest crore or decimal thereof as per the requirement of Schedule III, unless otherwise stated. Amount less than ₹ 50,000/- is presented as ₹ 0.00 Crore.

(iv) Basis of measurement

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

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value;
- Lease liability and Right-of-use assets – measured at fair value;
- Share based payments – measured at fair value; and
- Asset and liabilities assumed as part of business combination – measured at fair value.

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

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are always disclosed as non-current.

1.2 Key accounting estimates and Judgements

The preparation of financial statements requires management of the Company to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

1.2.1 Judgements

(i) Leases

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

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(ii) Income taxes

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

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

(iii) Research and developments costs

Research and development (R&D) expenses are fully charged to “Other expenses” in the standalone statement of profit and loss in the period in which they are incurred. The Company considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market.

Payments made to third parties, such as contract research and development organizations in compensation for subcontracted R&D, that are deemed not to transfer intellectual property to Company are expensed as R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, usually when marketing approval has been received from a regulatory authority in a major market.

Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are capitalized, as are payments for other assets, such as technologies to be used in R&D activities. If additional payments are made to the originator Company to continue performing R&D activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they are deemed to be compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to Company. Such additional payments will be capitalized if they are deemed to be compensation for the transfer of additional intellectual property developed at the risk of the originator Company. Subsequent internal R&D costs in relation to IPR&D and other assets are expensed, since the technical feasibility of the internal R&D activity can only be demonstrated by the receipt of marketing approval for a related product from a regulatory authority in a major market.

(iv) Provisions and contingent liabilities

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

1.2.2 Estimates

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

Property, plant and equipment and intangibles assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and

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reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(ii) Refund liabilities

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

At the time of recognising the refund liability, the Company also recognises an asset, (i.e., the right to the returned goods to the extent goods are saleable in market) which is included in inventories for the products expected to be returned and sold. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(iii) Provision for rebates and discounts

Provisions for rebates, discounts and other deductions are estimated and provided for in the year of sales and recorded as reduction of revenue. Provisions for such rebates and discounts are accrued and estimated based on historical average rate actually claimed over a period of time, current contract prices with customers.

(iv) Inventories obsolescence

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

(v) Expected credit loss

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

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

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

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

(vi) Accounting for defined benefit plans

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

(vii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those

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cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets.

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

(viii) Fair value of financial instruments

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

1.3 Material Accounting Policies

1.3.1 Property, plant and equipment and Capital work-in-progress

(i) Recognition and measurement

Property, plant and equipment, is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes net of trade discounts, rebates and any directly attributable cost of bringing the item to its working condition for its intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Property, plant and equipment acquired in a business combination, other than common control combination, are recognised at fair value at the acquisition date. Property, plant and equipment acquired under common control combination are recognised at carrying value at the acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the standalone statement of profit and loss during the period in which they are incurred.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as 'Capital work-in-progress'. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under 'Other Non-Current Assets'.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

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.

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

(ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is calculated on pro-rata on the straight line method based on the useful life of the assets as indicated under Part C of Schedule II of the Companies Act 2013 except for certain assets where management believes and based on the technical evaluation and assessment that the useful lives adopted by it best represent the period over which an asset is expected to be available for use.

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 changes are accounted for as a change in an accounting estimate and adjusted prospectively.

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings – Factory and Administrative Buildings	25 to 40 years
Buildings – Ancillary structures	3 to 10 years
Plant and equipment	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	4 to 8 years
Computers	3 years

Notes to the standalone financial statements

(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 standalone statement of profit and loss.

1.3.2 Intangible assets

(i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands, customer relationship, computer software, product related intangibles, distribution network and non – compete rights 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. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

(ii) In-Process Research and Development assets (“IPR&D”) or Intangible assets under development

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

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

(iii) Expenditure on regulatory approval

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

(iv) Amortisation

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

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

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

The amortisation expense on intangible assets with finite life is recognised in standalone statement of profit and loss under the head depreciation, impairment and amortisation expense.

(v) De-recognition of intangible assets

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

1.3.3 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and that is not occupied by the Company, is classified as investment properties. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

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.

1.3.4 Discontinued operations and assets classified as held for sale

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

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

The results of discontinued operations are presented separately as a single amount as standalone statement of profit and loss after tax from discontinued operations in the standalone statement of profit and loss.

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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 Company 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 Company classified as held for sale are presented separately from other liabilities in the Balance Sheet.

1.3.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31st March.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

An impairment loss is recognised in the standalone statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

1.3.6 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. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.3.7 Inventories

Inventories consists of raw materials and packing materials, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Cost of inventories is determined on a weighted average basis.

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.

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

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

1.3.8 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 expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognised as deferred income at fair value and subsequently are recognised in standalone statement of profit and loss as other income on a systematic basis over the expected useful life of the related asset.

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

1.3.9 Revenue recognition

(i) Sale of products

Revenues are recorded in the amount of consideration to which the Company expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold and services rendered is net of estimated incentives, returns, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

The Company recognises revenue from product sales when control of the product transfers, generally upon shipment or delivery, to the customer, or in certain cases, upon the corresponding sales by customer to a third party. Variable consideration are estimated and accounted in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. The Company estimates the amount of variable consideration using the expected value method or historical record of performance of similar contracts.

(ii) Sales by clearing and forwarding agents

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

(iii) Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more components, the Company accounts for the delivered item (for example, the transfer of title to the intangible asset) as a separate unit of accounting and record revenue upon delivery of that component, provided that the Company can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the balance period in which the Company has pending performance obligations.

Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, over the performance period depending on the terms of the contract. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

The Company estimates variable consideration in the form of sales-based milestones by using the expected value or most likely amount method, depending upon which method the Company expects to better predict the amount of consideration to which it will be entitled.

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(iv) Service fee

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

(v) Profit sharing revenues

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

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

(vi) Contract balances

Contract assets - A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities - A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

1.3.10 Other income (interest income, Dividend and Others)

(i) Interest income

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

(ii) Dividends

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

(iii) Other (other than interest and dividend income)

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

1.3.11 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 and are measured on undiscounted basis. Benefits such as salaries, wages, etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

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

(iii) Defined benefit plans

a) Employee's provident fund

In accordance with the Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly to "Cipla Limited Employee's Provident Fund Trust", a Trust set up by the Company to manage the investments and distribute the amounts to employees at the time of separation from the Company or retirement, whichever is earlier. This plan is a defined benefit obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest

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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, on the basis of an actuarial valuation are recognised as an expense in the standalone statement of profit and loss under "Employee benefits expense".

b) Gratuity obligations

Post-retirement benefit plans such as gratuity for eligible employees of the Company are calculated using projected unit credit method on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the standalone statement of profit and 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 standalone statement of profit and loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the standalone statement of profit and 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 standalone statement of profit and loss and are not deferred.

(v) Termination benefits

Termination benefits are recognised in the standalone statement of profit and loss at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; or

(b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37: *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value in the standalone statement of profit and loss

(vi) Other long-term employee benefits

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

1.3.12 Share based payments

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

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 - *Share based Payment*. For share entitlement granted by the Company to its employees, the estimated fair value as determined on the date of grant, is charged to the standalone statement of profit and loss on a straight line basis over the vesting period and assessment of performance conditions if any, with a corresponding increase in equity.

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.

1.3.13 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the standalone statement of profit and 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

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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.

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

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

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

(iii) Uncertain tax positions

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

1.3.14 Leases

The Company's lease asset classes primarily consist of leases for land, Plant and equipment's, buildings and flat, vehicle and computers. The Company assesses whether a contract is or contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset;

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and

(iii) the Company has the right to direct the use of the asset.

The right-of-use asset is a lessee's right to use an asset over the life of a lease. At the date of commencement of the lease, the Company recognises a right-of-use asset ('ROU') and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases of low value assets. For these leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. 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, if any. 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.

Lease liability is initially measured at the present value of future lease payments. Lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

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

Notes to the standalone financial statements

1.3.15 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.

1.3.16 Provisions

Provisions are recognised when the Company has 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 a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contracts

A provision for onerous contracts is recognised in the standalone statement of profit and 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.

1.3.17 Contingent liabilities and assets

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. The Company does recognise a contingent liability but discloses its existence in the financial statements.

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

1.3.18 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) Initial recognition and measurement

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115 *"Revenue from Contracts with Customers"*.

(b) Subsequent measurement

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- The Company's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

a) Debt instruments at amortised cost;

b) Debt instruments at FVTOCI;

c) Debt instruments, derivatives and equity instruments at FVTPL; and

d) Equity instruments measured at FVTOCI.

Notes to the standalone financial statements

(i) Debt instruments at amortised cost

A 'debt instrument' is subsequently measured at the amortised cost using the effective interest rate (EIR) method. 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 in Other Income in the profit or loss. The losses arising from impairment are recognised in the standalone statement of profit and loss.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(iii) Debt instrument at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all the changes in the standalone statement of profit and loss.

(iv) Equity instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the standalone statement of profit and loss.

(c) De-recognition

A financial asset is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

a) The contractual rights to receive cash flows from the asset have expired, or

b) The Company has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(d) Impairment of financial assets (trade receivables and other financial assets)

In accordance with Ind AS 109, the Company applies expected credit loss (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. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive

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cash or another financial asset. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

(ii) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(b) Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(c) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For instruments not held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the standalone statement of profit and loss.

(d) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the profit or loss. After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. 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 standalone statement of profit and loss.

(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 standalone statement of profit and loss.

(iii) Derivative financial instruments

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Fair value hedges:

The Company uses derivative forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period.

Notes to the standalone financial statements

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to standalone statement of profit and loss.

Hedge accounting is discontinued when the Company revokes the hedge relationship, the hedging instrument or hedged item expire or sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

Cash flow hedge:

The Company classifies its foreign exchange forward and currency options contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the standalone statement of profit and 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 standalone statement of profit and loss in the periods when the hedged item affects standalone statement of profit and loss, in the same line as the recognised hedged item.

When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to standalone statement of profit and loss.

(iv) Financial guarantee contracts

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

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

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Offsetting financial instruments

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

1.3.19 Business combinations

The Company accounts for business combinations using acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable assets or Company of similar identifiable assets. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

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

Notes to the standalone financial statements

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the standalone statement of profit and loss or OCI, as appropriate.

Any contingent consideration is measured at fair value at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. 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 statement of profit and loss.

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

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

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

Business Combination involving entities or businesses under common control is accounted for using the pooling of interest method.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3.20 Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in standalone statement of profit and loss and in the notes forming part of the standalone financial statements.

1.3.21 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes to the standalone financial statements

Note 2.1: Property, plant and equipment

₹ in Crores

Particulars	Freehold land[iv]	Buildings and flats[i & iv]	Plant and equipment[ii]	Furniture and fixtures	Office equipment	Vehicles	Total
Gross carrying value							
Balance as at 1st April, 2022	**39.15**	**1,990.91**	**4,385.56**	**112.65**	**103.77**	**7.61**	**6,639.65**
Additions for the year	5.33	5.82	324.36	5.06	12.12	0.37	**353.06**
Deletions and adjustments during the year	-	(5.76)	(93.33)	(3.37)	(6.08)	(0.42)	**(108.96)**
Balance as at 31st March, 2023	**44.48**	**1,990.97**	**4,616.59**	**114.34**	**109.81**	**7.56**	**6,883.75**
Additions for the year	-	18.04	382.24	8.09	16.44	1.43	**426.24**
Transfer to investment property (refer note 3)	-	(64.49)	(0.77)	(0.92)	(1.22)	-	**(67.40)**
Transferred to assets classified as held for sale (refer note 2.3)	-	(0.09)	(177.92)	(1.62)	(1.30)	-	**(180.93)**
Transfer of account of discontinued operations (refer note 37)	-	-	(0.98)	-	(0.03)	-	**(1.01)**
Deletions and adjustments during the year	-	(7.10)	(84.96)	(1.30)	(1.77)	(0.25)	**(95.38)**
Balance as at 31st March, 2024	**44.48**	**1,937.33**	**4,734.20**	**118.59**	**121.93**	**8.74**	**6,965.27**
Accumulated depreciation and impairment							
Accumulated balance as at 1st April, 2022	**-**	**390.36**	**2,533.28**	**73.50**	**82.90**	**4.70**	**3,084.74**
Depreciation charge for the year	-	59.54	360.66	7.57	6.70	0.64	**435.11**
Impairment charge for the year [iii]	-	0.17	3.97	0.01	0.00	-	**4.15**
Deletions and adjustments during the year	-	(1.13)	(80.30)	(2.83)	(5.29)	(0.37)	**(89.92)**
Accumulated balance as at 31st March, 2023	**-**	**448.94**	**2,817.61**	**78.25**	**84.31**	**4.97**	**3,434.08**
Depreciation charge for the year	-	58.53	360.56	7.28	7.42	0.64	**434.43**
Impairment charge for the year [iii]	-	0.50	36.49	0.36	0.07	-	**37.42**
Transfer to investment property (refer note 3)	-	(8.56)	(0.65)	(0.75)	(1.15)	-	**(11.11)**
Transferred to assets classified as held for sale (refer note 2.3)	-	(0.06)	(131.98)	(1.19)	(1.18)	-	**(134.41)**
Transfer on account of discontinued operations (refer note 37)	-	-	(0.47)	-	(0.03)	-	**(0.50)**
Deletions and adjustments during the year	-	(1.06)	(68.94)	(1.14)	(1.60)	(0.21)	**(72.95)**
Accumulated balance as at 31st March, 2024	**-**	**498.29**	**3,012.62**	**82.81**	**87.84**	**5.40**	**3,686.96**
Net Carrying Value							
As at 31st March, 2024	**44.48**	**1,439.04**	**1,721.58**	**35.78**	**34.09**	**3.34**	**3,278.31**
As at 31st March,2023	**44.48**	**1,542.03**	**1,798.98**	**36.09**	**25.50**	**2.59**	**3,449.67**

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

ii. The above additions to property, plant and equipment during the year includes ₹ 40.89 crores (31st March, 2023: ₹ 26.48 crores) used for research and development.

iii. The impairment charge for the year ₹ 37.42 crores (31st March, 2023: ₹ 4.15 crores) includes impairment charge on certain assets that have been assessed as non-usable by the management and has been recorded at scrap value less cost to sell.

iv. The title deeds of the immovable properties are held in the name of the Company.

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

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

Notes to the standalone financial statements

Note 2.2: Right-of-use assets

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

₹ in Crores

Particulars	Category of ROU asset				
	Land	Buildings and Flats	Computers	Plant and Equipment	Total
Balance recognised as at 1st April, 2022	**61.58**	**12.65**	**1.47**	**-**	**75.70**
Additions during the year	-	40.64	-	0.42	**41.06**
Deletions during the year	(0.51)	(0.11)	-	-	**(0.62)**
Depreciation charge for the year	(2.14)	(14.48)	(1.34)	(0.02)	**(17.98)**
Balance as at 31st March, 2023	**58.93**	**38.70**	**0.13**	**0.40**	**98.16**
Additions during the year	-	9.33	-	-	**9.33**
Deletions during the year	-	(0.51)	-	-	**(0.51)**
Depreciation charge for the year	(2.07)	(12.66)	(0.13)	(0.04)	**(14.90)**
Balance as at 31st March, 2024	**56.86**	**34.86**	**-**	**0.36**	**92.08**

i. The lease agreements for immovable properties where the Company is the lessee are duly executed in favour of the Company.

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

iii. The weighted average incremental borrowing rate applied to lease liability is in the range of 9.50% to 12.45% (31st March, 2023: 8.50% to 12.45%).

Note 2.2: Right-of-use assets (Contd..)

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current lease liabilities	16.00	14.56
Non-current lease liabilities	29.55	35.53
Total	**45.55**	**50.09**

The following is the movement in lease liabilities:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening balance	**50.09**	**23.45**
Additions during the year	9.33	40.64
Deletions, modifications and adjustments during the year	(1.36)	(0.46)
Finance cost accrued during the year (refer note 33)	5.55	6.77
Payment of lease liabilities (outflow)	(18.06)	(20.31)
Closing balance	**45.55**	**50.09**

Note 2.2: Right-of-use assets (Contd..)

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Less than one year	16.85	18.03
One to five years	34.26	41.66
More than five years	7.56	7.92
Total	**58.67**	**67.61**
Less: Financial component	(13.12)	(17.52)
	45.55	**50.09**

Right-of-use asset	Range of remaining term	
	As at 31st March, 2024	As at 31st March, 2023
Leasehold land	6 to 91 Years	7 to 92 Years
Buildings and flats	1 to 6 Years	1 to 7 Years
Computers	-	1 year
Plant and Equipment	9 Years	10 Years

Rental expense recorded for short-term & low- value leases during the year is ₹ 52.35 crores (31st March, 2023: ₹ 46.76 crores)

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

Notes to the standalone financial statements

Note 2.2: Right-of-use assets (Contd..)

Where Company is lessor-

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in profit or loss under 'Rent' in Note 28 - Other income.

Note 2.3: Assets classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Property, plant and equipment*	46.52	-
Capital work-in-progress	2.44	-
	48.96	**-**

* net of accumulated depreciation and amortisation

i. During the current year, the Company committed to plan to sell part of manufacturing facility at Goa. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group is ongoing and expected to complete by March, 2025.

Note 2.3: Assets classified as held for sale (Contd..)

Impairment losses relating to disposal group

Impairment loss of ₹ 43.12 Crores for write down of the disposal group to the lower of its carrying value and its fair value less cost to sell have been recognised in "Depreciation, Impairment and Amortisation expense".

Note 2.4: Details of capital work-in-progress

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**441.53**	**186.26**
Additions during the year	583.46	612.62
Transfer on account of discontinued operations (refer note 37)	(1.21)	-
Capitalised during the year	(426.24)	(353.06)
Transferred to assets classified as held for sale (refer note 2.3)	(2.44)	-
Impairment during the year[i]	(14.20)	(4.29)
Closing Balance	**580.90**	**441.53**

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 CWIP ageing schedule as of 31st March, 2024:

₹ 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	353.84	180.32	18.68	28.06	**580.90**
Projects temporarily suspended	-	-	-	-	**-**
Total	**353.84**	**180.32**	**18.68**	**28.06**	**580.90**

The table below provides details regarding the CWIP ageing schedule as of 31st March, 2023:

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	376.30	32.81	9.47	22.95	**441.53**
Projects temporarily suspended	-	-	-	-	**-**
Total	**376.30**	**32.81**	**9.47**	**22.95**	**441.53**

iii. CWIP completion schedule

There are no projects under capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31st March, 2024 and 31st March, 2023.

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Gross carrying value		
Opening balance	**74.52**	**74.74**
Deductions and other adjustments during the year	-	(0.22)
Transfer from property, plant and equipment (refer note 2.1)	67.40	-
Closing balance	**141.92**	**74.52**

Notes to the standalone financial statements

Note 3: Investment properties (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Accumulated depreciation		
Opening balance	**12.80**	**11.39**
Transfer from property, plant and equipment (refer note 2.1)	11.11	-
Depreciation for the year (refer note 34)	2.52	1.41
Closing balance	**26.43**	**12.80**
Net carrying value	**115.49**	**61.72**
Fair value	216.94	121.33

(i) Rental income recognised in profit or loss for investment properties aggregates to ₹ 14.16 crores (31st March, 2023: ₹ 9.11 crores). Total direct operating expenses from property that generated rental income and that did not generate rental income aggregates to ₹ 0.72 crores (31st March, 2023: ₹ 0.37 crores).

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Income-generating property	0.72	0.37
Vacant property	-	-

(ii) During the current year, a building was transferred from Property, plant and equipment because it was not used to the full capacity by the Company and it was decided that the building would be leased to third party.

Estimation of fair value

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

This value is based on valuation conducted by an external valuation specialist who is registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

Minimum lease payments receivable on leases of investment properties are as follows:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Less than one year	13.08	2.54
One to five years	57.08	0.56
More than five years	-	-
Total	**70.16**	**3.10**

Notes to the standalone financial statements

Note 4: Intangible assets

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Brands	Total
Gross carrying value						
Balance as at 1st April, 2022	**217.90**	**139.58**	**4.67**	**169.50**	**66.55**	**598.20**
Additions for the year (acquired separately)	13.62	99.71	-	3.13	-	116.46
Balance as at 31st March, 2023	**231.52**	**239.29**	**4.67**	**172.63**	**66.55**	**714.66**
Additions for the year (acquired separately)	5.85	79.54	-	32.07	-	117.46
Transfer on account of discontinued operations (refer note 37)	(0.33)	-	-	-	-	(0.33)
Balance as at 31st March, 2024	**237.04**	**318.83**	**4.67**	**204.70**	**66.55**	**831.79**
Amortisation and impairment						
Accumulated balance as at 1st April, 2022	**205.26**	**107.41**	**4.67**	**40.94**	**23.96**	**382.24**
Amortisation charge for the year	12.30	18.59	-	15.92	13.11	59.92
Impairment charge for the year[i]	-	73.05	-	-	-	73.05
Accumulated balance as at 31st March, 2023	**217.56**	**199.05**	**4.67**	**56.86**	**37.07**	**515.21**
Amortisation charge for the year	9.39	42.76	-	16.38	13.11	81.64
Transfer on account of discontinued operations (refer note 37)	(0.29)	-	-	-	-	(0.29)
Impairment charge for the year[i]	-	2.48	-	-	-	2.48
Accumulated balance as at 31st March, 2024	**226.66**	**244.29**	**4.67**	**73.24**	**50.18**	**599.04**
Net Carrying value						
As at 31st March, 2024	**10.38**	**74.54**	**-**	**131.46**	**16.37**	**232.75**
As at 31st March, 2023	**13.96**	**40.24**	**-**	**115.77**	**29.48**	**199.45**

i. Due to change in market conditions and dynamics, the carrying amount of certain marketing intangibles has been reduced to its recoverable amount by recognition of an impairment loss in profit or loss.

ii. The Company has not revalued its intangible assets.

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**62.72**	**81.42**
Additions during the year	144.11	97.76
Capitalised during the year	(117.46)	(116.46)
Closing balance	**89.37**	**62.72**

Acquisition of significant intangibles:

(a) Significant acquisition/capitalisation of intangibles during current year

Product	Date of agreement/completion/launch date	₹ in Crores	Type of deal
Galvus	10th April, 2023	77.00	Acquisition of Galvus from Novartis
Mexohar	31st March, 2024	32.07	Acquisition of Trademark - Mexohar

(b) There were no significant acquisitions during the previous year.

Contingent consideration (On achievement of sale target as per agreement):

As at 31st March, 2024 and 31st March, 2023, 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 standalone financial statements

Note 4: Intangible assets (Contd..)

i. Intangible assets under development ageing schedule

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st March, 2024:

₹ 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	29.69	1.18	11.43	47.07	**89.37**
Projects temporarily suspended	-	-	-	-	-
Total	**29.69**	**1.18**	**11.43**	**47.07**	**89.37**

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st March, 2023:

₹ in Crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	4.26	0.44	14.34	43.68	**62.72**
Projects temporarily suspended	-	-	-	-	-
Total	**4.26**	**0.44**	**14.34**	**43.68**	**62.72**

ii. Intangible assets under development completion schedule

There are no intangible assets under development, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31st March, 2024 and 31st March, 2023.

Note 5: Non-current investments

₹ in Crores

Particulars	No. of units	As at 31st March, 2024	No. of units	As at 31st March, 2023
(Unquoted, except otherwise stated)				
(A) Investment in equity instruments - carried at cost				
I. Investments in Subsidiaries				
Equity shares of Goldencross Pharma Limited of ₹ 10 each, fully paid	45,966	191.12	45,966	191.12
Equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each, fully paid[vi]	6,08,06,452	83.00	6,08,06,452	83.00
Equity shares of Meditab Specialities Limited of ₹ 1 each, fully paid	71,18,416	382.57	71,18,416	382.57
Meditab Specialities Limited (equity component of inter corporate deposits)	-	107.50	-	107.50
Equity shares of Cipla (EU) Limited of GBP 1 each, fully paid [i and vii]	57,80,32,438	5,499.76	55,26,81,200	5,236.40
Equity shares of Cipla Medpro South Africa (Pty) Limited of 0.1 cent each, fully paid (net)*	45,07,40,684	2,081.09	45,07,40,684	2,081.09
Equity shares of Cipla Holding B.V. of EUR 100 each, fully paid	1,00,367	80.48	1,00,367	80.48
Equity shares of Cipla Pharma and Life Sciences Limited of ₹ 10 each, fully paid (net)*	25,87,08,433	80.96	25,87,08,433	80.96
Equity shares of Saba Investment Limited of USD 1 each, fully paid [iii and xii] (net)*	-	-	1,74,27,511	44.89
Equity shares of Jay Precision Pharmaceuticals Private Limited of ₹ 10 each, fully paid	24,06,000	96.24	24,06,000	96.24
Equity shares of Cipla Health Limited of ₹ 10 each, fully paid	23,25,213	631.51	23,25,213	631.51
Equity shares of Cipla Digital Health Limited of ₹ 10 each, fully paid [ii and viii]	3,00,00,000	30.00	1,35,00,000	13.50
Equity shares of Cipla USA Inc of USD 0.01 each, fully paid [ix]	1	0.08	1	0.08
Sub-total (I)		**9,264.31**		**9,029.34**

Notes to the standalone financial statements

Note 5: Non-current investments (Contd..)

₹ in Crores

Particulars	No. of units	As at 31st March, 2024	No. of units	As at 31st March, 2023
II. Investments in associate				
Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid	6,927	1.80	6,927	1.80
Class A Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid	4,618	8.25	4,618	8.25
Class B Equity shares of GoApptiv Private Limited of ₹ 10 each, fully paid [iv and xi]	1,904	7.00	-	-
Equity shares of Achira Labs Private Limited of ₹ 1 each, fully paid[x]	1,04,074	2.00	1,04,074	2.00
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid	1,01,800	0.01	1,01,800	0.01
Equity shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid	7,50,000	0.08	7,50,000	0.07
Sub-total (II)		**19.14**		**12.13**
Total (A)		**9,283.45**		**9,041.47**
(B) Investment in equity instruments - carried at fair value through profit or loss (FVTPL)				
Equity shares of Saraswat Co-operative Bank Limited of ₹ 10 each, fully paid ₹ 10,000 (31st March, 2023: ₹ 10,000)	1,000	0.00	1,000	0.00
Total (B)		**0.00**		**0.00**
(C) Investment in equity instruments - carried at fair value through other comprehensive income (FVTOCI)				
Equity Shares of Swasth Digital Health Foundation of ₹ 100 each, fully paid	5,000	0.05	5,000	0.05
Total (C)		**0.05**		**0.05**
(D) Investment in Preference Shares- carried at cost				
Investments in associate				
0.001% Compulsorily Convertible Preference Shares of GoApptiv Private Limited ₹ 10 each	27,706	7.20	27,706	7.20
0.001% Compulsorily Convertible Non-Cumulative Preference Shares of GoApptiv Private Limited ₹ 10 each [iv and xi]	19,415	52.65	9,889	17.65
Compulsorily Convertible Preference Shares of Achira Labs Private Limited ₹ 10 each [x]	10,32,949	23.00	10,32,949	23.00
Total (D)		**82.85**		**47.85**
(E) Investments in debentures - carried at cost				
Investments in associate				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1000 each, fully paid	1,00,742	0.99	1,00,742	0.89
0.01% Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1000 each, fully paid	67,500	0.68	67,500	0.62
Total (E)		**1.67**		**1.51**
(F) Investment in Limited Liability Partnership (LLP) - carried at cost				
Investments in associates				
Clean Max Auriga Power LLP	-	6.14	-	6.40
Total (F)		**6.14**		**6.40**
(G) Other Investments				
I. Investment in Venture Funds carried at FVTOCI				
Contribution towards Early Spring Contribution [v]	-	2.62		-
Contribution towards Alkemi Ventures [v]	-	3.66		-
Sub-total (I)		**6.28**		**-**
II. Investment in Limited Liability Partnership (LLP) - carried at fair value through other comprehensive income (FVTOCI)				
ABCD Technologies LLP	-	29.72	-	40.62
Sub-total (II)		**29.72**		**40.62**

Notes to the standalone financial statements

Note 5: Non-current investments (Contd..)

₹ in Crores

Particulars	No. of units	As at 31st March, 2024	No. of units	As at 31st March, 2023
III. Investment in government securities carried at amortised cost				
National savings certificates ₹ 41,000 (31st March, 2023: ₹ 41,000)		0.00		0.00
Sub-total (III)		**0.00**		**0.00**
Total (G)		**36.00**		**40.62**
		9,410.17		**9,137.91**
Aggregate amount of unquoted investments		9,410.17		9,137.91
*Aggregate amount of impairment in value of investment		970.31		1,156.21

Notes for changes in current year:

i. During the year, pursuant to the Board resolutions passed on 25th January, 2023, 10th May, 2023, 26th July, 2023 and 6th November 2023, the Company further invested ₹ 263.36 crore and acquired 2,53,51,238 equity shares of Cipla (EU) Limited of GBP 1 each.

ii. During the year, the Company further invested ₹ 16.50 crores and acquired 1,65,00,000 equity shares of Cipla Digital Health Limited of ₹ 10 each.

iii. Pursuant to the execution of the Share Purchase Agreement dated 28th September, 2023 between the Company, Saba Investment Limited, UAE ("Saba") and Shibham Group Holding Limited, UAE, the Company has divested its 51% stake held in Saba for a consideration of ₹ 49.82 crores. Accordingly the Company has derecognised its investments and recognised gain of ₹ 4.93 Crores in other income. During previous year the Company has recognised impairment loss of ₹ 185.90 Crores as an exceptional item.

iv. On 14th December, 2023, the Company has entered into a definitive agreements for further investments in GoApptiv Private Limited for a total consideration of ₹ 42 Crores. Pursuant to this, the Company acquired 1,904 equity shares of ₹ 10 each and 9,526, 0.001% Compulsorily Convertible Non-Cumulative Preference Shares of ₹ 10 each for a total consideration of ₹ 35.00 Crores.

v. During the year, the Company has entered into a contribution agreement with Alkemi Venture Fund and Early Spring Fund, committing upto lower of ₹ 33.10 Crores or 10% and ₹ 32.80 Crores or 10% of the total capital commitment of the Funds at the final closing date, respectively. The capital commitment need to be paid by the Company upon receiving a drawdown notice from the investment manager. These investments are accounted as fair value through other comprehensive income (FVTOCI) in accordance with Company's election under Ind AS 109 - '*Financial Instruments*'.

Notes for changes in previous year:

vi. Pursuant to the Board resolution passed on 22nd March, 2023, the Company further invested ₹ 48.00 crore and acquired 2,58,06,452 equity shares of Cipla Pharmaceuticals Limited of ₹ 10 each at ₹ 18.60 per share.

vii. Pursuant to the Board resolutions passed on 29th July, 2022 and 4th November 2022, the Company further invested ₹ 276.69 crore and acquired 2,82,77,674 equity shares of Cipla (EU) Limited of GBP 1 each.

viii. The Company further invested ₹ 13.00 crores and acquired 1,30,00,000 equity shares of Cipla Digital Health Limited of ₹ 10 each.

ix. Pursuant to the Board resolutions passed on 4th November, 2022, the Company invested ₹ 0.08 crore and acquired 1 equity share of Cipla USA Inc of USD 0.01 each.

x. On 17th June, 2022, the Company has entered into definitive agreements with Achira Labs Private Limited to acquire 21.05% stake on fully diluted basis for a total consideration of ₹ 25.00 crores. Pursuant to this, the Company acquired 1,04,074 equity shares of ₹ 1 each and 10,32,949 compulsorily convertible preference shares of ₹ 10 each. As the Company has significant influence, the investment has been accounted as investment in associate as per Ind AS 28 '*Investments in associates and joint ventures*'.

xi. On 27th June, 2022, the Company has entered into an definitive agreement for acquisition of additional stake for total consideration of ₹ 25.90 Crores leading to cumulative holding of 22.02% stake on fully diluted basis.

xii. As a part of impairment assessment, the Company has identified that, in respect of Saba Investment Limited, on account of change in local regulations, business model change and market dynamics, the current recoverable amount would be less than the current carrying amount of investment and hence recognised impairment loss of ₹ 185.90 Crores.

Notes to the standalone financial statements

Note 6: Non-current financial assets - loan

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, Considered good, except otherwise stated)		
Loan to subsidiaries (refer note 40)*	1,379.62	131.09
	1,379.62	**131.09**

*Loans have been granted for the purpose of business.

Loan includes loan given to following subsidiaries:-

Name	31st March 2024	31st March 2023	Repayable by	Interest Rate	Purpose
Cipla Pharma and Life Sciences Limited	198.21	-	29th February 2028	7.50%	Asset/ business acquisitions
Sitec Labs Limited	5.00	3.00	20th September 2027	6.88%-7.45%	Asset acquisitions
Cipla Medpro South Africa (Pty) Limited	917.7	-	31st October 2029	250 bps higher than 3 months JIBAR rate	Working capital/ capital expenditure
Cipla USA Inc	208.51	-	19th April 2025	Term Secured overnight financing rate (SOFR)+140bps	Working capital
Cipla Health Limited	-	62.89	Repayment done (Previous year:- 31st August 2032)	7.50%	Asset/ business acquisitions
Cipla Health Limited	50.20	65.20	18th July 2029	7.35%	Asset/ business acquisitions

There are no loans which have significant increase in credit risk or which are credit impaired

Note 7: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	0.94	0.41
Fixed Deposits with banks (having remaining maturity more than 12 months)	410.82	0.80
Security deposits	64.18	46.67
Amount recoverable from suppliers	8.34	7.66
Fair value of derivatives not designated as hedge - carried at FVTPL		
Forward contracts	5.81	-
Currency swap	2.39	-
Fair value of derivative designated as hedge - carried at FVOCI		
Forward contracts	0.11	-
	492.59	**55.54**

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

Notes to the standalone financial statements

Note 8: Income taxes

The major components of income tax expense for the years ended 31st March, 2024 and 31st March, 2023 are:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. Profit or loss section		
On continuing operations		
Current income tax charge	1,226.69	901.63
Adjustments in respect of deferred tax charge of previous year	18.39	10.39
Deferred tax credit/reversal on account of temporary differences	(12.30)	(50.48)
	1,232.78	**861.54**
On discontinuing/restructuring operations		
Current income tax charge	122.11	124.26
	122.11	**124.26**
Total tax	**1,354.89**	**985.80**

Note 8: Income taxes (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
B. Other Comprehensive income section:		
On continuing operations		
Income tax relating to re-measurements gain on defined benefit plans	24.85	3.47
Income tax relating to changes in fair value of FVTOCI financial instruments	2.67	(0.08)
Income tax relating to cash flow hedge	(0.71)	(0.43)
	26.81	**2.96**
On discontinuing/restructuring operations		
Income tax relating to re-measurements gain on defined benefit plans	0.20	0.07
	0.20	**0.07**

Reconciliation of tax expense and the profit before tax multiplied by India's domestic tax rate for 31st March, 2024 and 31st March, 2023:

₹ in Crores

Particulars	For the year ended 31st March, 2024 %	For the year ended 31st March, 2024 Amount	For the year ended 31st March, 2023 %	For the year ended 31st March, 2023 Amount
Profit before tax from continuing operations		4,946.97		3,005.60
Profit before tax from discontinuing/restructuring operations		485.17		493.67
Profit before tax from operations		**5,432.14**		**3,499.27**
At India's applicable statutory income tax rate of 25.168% (31st March, 2023: 25.168%)	25.17%	1,367.16	25.17%	880.70
Effect for:				
Prior year adjustments to deferred tax	0.34%	18.39	0.30%	10.39
Deduction under Chapter VI-A of the Income Tax Act, 1961	(1.79%)	(97.50)	(0.12%)	(4.25)
Non-deductible expenses for tax purpose	1.54%	83.86	2.33%	81.43
Effect of impairment of investment	0.00%	-	1.34%	46.78
Others	(0.31%)	(17.02)	(0.84%)	(29.25)
Effective income tax rate/Income tax expense reported in the profit or loss	**24.95%**	**1,354.89**	**28.18%**	**985.80**

Unrecognised deferred tax assets relate to capital losses for which no deferred tax asset has been recognised as the Company believes that availability of taxable profit against which such temporary differences can be utilised is not probable. These unexpired capital losses will expire based on the year of origination as follows:

Details of expiration of unused capital losses as at 31st March, 2024

₹ in Crores

Particulars	Tax Losses
FY 2025- 2026	86.39
FY 2026-2027	18.20
FY 2027-2028	24.91
Thereafter	423.20
	552.70

Details of expiration of unused capital losses as at 31st March, 2023

₹ in Crores

Particulars	Tax Losses
FY 2025- 2026	86.39
FY 2026- 2027	18.20
FY 2027-2028	24.91
Thereafter	-
	129.50

Notes to the standalone financial statements

Note 8: Income taxes (Contd..)

The Company has ongoing disputes which includes receipt of demands, notices and inquiries from income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions, computation or eligibility of tax incentives or allowances and transfer pricing adjustments.

The Company has disclosed amount of ₹ 20.22 crores (31st March, 2023: ₹ 20.52 crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

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

C. Deferred tax:

Carrying value of deferred tax liabilities (net)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Carrying value of deferred tax liabilities (net)	32.64	36.13

Movement in deferred tax assets and liabilities during the year ended 31st March 2024:

₹ in Crores

Particulars	As at 1st April, 2023	Profit or loss	Other comprehensive income	Transfer on account of discontinued operations (refer note 37)	As at 31st March, 2024
Deferred tax assets/(liabilities) :					
Property, plant and equipment and intangible assets	(285.93)	42.22	-	-	(243.71)
Employee benefits expense	40.88	3.83	25.05	(0.22)	69.54
Fair value of FVTOCI financial instruments	(0.15)	-	2.67	-	2.52
Others*	83.01	(47.19)	(0.71)	(17.21)	17.90
Allowance for credit loss	28.35	0.48	-	-	28.83
Deferred revenue	9.89	(1.78)	-	-	8.11
Provision for right of return/discounts and others	87.82	(3.65)	-	-	84.17
Deferred tax assets/(liabilities) (net)	**(36.13)**	**(6.09)**	**27.01**	**(17.43)**	**(32.64)**

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

Movement in deferred tax assets and liabilities during the year ended 31st March, 2023:

₹ in Crores

Particulars	As at 1st April, 2022	Profit or loss	Other comprehensive income	Transfer on account of discontinued operations (refer note 37)	As at 31st March, 2023
Deferred tax assets/(liabilities) :					
Property, plant and equipment and intangible assets	(313.62)	27.69	-	-	(285.93)
Employee benefits expense	38.05	(0.71)	3.54	-	40.88
Fair value of FVTOCI financial instruments	(0.07)	-	(0.08)	-	(0.15)
Others*	73.11	10.33	(0.43)	-	83.01
Allowance for credit loss	27.40	0.95	-	-	28.35
Deferred revenue	11.67	(1.78)	-	-	9.89
Provision for right of return/discounts and others	84.21	3.61	-	-	87.82
Deferred tax assets/(liabilities) (net)	**(79.25)**	**40.09**	**3.03**	**-**	**(36.13)**

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

Notes to the standalone financial statements

Note 8: Income taxes (Contd..)

D. Tax assets and liabilities:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Income tax assets (net)	353.70	460.72
Income tax liabilities	7.29	-

Note 9: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured, considered good #	3.91	0.69
Unsecured, considered good *	92.41	98.66
Others		
Prepaid expenses	22.62	24.20
VAT receivable	2.51	3.28
	121.45	**126.83**

#Secured against bank guarantees

*Includes amount paid to wholly owned subsidiary - Meditab Specialities Limited (refer note 40) | 55.74 | 55.74

Note 10: Inventories

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Lower of cost and net realisable value)		
Raw materials and packing materials	1,281.48	1,205.94
Work-in-progress	678.58	690.58
Finished goods	678.49	721.63
Stock-in-trade	519.40	567.27
Stores, spares and consumables	96.33	91.94
	3,254.28	**3,277.36**

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Goods-in-transit included above		
Raw materials and packing materials	49.13	32.20
Work-in-progress	28.03	31.88
Finished goods	85.08	78.49
Stock-in-trade	19.89	22.09
	182.13	**164.66**

Note 10: Inventories (Contd..)

The Company recorded inventory write down (net) of ₹ 161.50 crores (31st March, 2023: ₹ 246.36 crores). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

Note 11: Current investments

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at fair value through profit or loss)		
Investment in mutual funds (quoted)	4,383.59	2,771.44
Aggregate book value of quoted investments	**4,383.59**	**2,771.44**
Aggregate market value of quoted investments	**4,383.59**	**2,771.44**
Aggregate amount of impairment in value of investments	**-**	**-**

Note 12: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good #	2,737.47	2,940.12
Unsecured, credit impaired	49.84	49.61
Total	**2,787.31**	**2,989.73**
Less: Allowance for expected credit loss (refer note 45)	(105.56)	(101.24)
	2,681.75	**2,888.49**
#Includes amount due from related parties (refer note 40)	1,337.79	1,512.21

- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- There are no trade receivables (except which are already being provided) having significant increase in credit risk and trade receivables which are credit impaired.
- There are no debts due by Directors or other Officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any Director is a Partner or a Director or a Member except as disclosed in note 40.

Notes to the standalone financial statements

Note 12: Trade receivables (Contd..)

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2024 is as follows:

₹ in Crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
a. Undisputed Trade receivables								
- considered good	-	2,016.52	602.99	41.37	13.35	7.52	55.72	**2,737.47**
- credit impaired	-	-	-	-	-	-	-	**-**
b. Disputed Trade receivables								
- considered good	-	-	-	-	-	-	-	**-**
- credit impaired	-	-	0.08	0.09	0.16	1.93	47.58	**49.84**
	-	**2,016.52**	**603.07**	**41.46**	**13.51**	**9.45**	**103.30**	**2,787.31**

Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2023 is as follows:

₹ in Crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
a. Undisputed Trade receivables								
- considered good	-	2,166.42	616.54	55.76	27.37	56.68	17.35	**2,940.12**
- credit impaired	-	-	-	-	-	-	-	**-**
b. Disputed Trade receivables								
- considered good	-	-	-	-	-	-	-	**-**
- credit impaired	-	-	0.40	-	2.44	5.78	40.99	**49.61**
	-	**2,166.42**	**616.94**	**55.76**	**29.81**	**62.46**	**58.34**	**2,989.73**

Note 13: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balances with banks		
- In Current accounts	21.41	20.79
- In EEFC accounts	15.93	7.80
- In fixed deposits (original maturity less than 3 months)	-	0.24
Remittance in transit*	126.68	0.04
Cash on hand	0.50	0.61
Cash and cash equivalents in the statement of cash flow	**164.52**	**29.48**

There are no other repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period.

*Remittance in transit from group entities.

Note 14: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fixed deposits with banks (original maturity between 3 months and 12 months)	155.18	923.34
Amount held as margin money to Government authority	2.56	2.50
Balance earmarked for unclaimed dividend*	10.94	11.14
	168.68	**936.98**

* 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, 2024 and 31st March, 2023.

Notes to the standalone financial statements

Note 15: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Loan to employees and others (refer note i below)	0.24	0.33
Loan to subsidiary (refer note 40) (refer notes ii,iii and v below)	784.01	772.40
	784.25	**772.73**

Notes -

i. 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.

ii. There are no loans or advances in the nature of loans granted to Promoters, Directors, KMPs and their related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, except as disclosed in note 40, that are:

(a) repayable on demand; or

(b) without specifying any terms or period of repayment

iii. Loans have been granted for the purpose of their business.

iv. There are no loans which have significant increase in credit risk and which are credit impaired.

v. Pursuant to board resolutions passed on 4th November 2022 and 25th January 2023, the Company has granted an unsecured loan of ₹ 772.40 crore to its wholly owned subsidiary Cipla USA Inc. at an interest rate of SOFR+140bps for working capital requirement in previous year. The loan was repayable by 15th March 2024, which got extension of further one year on renewal.

Note 16: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Incentives/ benefits receivable from Government	296.86	180.59
Deposits#	188.48	188.61

Note 16: Current financial assets - others (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fair value of derivative not designated as hedge - carried at FVTPL*		
Forward contracts	12.86	-
Options	0.19	-
Fair value of derivative designated as hedge - carried at FVOCI*		
Forward contracts	10.42	7.98
Options	0.88	-
Fixed deposits (having remaining maturity less than 12 months)	2,176.75	1,622.22
Amount held as margin money to Government authority	2.80	1.62
Fixed deposit interest receivable	43.22	43.34
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	34.23	20.78
Considered doubtful	3.22	4.13
Less: Allowance for expected credit loss	(3.22)	(4.13)
	2,766.69	**2,065.14**

*Refer note 45 for information about fair value measurement and effects of hedge accounting.

Includes ₹ 175.08 Crores as at 31st March, 2024 and 31st March, 2023 in respect of DPCO matter explained in note 38B (ii)

Note 17: Other current assets

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
Advances to suppliers	84.34	108.16
Prepaid expenses	89.10	69.83
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	465.90	449.55
Other advances	14.74	1.97
	654.08	**629.51**

Notes to the standalone financial statements

Note 18: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2024	Numbers	As at 31st March, 2023
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	80,73,67,062	161.47	80,71,50,593	161.43
		161.47		**161.43**
Subscribed and paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,73,67,062	161.47	80,71,50,593	161.43
		161.47		**161.43**

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Number of shares outstanding at the beginning of the period	80,71,50,593	80,68,14,036
Add: Allotment of equity shares on exercise of employee stock options (ESOSs) and Employee Stock Appreciation Rights (ESARs) (refer note 41)	2,16,469	3,36,557
Number of shares outstanding at the end of the reporting period	**80,73,67,062**	**80,71,50,593**

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

₹ in Crores

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Number of shares	% of holdings	Number of shares	% of holdings
Dr Y K Hamied	15,05,21,183	18.64%	15,05,21,183	18.65%
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, 2024		As at 31st March, 2023		% Change during the year
	Number of shares	% of holdings	Number of shares	% of holdings	
Dr Y K Hamied	15,05,21,183	18.64%	15,05,21,183	18.65%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.22%	0.00%
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
Total	**26,96,35,378**	**33.40%**	**26,96,35,378**	**33.41%**	**(0.01%)**

Particulars	As at 31st March, 2023		As at 31st March, 2022		% Change during the year
	Number of shares	% of holdings	Number of shares	% of holdings	
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.23%	(0.01%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
Total	**26,96,35,378**	**33.41%**	**26,96,35,378**	**33.43%**	**(0.02%)**

Notes to the standalone financial statements

Note 18: Equity share capital (Contd..)

Rights, preferences and restrictions attached to equity shares

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

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

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

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

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options and rights by the option/ESAR holders as per the relevant schemes - refer note 41.

Note 19: Other equity*

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Capital reserve	0.08	0.08
Securities premium	1,672.84	1,652.77
General reserve	3,145.00	3,144.92
Employee stock options/ESAR	44.03	39.11
Retained earnings	22,950.83	19,634.22
Equity instruments fair value through other comprehensive income	(7.51)	0.47
Effective portion of cash flow hedges	7.18	5.09
Share application money pending allotment#	0.00	-
	27,812.45	**24,476.66**

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

\# Share application money pending allotment of Rs. 30,196 for 15,098 shares

Note 19: Other equity* (Contd..)

Other Comprehensive Income

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation {refer note 39 (e)}	(99.52)	(14.09)
(ii) Changes in fair value of FVTOCI financial instruments	(10.65)	0.40
	(110.17)	**(13.69)**
(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	25.05	3.54
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	2.67	(0.08)
	27.72	**3.46**
B. (1) Items that will be reclassified to profit or loss		
(i) Cash flow hedge (refer note 45)	2.80	1.69
	2.80	**1.69**
(2) Income tax relating to Items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge	(0.71)	(0.43)
	(0.71)	**(0.43)**

Nature and purpose of reserve:-

Capital reserve

The Company recognised profit or loss on sale, issue, purchase or cancellation of the Company's own equity instruments to capital reserve. Capital reserve may be used by the Company only for some specific purpose.

Securities premium

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

Notes to the standalone financial statements

Note 19: Other equity* (Contd..)

of share is accounted as securities premium. This reserve is utilised in accordance with the provisions of the Act.

General reserve

The General reserve is used from time to time to transfer profit from retained earnings for appropriation purpose.

Employee stock options/ESAR

Employee stock options/ESAR is used to record the share based payments, expense under the various schemes as per SEBI regulations. The reserve is used for the settlement of ESOS and ESAR (refer note 41).

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends, or other distributions paid to shareholders. It includes impact of remeasurement gain/(losses) net of taxes on defined benefit plans on account of changes in actuarial assumptions or experience adjustments within the plans.

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.

Effective portion of cash flow hedges

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow (refer note 45).

Note 20: Other financial liabilities- Non Current

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Security deposits	5.08	53.81
Derivatives designated as hedge - carried at FVOCI*		
Forward contracts	1.43	-
Options	0.38	-
	6.89	**53.81**

Note 21: Provisions

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Non-current		
Provision for employee benefits (refer note 39)	94.24	81.73
	94.24	**81.73**
Current		
Provision for employee benefits (refer note 39)	288.12	123.13
Provision for claims - DPCO (refer note below and note 38B)	80.78	125.38
Provision for anticipated claims on pricing (refer note below)	16.84	35.28
Provision for right of return/ discounts and others (refer note below)	361.50	362.95
	747.24	**646.74**

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

Movement of provision for claims - DPCO, provision for anticipated claims on pricing and provision for right of return/discounts/ refund liabilities and others

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Provision for claims - DPCO (refer note 38B)		
Balance at the beginning of the year	**125.38**	**118.49**
Provided during the year	19.90	6.89
Transfer on account of discontinued operations (refer note 37)	(64.50)	-
Utilised/reversed/payout during the year	-	-
Balance at the end of the year	**80.78**	**125.38**
Provision for anticipated claims on pricing		
Balance at the beginning of the year	**35.28**	**29.40**
Provided during the year	6.84	5.88
Transfer on account of discontinued operations (refer note 37)	(3.90)	-
Utilised/reversed/payout during the year	(21.38)	-
Balance at the end of the year	**16.84**	**35.28**

Notes to the standalone financial statements

Note 21: Provisions (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Provision for right of return/discounts/ refund liabilities and others		
Balance at the beginning of the year	**362.95**	**359.21**
Provided during the year	740.43	563.32
Utilised/reversed/payout during the year	(741.88)	(559.58)
Balance at the end of the year	**361.50**	**362.95**

Note 22: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Deferred government grants	1.72	1.96
Deferred revenue	50.66	49.48
Deferred lease income	1.36	-
	53.74	**51.44**

Note 23: Trade payables

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises (MSME)	201.25	189.30
Total outstanding dues of creditors other than micro enterprises and small enterprises#	1,483.39	1,449.62
	1,684.64	**1,638.92**
# Includes amount due to related parties (refer note 40)	266.89	174.23

- These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.
- There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2024 and as at 31st March, 2023 and no interest payment made during the year to any micro and small Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
A. (i) Principal amount remaining unpaid	201.25	189.30
A. (ii) Interest amount remaining unpaid	-	-
B. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
C. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
D. Interest accrued and remaining unpaid	-	-
E. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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

Notes to the standalone financial statements

Note 23: Trade payables (Contd..)

Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2024 is as follows:

₹ in Crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed dues							
- MSME	-	201.25	-	-	-	-	**201.25**
- Others	15.76	730.56	549.66	98.31	23.30	54.68	**1,472.27**
b. Disputed dues							
- MSME	-	-	-	-	-	-	**-**
- Others	-	-	-	-	-	11.12	**11.12**
	15.76	**931.81**	**549.66**	**98.31**	**23.30**	**65.80**	**1,684.64**

Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2023 is as follows:

₹ in Crores

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed dues							
- MSME	-	189.30	-	-	-	-	**189.30**
- Others	44.80	1,073.33	199.95	52.22	47.23	21.13	**1,438.66**
b. Disputed dues							
- MSME	-	-	-	-	-	-	**-**
- Others	-	-	-	-	0.57	10.39	**10.96**
	44.80	**1,262.63**	**199.95**	**52.22**	**47.80**	**31.52**	**1,638.92**

Note 24: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend*	10.94	11.14
Security deposits	2.71	2.50
Capital creditors	83.51	53.66
Employee dues	86.59	96.63
Fair value of derivative not designated as hedge - carried at FVTPL		
Forward contracts	-	2.17
Options	-	-
Fair value of derivatives designated as hedge - carried at FVOCI		
Forward contracts	-	-
Options	-	3.34
Book overdraft	-	1.18
Import advance licences	25.41	22.92
Deferred considerations-carried at FVTPL	12.00	-
	221.16	**193.54**

*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Note 25: Other current liabilities

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Advance from customers	10.66	28.66
Amount refundable to customers	-	25.81
Income received in advance	-	1.00
Other payables:		
Statutory dues	165.87	141.50
Deferred government grants	0.25	0.25
Deferred revenue	8.70	8.54
Deferred lease income	0.44	0.22
	185.92	**205.98**

Notes to the standalone financial statements

Note 26: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sale of products (refer notes below)	15,924.20	14,690.14
Less: related to discontinuing/ restructuring operations (refer note 37)	(1,483.06)	(1,616.61)
	14,441.14	**13,073.53**

Ind AS-115 disclosures

(i) Disaggregation of revenue

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

₹ in Crores

Nature of revenue	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sale of products (products transferred at a point in time)		
India		
Branded and trade generics	9,755.75	9,242.39
Others	156.97	61.17
Export sales		
North America (USA)	2,031.82	1,736.43
South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	1,048.73	921.17
Emerging Market (EM)	1,491.09	1,464.18
Europe	892.42	745.08
Active Pharmaceutical Ingredient (API) and others	547.42	519.72
	15,924.20	**14,690.14**

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Contracted price	16,832.84	15,403.11
Less: trade discounts, sales and expiry return	(908.64)	(712.97)
Sale of products	**15,924.20**	**14,690.14**

Advance from Customers

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	28.66	51.38
Revenue recognised/ other adjustments (net) during the year	(35.31)	(19.79)
Advance received during the year	17.41	8.73
Advance returned during the year	(0.10)	(11.66)
Balance at the end of the year	**10.66**	**28.66**

In respect to advance from customers, the Company expect revenue to be recognised over the period of next 1 year from reporting date.

(iii) Contract Assets

The Company recognises an asset, i.e., right to the returned saleable goods (included in inventories) for the products expected to be returned in saleable condition. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of returned goods. The Company updates the measurement of the asset recorded for any revision to its expected level of returns, as well as any additional decrease in value of the returned products.

As on 31st March, 2024, the Company has ₹ 20.11 crores (31st March, 2023: ₹ 20.93 crores) as contract asset.

(iv) Contract liabilities

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Advance from customers	10.66	28.66
Amount refundable to customers	-	25.81
Deferred revenue	59.36	58.02

Deferred revenue

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	58.02	60.90
Revenue recognised during the year	(14.26)	(8.32)
Milestone payments received during the year	15.60	5.44
Balance at the end of the year	**59.36**	**58.02**
Current	8.70	8.54
Non-Current	50.66	49.48

In respect to Deferred revenue, the Company expect revenue to be recognised over the period of next 7 years from reporting date.

Notes to the standalone financial statements

Note 26: Revenue from sale of products (Contd..)

(v) Information about major customers

No single external customer represents 10% or more of the Company's total revenue for the years ended 31st March, 2024 and 31st March, 2023 respectively.

Note 27: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Rendering of services	3.08	1.10
Export incentives	53.44	47.46
Technical know-how and licensing fees	19.32	36.12
Scrap sales	38.86	43.51
Sale of marketing and product license	-	8.51
Royalty income (refer note 40)	1,728.67	918.89
Goods and service tax area-based incentive	26.76	29.68
Production linked incentive (PLI)	170.00	118.96
Miscellaneous income[i]	93.07	67.58
	2,133.20	**1,271.81**

[i] Income below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

Note 28: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest income -		
Loan to subsidiaries - carried at amortised cost (refer note 40)	100.71	12.38
Deposits	180.12	118.28
Income tax refund	10.33	25.24
Others	2.66	2.84
Dividend income -		
Subsidiaries - carried at amortised cost (refer note 40)	380.69	14.92
Other non-operating income:		
Government grants [i]	0.25	0.25
Net gain on foreign currency transaction and translation	46.20	92.59
Net gain on sale of current investment carried at FVTPL	43.47	118.13

Note 28: Other income (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Fair value gain on financial instruments at FVTPL	215.01	13.89
Net gain on disposal of property, plant and equipment	7.50	11.02
Insurance claim	4.60	16.84
Rent income	14.16	9.11
Income from vendor settlement	34.98	2.00
Sundry balances written back	7.03	-
Gain on sale of investment of subsidiary (refer note 5)	4.93	-
Miscellaneous income[ii]	18.02	19.30
	1,070.66	**456.79**

i. Government grants pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

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

Note 29: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Semi-finished goods consumed	1,092.49	977.79
Raw material consumed	894.80	995.01
Packing material consumed	1,192.96	1,340.18
Cost of material supplied - others	186.18	262.58
Total cost of materials consumed	**3,366.43**	**3,575.56**
Less: related to discontinuing/ restructuring operations (refer note 37)	(749.22)	(829.06)
	2,617.21	**2,746.50**

Notes to the standalone financial statements

Note 30: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Purchases of stock-in-trade	2,360.41	1,993.39
	2,360.41	**1,993.39**

Note 31: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening stock		
Work-in-progress	690.58	677.39
Finished goods	721.63	726.88
Stock-in-trade	567.27	780.47
	1,979.48	**2,184.74**
Less: Closing stock (refer note 10)		
Work-in-progress	678.58	690.58
Finished goods	678.49	721.63
Stock-in-trade	519.40	567.27
	1,876.47	**1,979.48**
Less: related to discontinuing/ restructuring operations (refer note 37)	1.56	(10.94)
	104.57	**194.32**

Note 32: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries and wages	2,418.16	2,132.71
Contribution to provident and other funds (refer note 39)	101.46	93.51
Share based payments expense (refer note 41)	25.07	23.47
Staff welfare expenses	143.82	130.99
	2,688.51	**2,380.68**
Less: related to discontinuing/ restructuring operations (refer note 37)	(44.30)	(44.99)
	2,644.21	**2,335.69**

Note 33: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest on provision for claims - DPCO	4.14	6.89
Interest on lease liabilities (refer note 2.2)	5.55	6.77
Others finance cost (including interest on taxes)	14.91	13.36
	24.60	**27.02**
Less: related to discontinuing/ restructuring operations (refer note 37)	(4.35)	(4.75)
	20.25	**22.27**

Note 34: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment (refer note 2.1)	434.43	435.11
Impairment of property, plant and equipment (refer note 2.1)	37.42	4.15
Depreciation on right-of-use assets (refer note 2.2)	14.90	17.98
Impairment of capital work-in-progress (refer note 2.4)	14.20	4.29
Depreciation on investment properties (refer note 3)	2.52	1.41
Amortisation of intangible assets (refer note 4)	81.64	59.92
Impairment on intangible assets (refer note 4)	2.48	73.05
	587.59	**595.91**

Note 35 (a): Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Manufacturing expenses	731.69	521.05
Stores and spares	110.49	103.85
Repairs and maintenance:		
Buildings	32.35	32.97
Plant and equipment	127.59	123.56
Insurance	48.34	50.44
Rent (refer note 2.2)	52.35	46.76
Rates and taxes	74.60	77.17
Power and fuel	271.66	257.07

Notes to the standalone financial statements

Note 35 (a): Other expenses (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Travelling and conveyance	317.37	234.25
Sales promotion expenses	411.43	426.09
Commission on sales	197.22	231.39
Freight and forwarding	285.89	232.60
Allowance for credit loss (net) (refer note 45)	9.22	(7.78)
Contractual services	241.35	207.56
Non-executive directors remuneration (refer note 40)	14.31	10.99
Courier and telephone expenses	25.59	24.27
Legal and professional fees	676.07	594.09
Payment to auditors (refer note ii below)	3.14	3.32
Corporate social responsibility expenditure (CSR) (refer note 46)	69.24	62.14
Donations (refer note iii below)	40.40	24.35
Research - clinical trials, samples and grants	404.22	403.60
Miscellaneous expenses[i]	420.85	296.01
	4,565.37	**3,955.75**
Less: related to discontinuing/ restructuring operations (refer note 37)	(201.58)	(233.20)
	4,363.79	**3,722.55**

i. Expenses below 1% of revenue from operation are aggregated in accordance with Schedule III to the Companies Act, 2013.

ii. Payment to auditors include:

Audit fees	2.31	2.31
Tax audit fees	0.30	0.38
For other services (includes certifications etc.)	0.36	0.53
Reimbursement of expenses	0.17	0.10
	3.14	**3.32**

iii. Includes Contribution to Political Parties as per Section 182 of Companies Act, 2013

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Electoral Trust	39.20	-
Electoral Bonds (in accordance with the Electoral Bond Scheme notified by the Government of India)*	-	24.20
	39.20	**24.20**

*Donated to Bharatiya Janata Party ₹ 22.00 Crores and President, All India Congress Committee ₹ 2.20 Crores, political parties registered under Representation of the People Act, 1951.

Note 35 (b): Exceptional item

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Impairment of Investment (refer note 5)	-	185.90
	-	**185.90**

Note 36: Research and development (R & D) expenditure

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
The amount of expenditure as shown in the respective heads of account is as under:		
R&D capital expenditure (gross)		
Building	0.04	0.12
Assets other than building	40.85	26.36
	40.89	**26.48**
Less: Realisation on sale of R&D assets		
Assets other than building	1.44	0.40
	1.44	**0.40**
Total R&D capital expenditure (net)	**39.45**	**26.08**
R&D revenue expenditure included in the profit or loss (excluding depreciation)		
Materials consumed	190.23	225.73
Employee benefits expense	244.44	225.55
Power and fuel	13.00	22.33
Repairs and maintenance	26.41	30.25
Manufacturing expenses	24.37	25.24
Professional fees	110.86	95.58
Research - clinical trials, samples and grants	123.37	90.27
Printing and stationery	0.25	0.20
Travelling expenses	10.78	9.35
Other research and development expenses	392.88	352.16
Allocated manufacturing expenses for R&D batches	12.26	18.43
Total R&D revenue expenditure	**1,148.85**	**1,095.09**
Total R&D expenditure	**1,188.30**	**1,121.17**
Amount eligible for deduction under Section 35 (1) (i) & 35 (1) (iv) of the Income Tax Act, 1961		
R&D capital expenditure (gross)	40.89	26.48
R&D revenue expenditure*	1,148.85	1,095.09
	1,189.74	**1121.57**
Less: Realisation on sale of R&D assets	1.44	0.40
	1,188.30	**1121.17**

Notes to the standalone financial statements

Note 36: Research and development (R & D) expenditure (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from operations (continued and discontinued)	**18,057.40**	**15,961.95**
Total R&D expenditure/revenue	6.58%	7.02%
Total eligible R&D expenditure/revenue	6.58%	7.02%

*Pursuant to provisions of section 35 (1)(i) & 35 (1) (iv) of the Income Tax Act, 1961 the deduction on R&D expenditure (revenue as well as capital expenditure) has been claimed @ 100% from the assessment year 2021-22 and onwards, while computing current tax provision.

Note 37: Discontinuing/restructuring operations

The Board in its meeting held on 6th November, 2023 had approved the transfer of Generics Business Undertaking as a going concern on a slump sale basis to Cipla Pharma and Life Sciences Limited (CPLS), a wholly owned subsidiary of the Company. The business transfer is complete as agreed under Business Transfer Agreement with closing date of 29th February, 2024.

Further, during the previous year ended 31st March 2023, the Company and Cipla Health Limited have successfully completed business transfer as agreed under BTA with closing date of 31st August 2022.

Accordingly, disclosures as required under Indian Accounting Standard (Ind AS) 105 "Non-Current Assets Held for Sale and Discontinued Operations", in the standalone financials for all the periods have been suitably presented.

The financial performance and cash flows for Discontinuing/restructuring operations in respect of Generic Business undertaking and Consumer Business Undertaking (upto 31st August 2022)

i. Analysis of profit from discontinuing/restructuring operations

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from sale of products	1,483.06	1,616.61
Total revenue from operations	**1,483.06**	**1,616.61**
Expenses		
Cost of materials consumed	749.22	829.06
Changes in inventories of finished goods and work-in-progress	(1.56)	10.94
Employee benefits expense	44.30	44.99
Finance Cost	4.35	4.75
Other expenses	201.58	233.20
Total expenses	**997.89**	**1,122.94**
Profit before tax	**485.17**	**493.67**
Tax expense (net)		
Current tax	122.11	124.26
Total tax expense	**122.11**	**124.26**
Profit after tax	**363.06**	**369.41**

Note 37: Discontinuing/restructuring operations (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss	(0.80)	(0.32)
Income tax relating to these items	0.20	0.07
Other comprehensive income for the year	**(0.60)**	**(0.25)**
Total comprehensive income for the year	**362.46**	**369.16**

ii. Net cash flows attributable to the discontinuing/restructuring operations

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Net cash generated from operating activities	361.74	248.58
Net cash used in investing activities	-	-
Net cash used in financing activities	1.23	4.75

(iii) Summary of assets and liabilities transferred for Generic Business Undertaking as on 29th February 2024

Particulars	₹ in Crores
Property Plant and Equipment and Intangible assets	0.55
Capital work in progress	1.21
Inventory	219.86
Trade Receivable	191.73
Deferred tax asset	17.43
Other current financial assets	2.62
Total Assets Transferred	**433.40**
Trade payable	103.73
Non Current financial liability	50.00
Provisions	70.55
Other current liability	10.91
Total Liabilities Transferred	**235.19**
Net Consideration receivable	**198.21**

Notes to the standalone financial statements

Note 37: Discontinuing/restructuring operations (Contd..)

(iv) Information of profit or loss restated in respect of audited financial statements of 31st March 2023 are as follows:

Summary of statement of profit and loss:

₹ in Crores

Particulars	Reported amount for the year ended 31st March, 2023	Gx Business reclassified as continued operations	Restated amount for the year ended 31st March, 2023
Continuing Operations :			
Revenue from operations			
a) Revenue from sale of products	14,518.79	(1,445.26)	13,073.53
b) Other operating revenue	1,271.81	-	1,271.81
Total revenue from operations	**15,790.60**	**(1,445.26)**	**14,345.34**
Other income	456.79	-	456.79
Total income	**16,247.39**	**(1,445.26)**	**14,802.13**
Expenses			
(a) Cost of materials consumed including purchase of stock in trade	5496.16	(756.27)	4739.89
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	205.26	(10.94)	194.32
(c) Employee benefits expense	2,377.27	(41.58)	2,335.69
(d) Finance costs	27.02	(4.75)	22.27
(e) Depreciation, impairment and amortisation expense	595.91	-	595.91
(f) Other expenses	3,919.33	(196.78)	3,722.55
Total expenses	**12,620.95**	**(1,010.32)**	**11,610.63**
Profit before tax from continuing operations	**3,626.44**	**(434.94)**	**3,191.50**
Exceptional items	**(185.90)**	**-**	**(185.90)**
Profit before tax from continuing operations	**3,440.54**	**(434.94)**	**3,005.60**
Tax expense (net)			
(a) Current tax	1,011.10	(109.47)	901.63
(b) Deferred tax	(40.09)	-	(40.09)
Total tax expense	**971.01**	**(109.47)**	**861.54**
Profit for the year from continuing operations	**2,469.53**	**(325.47)**	**2,144.06**
Discontinuing/Restructuring Operations :			
Profit before tax	58.73	434.94	493.67
Tax expense	14.79	109.47	124.26
Profit for the year from discontinuing/restructuring operations	**43.94**	**325.47**	**369.41**
Profit for the year	**2,513.47**	**-**	**2,513.47**
Other comprehensive income / (loss) for the year			
I. In respect of continuing operations:			
a) (i) Items that will not be reclassified to profit or loss	(13.47)	0.10	(13.37)
(ii) Income tax relating to these items	3.41	(0.02)	3.39
b) (i) Items that will be reclassified to profit or loss	1.69	-	1.69
(ii) Income tax relating to these items	(0.43)	-	(0.43)
Sub-total (I)	**(8.80)**	**0.08**	**(8.72)**
II. In respect of Discontinuing/Restructuring operations:			
(i) Items that will not be reclassified to profit or loss	(0.22)	(0.10)	(0.32)
(ii) Income tax relating to these items	0.05	0.02	0.07
Sub-total (II)	**(0.17)**	**(0.08)**	**(0.25)**
Other comprehensive income for the year (I+II)	**(8.97)**	**-**	**(8.97)**
Total comprehensive income for the year	**2,504.50**	**-**	**2,504.50**

Notes to the standalone financial statements

Note 38: 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, 2024	As at 31st March, 2023
Contingent liabilities		
Claims against the Company not acknowledged as debt[i]	135.70	145.63
Guarantees excluding financial guarantee	186.57	234.13
Letters of credit	14.94	15.84
Income tax on account of disallowance/additions	20.22	20.52
Excise duty/service tax on account of valuation/cenvat credit	256.04	130.66
Sales tax on account of credit/ classification	1.31	6.02
	614.78	**552.80**
Commitments		
Estimated amount of contracts unexecuted on capital account	1,623.92	467.51
Uncalled liability on committed investments	59.95	-

Notes:

i. Claims against the Company not acknowledged as debt include claim relating to pricing, commission, etc.

ii. It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of our pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various forum/authorities.

iii. The Company does not expect any reimbursements in respect of the above contingent liabilities.

iv. The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending

Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

v. There has been a Supreme Court (SC) judgement 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 EPF Act. In view of the interpretative aspects related to the Judgement including the effective date of application, the Company has been advised to await further developments in this matter. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

B. Details of other litigations:-

The National Pharmaceutical Pricing Authority ("NPPA") issued several demand notices on the Company - alleging overcharging regarding scheduled drugs under the Drugs (Prices Control) Orders – 1995 & 2013. The NPPA in its public disclosure has stated the total demand amount against the Company to be ₹ 3,707 Crores.

The above includes demand notices raised by the NPPA under the matter filed by the Company challenging inclusion of its 4 bulk drugs viz. Salbutamol, Theophylline, Ciprofloxacin and Norfloxacin ("Subject Drugs") in the First Schedule of Drugs (Prices Control) Order, 1995 ("1995 DPCO"). During the years 1999 and 2000, the Company filed 3 writ petitions before the Hon'ble Bombay High Court ("Bombay HC") challenging inclusion of Subject Drugs in the First Schedule of 1995 DPCO and also challenging the demand notices issued by NPPA demanding payment of purported overcharged amounts. It is the Company's case that the Subject Drugs have been included

Notes to the standalone financial statements

Note 38: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

in the First Schedule of the 1995 DPCO not in conformity with the criteria for inclusion stipulated in the 1994 Drug Policy.

On 31st August, 2001, by way of its common judgment, the Bombay HC decided the writ petitions in favor of the Company, thereby holding that the Subject Drugs do not fall within the purview of DPCO 1995 and also quashed the demand notices raised by NPPA. The said order allowing the writ petitions, was subsequently set aside by Hon'ble Supreme Court ("SC") on 1st August, 2003 and the writ petitions were restored for being considered afresh by the Bombay HC. Pertinently, the SC, inter alia, imposed the burden on the Company to make out its challenge by furnishing all the relevant material within its reach and knowledge. Further, the SC stayed recovery of 50% of the "overcharged" amounts subject to payment of the remaining 50% of the "overcharged" amounts pending fresh determination by the Bombay HC. Accordingly, in terms of SC's Judgment the Company paid to the NPPA an amount of ₹ 175.08 Crores, representing 50% of the alleged overcharged amounts in respect of the Subject Drugs against demand notices raised till 2003.

Meanwhile, in compliance of directions of SC in the Judgment dated 1st August 2003, the Company also attempted to gather and collect requisite data as directed and sought to place on record the facts and material in relation to such efforts by amending the respective writ petitions through the amendment applications. The proposed amendments also sought to put on record before the Bombay HC demand notices issued subsequent to the Judgment dated 1st August, 2003 and levied challenges on various grounds including inter alia the fact that the quantum of the entire set of demand notices were erroneous, arbitrary and contrary to law.

Further, the Company has received certain communications, relating to few of these cases from the NPPA informing of true-up of alleged overcharge and interest amounting to ₹ 371.21 Crores for the residual periods between the date of the earlier notices till date determined by the NPPA, not being later than the commencement of the new DPCO, 2013. These matters are already sub-judice and subject to the stays issued by the Hon'ble Courts.

In 2019, the Company applied to the Bombay HC to amend its pleadings to include: (i) demand notices received by it, after deposit of ₹ 175.08 Crores ("the Subsequent Demands") (ii) deduction of trade margin of 16% from outstanding demands (as having not accrued to the Company, as manufacturer) basis the Allahabad HC's TC Healthcare judgment (iii) to take on record the Government of India's RTI response on unavailability of any records pertinent to and what should have been the basis for inclusion of the Four Drugs under DPCO, 1995 price control and (iv) re-calculation of interest from date of non-payment of demand as stated in each demand.

The Bombay HC vide order dated 23rd February, 2024 directed that the Company may amend the pleadings as stated above, upon it depositing 50% of the Subsequent Demands. The Company appealed the Bombay HC order in a special leave petition before the SC and on 19th April, 2024 the SC was pleased to issue notice in the said matter.

The Company has been legally advised that it has a substantially strong case on the merits of the matter and therefore no provision is considered necessary in respect of the demand notices received till date concerning the said matter.

Further, the Company carries provision of ₹ 80.78 Crores as at 31st March, 2024 (₹ 125.38 Crores as 31st March, 2023)for products not part of the referenced writ proceedings.

Note 39: Employee benefits

a. Description of the plan:

Retirement benefit plans of the Company include Gratuity and Provident Fund. The Company established the Cipla Limited Employees Gratuity Fund (the "Gratuity Fund") to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

Provident Fund is managed through the trust, Cipla Limited Employees Provident Fund Trust (the "Provident Fund") managed by the Company.

b. Governance of the plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. They are tasked with periodic reviews of the solvency of the fund and play a role in the long-term investment, risk management and funding strategy.

Further, since these funds are income-tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income Tax Act, 1961 and Rules.

c. Investment strategy:

The Company's investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The plans expose the Company to a number of

Notes to the standalone financial statements

Note 39: Employee benefits (Contd..)

actuarial risks such as investment risk, interest rate risk, longevity risk and inflation risk. The Company has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

d. Charge to the profit or loss

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Defined contribution plan		
Employees' pension scheme	32.45	30.08
Others - ESIS, Labour welfare fund, etc.	1.65	1.87
	34.10	**31.95**
Defined benefit plan		
Gratuity [refer table (e) below]	17.99	18.58
Provident fund [refer table (f) below]	49.37	42.98
	67.36	**61.56**
Total contribution to provident fund and other fund	**101.46**	**93.51**

e. Disclosures for defined benefit plans based on actuarial reports

₹ in Crores

Particulars	31st March, 2024 Gratuity (funded plan)	31st March, 2023 Gratuity (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	177.80	160.04
Interest cost	12.79	11.06
Current service cost	18.48	19.73
Acquisition / Divestiture	(1.75)	-
Actuarial changes arising from changes in demographic assumptions	13.30	-
Actuarial changes arising from changes in financial assumptions	71.23	(4.21)
Actuarial changes arising from changes in experience assumptions	19.66	14.78
Benefits paid	(18.69)	(23.60)
Liability at the end of the year	**292.82**	**177.80**
ii. Change in fair value of assets		
Opening fair value of plan assets	177.48	169.34
Expected return on plan assets	13.28	12.21
Acquisition / Divestiture	(1.75)	-
Return on plan assets, excluding interest income	4.67	(3.52)
Contributions by employer	32.00	23.50
Benefits paid	(19.19)	(24.05)
Closing fair value of plan assets	**206.49**	**177.48**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(292.82)	(177.80)
Fair value of plan assets as at year end	206.49	177.48
Net asset/(liability) recognised	**(86.33)**	**(0.32)**
iv. Expenses recognised in profit or loss		
Current service cost	18.48	19.73
Past service cost	-	-
Interest on defined benefit obligation	12.79	11.06
Expected return on plan assets	(13.28)	(12.21)
Total expense recognised in profit or loss	**17.99**	**18.58**
v. Expenses recognised in other comprehensive income (OCI)		
Actuarial changes arising from changes in demographic assumptions	13.30	-
Actuarial changes arising from changes in financial assumptions	71.23	(4.21)
Actuarial changes arising from changes in experience assumptions	19.66	14.78
Actuarial (gain)/loss return on plan assets, excluding interest income	(4.67)	3.52
Net (income)/expense for the period recognised in OCI	**99.52**	**14.09**
vi. Actual return on plan assets		
Expected return on plan assets	13.28	12.21
Actuarial gain/(loss) on plan assets	4.67	(3.52)
Actual return on plan assets	**17.95**	**8.69**
vii. Asset information		
Insurer managed funds	100%	100%
viii. Expected employer's contribution for the next year	**35.68**	**17.99**

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences [refer note 39(g)] are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Notes to the standalone financial statements

Note 39: Employee benefits (Contd..)

Principal actuarial assumptions used	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Financial assumptions:		
Discounted rate (per annum)	7.20%	7.48%
Expected rate of return on plan assets	7.20%	7.48%
Expected rate of future salary increase (per annum)		
- For the next 1 year	9.00%	7.00%
- Thereafter starting from the 2nd year	9.00%	5.00%
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	20.00%	15.00%
- For Service 5 years and above	10.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market. Discount rate and expected rate of return are determined by reference to market yields at the end of the reporting period on government bonds.

Sensitivity Analysis

₹ in Crores

Particulars	For the Year ended 31st March, 2024		For the Year ended 31st March, 2023	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	(22.52)	19.77	(14.24)	16.48
Salary growth rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	20.89	(23.35)	17.62	(15.43)
Attrition rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	2.76	(3.05)	2.92	(3.30)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2024	As at 31st March, 2023
1st following year	34.83	13.72
2nd following year	27.71	18.40
3rd following year	30.66	14.08
4th following year	28.86	16.25
5th following year	27.37	14.92
Sum of years 6th to 10th	125.39	71.83
Sum of years 11th and above	284.85	251.48

The average duration of the defined benefit plan obligation at the end of reporting period is 7.47 years (31st March, 2023: 11.29 years)

Notes to the standalone financial statements

Note 39: Employee benefits (Contd..)

f. The details of the Company's defined benefit plans in respect of the Company-owned provident fund trust based on the actuarial reports

₹ in Crores

Particulars	31st March, 2024 Provident fund (funded plan)	31st March, 2023 Provident fund (funded plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	1,304.82	1,252.79
Interest cost	106.23	100.91
Current service cost	49.37	42.98
Employee contribution	117.07	102.91
Liability transferred in	29.17	34.17
Benefits paid	(198.29)	(193.96)
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	5.13	2.20
Actuarial changes arising from changes in experience assumptions	23.85	(37.18)
Liability at the end of the year	**1,437.35**	**1,304.82**
ii. Change in fair value of assets		
Opening fair value of plan assets	1,307.68	1,279.35
Expected return on plan assets	106.23	100.91
Actuarial (loss)/ gain	28.98	(34.98)
Contributions by employer	166.44	145.89
Transfer of plan assets	29.17	34.17
Benefits paid	(198.29)	(193.96)
Other adjustments	1.12	(23.70)
Closing fair value of plan assets	**1,441.33**	**1,307.68**
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(1,437.35)	(1,304.82)
Fair value of plan assets as at year end	1,441.33	1,307.68
Funded status	(3.98)	(2.86)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	49.37	42.98
Past service cost	-	-
Interest cost	106.23	100.91
Expected return on plan assets	(106.23)	(100.91)
Total expense recognised in profit or loss	**49.37**	**42.98**
v. Actual return on plan assets		
Expected return on plan assets	106.23	100.91
Actuarial (loss)/gain on plan assets	28.98	(34.98)
Actual return on plan assets	**135.21**	**65.93**
vi. Asset information		
(A) Quoted investments		
Investment in PSU bonds	516.68	493.16
Investment in Government securities	680.68	617.14
Equity/insurer managed funds/ mutual funds	176.10	124.86
(B) Unquoted investments		
Bank special deposit	15.58	15.58
Investment in other securities	52.28	56.94
Total assets at the end of the year	**1,441.32**	**1,307.68**
vii. Expected employer's contribution for the next year	**52.82**	**45.99**
viii. Principal actuarial assumptions used		
Discounted rate (per annum)	7.20%	7.48%
Expected rate of return on plan assets (per annum)	8.25%	8.15%
Expected rate of future salary increase (per annum)		
- For the next 1 year	9.00%	7.00%
- Thereafter starting from the 2nd year	9.00%	5.00%

Notes to the standalone financial statements

Note 39: Employee benefits (Contd..)

Particulars	31st March, 2024 Provident fund (funded plan)	31st March, 2023 Provident fund (funded plan)
Demographic assumptions:		
Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	20.00%	15.00%
- For Service 5 years and above	10.00%	5.00%

Sensitivity Analysis

₹ in Crores

Particulars	31st March, 2024		31st March, 2023	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	(46.57)	76.70	(32.04)	68.41
Interest rate guarantee	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	71.53	(45.85)	63.39	(32.01)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2024	As at 31st March, 2023
1st following year	102.85	95.41
2nd following year	95.23	88.23
3rd following year	91.50	84.68
4th following year	92.99	85.95
5th following year	101.22	93.45
Sum of years 6th to 10th	515.94	474.57

g. There are no amounts included in the Fair Value of Plan Assets (Gratuity and Provident fund):

- Company's own financial instrument
- Property occupied by or other assets used by the Company

h. Compensated absences note:

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was ₹ 121.10 crores and ₹ 98.90 crores as at 31st March, 2024 and 31st March, 2023 respectively.

Notes to the standalone financial statements

Note 40: Related Party Disclosures

Information on related party transactions as required by Ind AS 24 - Related Party Disclosures are given below:

A. Enterprise where control exists:

Sr. No.	Name of the Company
(a)	**Subsidiaries (held directly)**
	Cipla Medpro South Africa (Pty) Limited
	Cipla Holding B.V.
	Cipla Pharma and Life Sciences Limited
	Cipla (EU) Limited
	Cipla Health Limited
	Goldencross Pharma Limited
	Jay Precision Pharmaceuticals Private Limited
	Meditab Specialities Limited
	Cipla Pharmaceuticals Limited
	Saba Investment Limited (ceased to be a subsidiary w.e.f. 29th September, 2023)
	Cipla Digital Health Limited
(b)	**Subsidiaries (held indirectly)**
	Cipla Australia Pty Limited
	Medispray Laboratories Private Limited
	Sitec Labs Limited
	Meditab Holdings Limited
	Cipla Kenya Limited
	Cipla Malaysia Sdn. Bhd.
	Cipla Europe NV
	Cipla Quality Chemical Industries Limited (ceased to be a subsidiary w.e.f. 14th November, 2023)
	Cipla Medpro Holdings (Pty) Limited (dissolved w.e.f 25th August, 2022)
	Cipla Dibcare (Pty) Limited (under liquidation)
	Cipla Medpro Manufacturing (Pty) Limited
	Cipla-Medpro (Pty) Limited
	Cipla-Medpro Distribution Centre (Pty) Limited
	Cipla Medpro Botswana (Pty) Limited
	Cipla Select (Pty) Limited
	Medpro Pharmaceutica (Pty) Limited
	Breathe Free Lanka (Private) Limited
	Cipla Medica Pharmaceutical and Chemical Industries Limited (ceased to be a subsidiary w.e.f. 29th September, 2023)
	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.
	Cipla Maroc SA
	Cipla Middle East Pharmaceuticals FZ-LLC (ceased to be a subsidiary w.e.f. 29th September, 2023)
	Cipla Philippines Inc. (under liquidation).
	Cipla USA Inc.
	InvaGen Pharmaceuticals Inc.
	Exelan Pharmaceuticals Inc.
	Cipla Algérie
	Cipla Technologies LLC (Merged with Cipla USA Inc w.e.f. 31st March, 2024)
	Cipla Gulf FZ-LLC
	Mirren (Pty) Ltd.
	Madison Pharmaceuticals Inc. (Dissolved w.e.f. 28th April, 2023).
	Cipla Colombia SAS
	Cipla (China) Pharmaceutical Co., Ltd.
	Cipla (Jiangsu) Pharmaceutical Co., Ltd.
	Cipla Therapeutics Inc.
	Aspergen Inc. (w.e.f. 30th August, 2022)
	Actor Pharma (Pty) Limited (w.e.f. 7th February, 2024)
	Mexicip S.A. de C.V. (w.e.f. 22nd January, 2024)
(c)	**Associates held directly**
	AMPSolar Power Systems Private Limited
	GoApptiv Private Limited (stake increased from 22.02% to 22.99% w.e.f 2nd February, 2024)
	Clean Max Auriga Power LLP
	AMP Energy Green Eleven Private Limited
	Achira Labs Private Limited (acquired 21.05% on fully diluted basis w.e.f 17th August, 2022)
(d)	**Associates held indirectly**
	Stempeutics Research Private Limited
	Avenue Therapeutics Inc. (ceased to be an associate w.e.f. 11th October, 2022)
	Brandmed (Pty) Limited
	Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)
	MKC Biotherapeutics Inc. (Incorporated w.e.f. 27th February, 2024)
	Pactiv Healthcare Private Limited (Wholly owned subsidiary of GoApptiv Private Limited w.e.f. from 26th July, 2023)
B.	**Key management personnel (KMP)**
	Samina Hamied - Executive Vice-Chairperson (Resigned w.e.f. close of business hours on 31st March, 2024)
	Umang Vohra -Managing Director and Global Chief Executive Officer
	Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3rd May, 2022)
	Ashish Adukia - Global Chief Financial Officer (w.e.f. 16th August, 2022)
	Dinesh Jain - Interim Global Chief Financial Officer (w.e.f. 10th May, 2022 till 16th August, 2022)
C.	**Non-executive Chairman and Non-executive Vice-Chairman**
	Dr Y K Hamied - Chairman
	M K Hamied - Vice Chairman
D.	**Non-executive Independent Directors**
	Ashok Sinha
	Adil Zainulbhai

Notes to the standalone financial statements

Note 40: Related Party Disclosures (Contd..)

Sr. No.	Name of the Company
	Punita Lal
	Dr Peter Mugyenyi (ceased w.e.f. 13th May, 2023)
	S. Radhakrishnan
	Robert Stewart
	P R Ramesh
	Samina Hamied (w.e.f. 1st April, 2024)
	Mandar Vaidya (w.e.f. 29th July, 2022)
	Dr. Balram Bhargava (w.e.f. 1st April, 2024)
E.	**Entities over which Company is able to exercise control/ significant influence**
	Cipla Employees Stock Option Trust (De-registered)
	Cipla Health Employees Stock Option Trust
	The Cipla Empowerment Trust (w.e.f. 30th June, 2022)
F.	**Entities over which the KMP or their relatives is able to exercise significant influence/control**
	Chest Research Foundation (formerly known as Hamied Foundation)
	Cipla Foundation
	Cipla Cancer & AIDS Foundation
G.	**Post-employment benefit trusts**
	Cipla Limited Employees Provident Fund
	Cipla Limited Employees Gratuity Fund

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. Investment in equity shares of Subsidiaries		
Cipla (EU) Limited	263.36	276.69
Cipla Digital Health Limited	16.50	13.00
Cipla Pharmaceuticals Limited	-	48.00
Cipla USA Inc	-	0.08
	279.86	**337.77**
B. Investment in equity shares of Associates		
GoApptiv Private Limited (refer note 5)	7.00	8.25
Achira Labs Private Limited	-	2.00
	7.00	**10.25**
C. Investment in Compulsory Convertible Preference Shares of Associates		
GoApptiv Private Limited (refer note 5)	35.00	17.65
Achira Labs Private Limited	-	23.00
	35.00	**40.65**
D. Disinvestment in equity shares of Subsidiaries		
Saba Investment Limited	49.82	-
	49.82	**-**

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
E. Loans given		
Cipla Health Limited (including net consideration of ₹114.89 Crores for business acquisition from Holding Company)	-	180.09
Sitec Labs Limited	2.00	6.00
Cipla USA Inc.	205.49	772.40
Cipla Pharma and Life Sciences Limited	198.21	-
Cipla Medpro South Africa (Pty) Limited	933.22	-
	1,338.92	**958.49**
F. Loan repaid		
Sitec Labs Limited	-	3.00
Cipla Health Limited	77.89	52.00
	77.89	**55.00**
G. Interest outstanding		
Cipla USA Inc.	18.66	3.96
Cipla Pharma and Life Sciences Limited	1.14	-
	19.80	**3.96**
H. Outstanding Loan		
Cipla Health Limited	50.20	128.09
Sitec Labs Limited	5.00	3.00
Cipla Pharma and Life Sciences Limited	198.21	-
Cipla Medpro South Africa (Pty) Limited	917.70	-
Cipla USA Inc.	992.52	772.40
	2,163.63	**903.49**
I. Guarantees Given		
Medpro Pharmaceutica (Pty) Limited	423.87	-
	423.87	**-**
J. Guarantees Released		
Medpro Pharmaceutica (Pty) Limited	423.87	-
	423.87	**-**
k. Outstanding payables		
Goldencross Pharma Limited	11.62	10.65
Sitec Labs Limited	9.29	13.17
Medispray Laboratories Private Limited	22.20	19.71
Cipla Malaysia Sdn. Bhd.	2.23	3.46
Jay Precision Pharmaceuticals Private Limited	16.59	30.78
Meditab Specialities Limited	5.09	9.77
Cipla Kenya Limited	18.52	16.50
Cipla (China) Pharmaceutical Co. Ltd	9.49	6.73

Notes to the standalone financial statements

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla Pharma and Life Sciences Limited	-	2.37
Cipla Holding B.V.	4.90	1.77
Exelan Pharmaceuticals Inc.	17.05	32.95
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	5.78	11.57
Stempeutics Research Private Limited	2.64	1.25
GoApptiv Private Limited	1.20	1.99
Clean Max Auriga Power LLP	-	0.84
AMP Energy Green Eleven Private Limited	0.60	0.40
AMPSolar Power Systems Private Limited	0.63	-
Cipla (EU) Limited	30.42	-
InvaGen Pharmaceuticals Inc.	7.59	-
Cipla Australia Pty Limited	32.53	-
Cipla Europe NV	68.52	10.32
	266.89	**174.23**
L. Outstanding receivables		
Cipla Gulf FZ LLC	54.55	40.53
Breathe Free Lanka (Private) Limited	67.52	76.13
Cipla Quality Chemical Industries Limited	-	20.34
Cipla Australia Pty Limited	-	27.42
Cipla USA Inc.	837.53	842.33
Cipla Medpro South Africa (Pty) Limited	21.22	22.88
Medpro Pharmaceutica (Pty) Limited	237.78	250.88
Cipla Health Limited	11.24	61.54
Mirren (Pty) Ltd.	1.98	0.74
Cipla Middle East Pharmaceuticals FZ-LLC	-	24.82
Cipla Maroc S.A.	9.59	6.50
Cipla Technologies LLC	0.15	0.91
Cipla (EU) Limited	-	84.50
Cipla Colombia SAS	39.85	32.59
InvaGen Pharmaceuticals Inc.	-	0.92
Cipla Select (Pty) Limited	19.65	11.36
Cipla (Jiangsu) Pharmaceutical Co, Ltd.	0.15	0.04
Cipla Pharma and Life Sciences Limited	27.48	-
Cipla Pharmaceuticals Limited	0.02	0.01
Cipla Digital Health Limited	2.55	1.10
Meditab Holdings Limited	-	0.16
Aspergen Inc.	1.07	2.10
Cipla Foundation	0.15	0.07
Clean Max Auriga Power LLP	0.01	-
Cipla Therapeutics Inc	0.07	-
Cipla Medpro Manufacturing (Pty) Limited	5.23	4.34

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
	1337.79	**1,512.21**
M. Capital advance		
Meditab Specialities Limited	55.74	55.74
	55.74	**55.74**
N. Electricity charges paid		
AMPSolar Power Systems Private Limited	17.88	13.83
AMP Energy Green Eleven Private Limited	9.62	3.67
Clean Max Auriga Power LLP	8.83	5.19
	36.33	**22.69**
O. Interest income and guarantee Commission		
Cipla Health Limited	5.83	6.32
Sitec Labs Limited	0.28	0.16
Cipla USA Inc.	63.01	5.90
Cipla Pharma and Life Sciences Limited	1.26	-
Medpro Pharamaceutica (Pty) Limited	0.15	-
Cipla Medpro South Africa (Pty) Limited	30.33	-
GoApptiv Private Limited	0.01	-
	100.87	**12.38**
P. Remuneration to Key Management Personnel and Directors#		
Short-term employee benefits**	36.88	36.84
Post-employment benefit plans*	2.72	0.69
Other long-term benefits	-	0.65
Share based payments expense	6.50	2.33
	46.10	**40.51**

** Includes remuneration to Non-executive directors amounting to ₹ 14.31 Crores (31st March, 2023: ₹ 10.99 Crores)

*Expenses towards gratuity, compensated absences and premium paid for group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

#Remuneration reported pertains to the amount paid including variable pay of previous year, ESOP/ESAR exercised during year ended 31st March, 2024 but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102 etc.

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Q. Purchase of goods		
Goldencross Pharma Limited	61.90	70.64

Notes to the standalone financial statements

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Medispray Laboratories Private Limited	275.22	236.63
Meditab Specialities Limited	4.06	3.05
Jay Precision Pharmaceuticals Private Limited	154.40	141.44
Cipla Health Limited	63.39	186.33
InvaGen Pharmaceuticals Inc.	1.24	10.80
Cipla Pharma and Life Sciences Limited	0.16	0.51
Cipla USA Inc.	0.59	-
Stempeutics Research Private Limited	2.95	2.33
	563.91	**651.73**
R. Commission paid		
Cipla Kenya Limited	9.23	9.38
	9.23	**9.38**
S. Processing charges paid		
Goldencross Pharma Limited	63.07	56.60
Medispray Laboratories Private Limited	54.07	50.15
Meditab Specialities Limited	21.78	21.19
	138.92	**127.94**
T. Testing and analysis charges paid		
Sitec Labs Limited	127.91	112.21
Cipla Pharma and Life Sciences Limited	0.21	0.45
	128.12	**112.66**
U. Freight charges received		
Medpro Pharmaceutica (Pty) Limited	0.01	0.03
Cipla Quality Chemical Industries Limited	-	0.02
Mirren (Pty) Ltd	-	0.00
Cipla Medpro Manufacturing (Pty) Ltd	0.02	0.03
	0.03	**0.08**
V. Sale of goods		
Goldencross Pharma Limited	1.36	3.25
Meditab Specialities Limited	1.18	0.55
Medispray Laboratories Private Limited	41.41	42.22
Cipla Quality Chemical Industries Limited	3.52	12.42
Cipla Health Limited	0.12	56.94
Sitec Labs Limited	1.02	0.66
Cipla Pharma and Life Sciences Limited	13.96	1.04
Cipla (EU) Limited	34.30	53.43
Cipla Europe NV	36.39	108.16
Cipla Europe NV*	-	(108.41)

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla Medpro South Africa (Pty) Limited	-	2.40
Cipla Australia Pty Limited	0.27	48.90
Cipla USA Inc.	1,646.65	1,468.78
InvaGen Pharmaceuticals Inc.	20.15	4.19
Cipla Kenya Limited	11.96	10.75
Cipla Maroc S.A.	38.97	38.88
Cipla Middle East Pharmaceuticals FZ-LLC*	(0.55)	80.73
Breathe Free Lanka (Private) Limited	175.85	152.32
Cipla Colombia SAS	47.84	53.15
Cipla Gulf FZ-LLC	119.79	74.15
Medpro Pharmaceutica (Pty) Limited	427.31	507.34
Cipla Select (Pty) Limited	27.34	23.41
Exelan Pharmaceuticals Inc.	42.76	13.54
Cipla (Jiangsu) Pharmaceutical Co., Ltd.	-	1.17
Mirren (Pty) Ltd.	0.01	0.29
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	1.39	1.16
Cipla Medpro Manufacturing (Pty) Ltd	4.09	6.24
GoApptiv Private Limited	0.68	-
	2,697.77	**2,657.66**
* relates to subvention		
W. Purchase of MEIS License		
Medispray Laboratories Private Limited	-	0.82
Meditab Specialities Limited	-	0.04
	-	**0.86**
X. Sale of assets		
Medispray Laboratories Private Limited	0.36	1.29
Cipla Pharma and Life Sciences Limited	1.61	-
Goldencross Pharma Limited	0.01	0.31
Sitec Labs Limited	0.44	0.39
InvaGen Pharmaceuticals Inc.	7.08	10.75
Cipla Health Limited	0.30	58.06
Cipla Pharmaceuticals Limited	-	12.76
Cipla Medpro Manufacturing (Pty) Limited	0.88	0.05
Meditab Specialities Limited	0.16	-
Mirren (Pty) Ltd.	0.43	-
	11.27	**83.61**
Y. Purchase of assets		
Cipla Pharma and Life Sciences Limited	0.05	0.95
Medispray Laboratories Private Limited	0.00	0.08
Goldencross Pharma Limited	0.01	0.05
Stempeutics Research Private Limited	-	2.00
Cipla USA Inc.	-	10.71
	0.06	**13.79**

Notes to the standalone financial statements

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Z. Processing charges received		
Medispray Laboratories Private Limited	3.09	1.10
	3.09	**1.10**
AA. Contribution to provident fund and other fund		
Cipla Limited Employee Gratuity Fund	32.00	23.50
Cipla Limited Employee Provident Fund	49.37	42.98
	81.37	**66.48**
AB. Service charges paid		
Cipla Pharma and Life Sciences Limited	12.52	13.75
Cipla (EU) Limited	26.68	11.18
Cipla Australia Pty. Ltd.	9.43	13.15
Cipla Malaysia Sdn. Bhd.	7.96	8.01
Cipla Health Limited	0.73	0.71
Cipla (China) Pharmaceutical Co. Ltd	5.70	4.46
Cipla Gulf FZ-LLC	6.26	5.27
Sitec Labs Limited	-	0.00
GoApptiv Private Limited	19.60	23.44
Cipla Holding B.V.	5.50	5.64
Stempeutics Research Private Limited	2.19	1.26
	96.57	**86.87**
AC. Service charges received		
Cipla Pharma and Life Sciences Limited	2.51	0.01
Cipla Health Limited	63.80	48.81
Cipla (EU) Limited	2.74	1.39
Cipla Europe NV	0.52	0.32
Cipla Holding B.V.	0.18	0.08
Cipla Technologies LLC	0.66	2.86
Cipla USA Inc.	4.20	2.09
InvaGen Pharmaceuticals Inc.	1.69	1.36
Goldencross Pharma Private Limited	0.28	0.11
Medispray Laboratories Private Limited	0.50	0.47
Cipla Quality Chemical Industries Limited	0.02	0.10
Cipla Australia Pty Limited	0.67	0.50
Breathe Free Lanka (Private) Limited	-	0.01
Cipla Kenya Limited	0.29	0.00
Cipla Maroc S.A.	0.24	0.14
Exelan Pharmaceuticals Inc.	0.09	0.11
Meditab Specialities Limited	0.14	0.07
Cipla Malaysia Sdn. Bhd.	-	0.00
Sitec Labs Limited	0.71	0.37
Medpro Pharmaceutica (Pty) Limited	5.00	4.43
Cipla Gulf FZ-LLC	0.26	1.16
Cipla Digital Health Limited	1.47	0.87
Aspergen INC.	2.05	1.11
Meditab Holding Limited	-	0.16

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla Medpro Manufacturing (Pty) Limited	1.87	-
Mirren (Pty) Ltd.	1.29	-
Cipla Pharmaceuticals Limited	0.08	-
Cipla Therapeutics Inc.	0.07	0.00
	91.33	**66.53**
AD. Donations given		
Cipla Foundation	58.21	60.42
	58.21	**60.42**
AE. Rent received		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
Cipla Pharma and Life Sciences Limited	1.33	1.33
	1.33	**1.33**
AF. Reimbursement of operating/other expenses		
Breathe Free Lanka (Private) Limited	1.38	-
Cipla Europe NV	0.05	-
Cipla (China) Pharmaceutical Co., Ltd	1.26	1.05
Sitec Labs Limited	4.78	0.23
InvaGen Pharmaceuticals Inc.	11.09	9.91
Cipla Health Limited	12.04	14.29
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	25.92	35.42
Cipla Kenya Limited	0.78	0.57
Cipla USA Inc.	328.69	122.09
Cipla Therapeutics Inc.	1.35	-
Cipla Technologies LLC	0.42	2.18
Stempeutics Research Private Limited	0.35	-
Medispray Laboratories Private Limited	0.51	0.23
Medpro Pharmaceutica (Pty) Limited	0.76	0.12
GoApptiv Private Limited	9.47	6.56
Cipla Gulf FZ-LLC	1.20	0.98
Cipla (EU) Limited	0.42	-
Cipla Australia Pty. Ltd.	22.43	0.13
Cipla Malaysia Sdn. Bhd.	0.05	1.06
Cipla Middle East Pharmaceuticals FZ-LLC	0.99	0.26
Exelan Pharmaceuticals Inc.	6.06	-
Cipla Pharma and Life Sciences Limited	-	0.00
	430.00	**195.08**
AG. Reimbursement received of operating/other expenses		
Goldencross Pharma Limited	0.35	0.27
Meditab Specialities Limited	0.13	0.12
Cipla Health Limited	-	0.18
Cipla Gulf FZ-LLC	0.03	0.03

Notes to the standalone financial statements

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla (EU) Limited	0.30	0.25
Cipla Australia Pty Limited	0.14	0.14
Cipla (Jiangsu) Pharmaceutical Co., Ltd.	0.18	0.04
Cipla Medpro Manufacturing (Pty) Limited	0.03	-
Cipla Quality Chemical Industries Limited	0.48	0.92
Cipla USA Inc.	13.01	2.10
Medispray Laboratories Private Limited	0.57	0.70
Cipla Pharma and Life Sciences Limited	2.69	2.08
Sitec Labs Limited	0.10	0.20
Cipla Europe NV	0.06	0.15
Invagen Pharmaceuticals Inc.	3.77	1.11
Breathe Free Lanka (Private) Limited	0.24	0.14
Cipla Malaysia Sdn. Bhd.	0.51	0.04
Cipla Maroc S.A.	0.33	0.11
Cipla Holding B.V.	0.24	0.13
Cipla Technologies LLC	0.78	0.76
Exelan Pharmaceuticals Inc.	0.05	0.12
Cipla Kenya Limited	0.19	0.10
Medpro Pharmaceutica (Pty) Limited	4.35	5.24
Cipla Colombia SAS	0.06	0.12
Cipla Digital Health Limited	0.04	0.02
Cipla Pharmaceuticals Limited	0.06	0.05
Aspergen 'INC'	0.23	0.99
Cipla Medica Pharmaceutical and Chemical Industries Limited	0.83	-
Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda.	0.03	-
Mirren (Pty) Ltd.	0.02	-
Cipla Middle East Pharmaceuticals FZ-LLC	0.26	-
Cipla Therapeutics Inc	-	0.02
	30.06	**16.13**
AH. Royalty received		
Cipla Health Limited	19.67	12.72

Note 40: Related Party Disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla Quality Chemical Industries Limited	8.58	12.68
Cipla Medpro South Africa (Pty) Limited	41.28	44.07
Cipla USA Inc.	1,656.63	849.42
Cipla Pharma and Life Sciences Limited	2.52	-
Cipla Maroc S.A.	0.03	-
Cipla Digital Health Limited	0.00	-
	1,728.71	**918.89**
AI. Technical Know-How fees Received		
Cipla Health Limited	-	24.18
	-	**24.18**
AJ. Dividend received		
Jay Precision Pharmaceuticals Private Limited	16.84	14.92
Goldencross Pharma Limited	39.69	-
Saba Investment Limited	14.51	-
Meditab Specialities Limited	309.64	-
Cipla USA Inc.	0.01	-
	380.69	**14.92**
AK. Performance guarantee given on behalf of subsidiary Companies		
Cipla Australia Pty Limited	-	22.01
	-	**22.01**
AL. Dividend paid to Key Management Personnel and Directors	**167.27**	**98.42**
AM. Payable to Key Management Personnel and Directors	**12.73**	**9.79**
AN. Contribution payable to gratuity/ provident fund		
Cipla Limited Employee Provident Fund	13.85	12.42
Cipla Limited Employee gratuity fund	86.34	0.32
	100.19	**12.74**
AO. Commission Received		
Cipla Australia Pty. Ltd.	0.04	0.11
	0.04	**0.11**
AP. Rent Paid		
Cipla Pharmaceuticals Limited	0.31	0.21
	0.31	**0.21**

Note - Amount less than ₹ 50,000/- is presented as ₹ 0.00 crores.

Terms and conditions of transactions with related parties:

All related party transactions entered during the year were in ordinary course of the business and on arms length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

Notes to the standalone financial statements

Note 41: Share based payments

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Expense arising from equity settled share based payment transactions (ESOS and ESAR)*	**25.07**	**23.47**

* Cross charge to Cipla Pharma and Life Sciences limited of Rs. 0.02 Crores (31st March 2023:Nil)

A. Employee stock option scheme ('ESOS')

The Company has implemented Employee Stock Option Scheme 2013-A ('ESOS 2013-A Scheme') as approved by the shareholders on 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 ended 31st March 2024 and 31st March 2023 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	10th May, 2022	1,18,916	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	10th May, 2022	24,031	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	4th November, 2022	8,613	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	12th May, 2023	1,37,733	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	12th May, 2023	23,896	2.00	1 Year	Within same calendar year of vesting

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of face value ₹ 2 each.

Weighted average share price for options exercised during the year ended 31st March, 2024

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	1,052.70

Weighted average share price for options exercised during the year ended 31st March, 2023

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	1,018.03

Stock option activity under the scheme(s) for the year ended 31st March, 2024 is set out below:

ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**4,24,447**	**2.00**	**2.00**	**4.29**
Granted during the year	1,61,629	2.00	2.00	-
Forfeited/cancelled during the year	(18,933)	2.00	2.00	-
Lapsed during the year	-	2.00	2.00	-
Exercised during the year	(1,45,559)	2.00	2.00	-
Outstanding at the end of the year	**4,21,584**	**2.00**	**2.00**	**4.32**
Exercisable at the end of the year	1,54,270	2.00	2.00	2.76

Notes to the standalone financial statements

Note 41: Share based payments (Contd..)

Stock option activity under the scheme(s) for the year ended 31st March, 2023 is set out below:

ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**6,13,677**	**2.00**	**2.00**	**4.45**
Granted during the year	1,51,560	2.00	2.00	-
Forfeited/cancelled during the year	(5,435)	2.00	2.00	-
Lapsed during the year	(1,466)	2.00	2.00	-
Exercised during the year	(3,33,889)	2.00	2.00	-
Outstanding at the end of the year	**4,24,447**	**2.00**	**2.00**	**4.29**
Exercisable at the end of the year	1,63,582	2.00	2.00	2.83

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

ESOS 2013 - A	31st March, 2024	31st March, 2023
Expected dividend yield (%)	0.53%	0.52%
Expected volatility	26.46%	27.95%
Risk-free interest rate	6.86%	6.77%
Weighted average share price (₹)	943.60	951.08
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.04	4.00
Weighted average fair value of options (₹)	922.12	929.85

B. Employee Stock Appreciation Rights ('ESARs')

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021/the Scheme')" as approved by the shareholders by postal ballot on 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 employees"]. The nomination and remuneration committee of the Board of Cipla Limited will administer this scheme and grant ESARs to the eligible employees. Further, the maximum number of Employee Stock Appreciation Rights (ESARs) that may be granted under the Scheme shall not exceed 1,75,00,000 and the maximum number of equity shares that may be issued towards appreciation of the ESARs to be granted under the Scheme shall not exceed 33,00,000 shares of ₹ 2 each, i.e. face value. As per the terms of the ESAR Scheme, each ESAR will be settled by the issue of shares and hence been accounted as equity settled.

Details of the ESAR granted during the year ended 31st March 2024 and 31st March 2023 are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	10th May, 2022	2,47,126	2.00	3 Years graded vesting	304.80	5 Years from vesting date
ESAR 2021	10th May, 2022	86,277	2.00	1 Year	260.77	5 Years from vesting date
ESAR 2021	4th November, 2022	23,805	2.00	3 Years graded vesting	420.08	5 Years from vesting date
ESAR 2021	12th May, 2023	3,87,836	2.00	3 Years graded vesting	330.42	5 Years from vesting date
ESAR 2021	12th May, 2023	76,821	2.00	1 Year	292.89	5 Years from vesting date

Weighted average share price for ESAR exercised during the year ended 31st March, 2024

Particulars	ESAR 2021
Weighted average share price (₹)	1,221.95

Weighted average share price for ESAR exercised during the year ended 31st March, 2023

Particulars	ESAR 2021
Weighted average share price (₹)	1,133.26

Notes to the standalone financial statements

Note 41: Share based payments (Contd..)

Stock option activity under the scheme(s) for the year ended 31st March, 2024 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	**7,00,755**	**956.17**	**913.38-1,139.34**	**5.38**
Granted during the year	4,64,657	918.77	918.77	-
Forfeited/cancelled during the year	(50,285)	937.64	913.38 - 984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(3,65,342)	942.06	913.38 - 984.67	-
Outstanding at the end of the year	**7,49,785**	**941.11**	**913.38-1139.34**	**5.58**
Exercisable at the end of the year	80,824	957.00	913.38-1139.34	3.91

* Number of shares are issued against options exercised based on formula as defined in ESAR scheme 2021.

Stock option activity under the scheme(s) for the year ended 31st March, 2023 is set out below:

ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**3,98,376**	**916.87**	**913.38 - 933.54**	**5.97**
Granted during the year	3,57,208	994.98	984.67-1,139.34	-
Forfeited/cancelled during the year	(11,247)	939.96	913.38-984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(43,582)	917.82	913.38-933.54	-
Outstanding at the end of the year	**7,00,755**	**956.17**	**913.38-1,139.34**	**5.38**
Exercisable at the end of the year	1,86,157	917.38	913.38-933.54	4.21

* Number of shares are issued against options exercised based on formula as defined in ESAR scheme 2021.

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31st March, 2024	31st March, 2023
Expected dividend yield (%)	0.53%	0.52%
Expected volatility	27.74%	28.48%
Risk-free interest rate	6.85%	6.89%
Weighted average share price (₹)	943.60	953.02
Exercise price (₹)	918.77	994.98
Expected life of options granted in years	4.34	4.27
Weighted average fair value of options (₹)	324.21	301.85

The effect of share based payment transactions on the entity's profit or loss for the period and earnings per share is presented below:

Particulars	31st March, 2024	31st March, 2023
Profit from continuing and discontinuing operations after tax as reported (₹ in Crore)	4,077.25	2,513.47
Share based payment expense (₹ in Crore)	25.07	23.47
Earning per share adjusted		
Basic (₹)	50.82	31.44
Diluted (₹)	50.77	31.41

Notes to the standalone financial statements

Note 42: Segment information

In accordance with paragraph 3 of Indian Accounting Standard (Ind AS) 108 - *Operating Segments*, segment information has been given in the consolidated financial statements of the Company and therefore, no separate disclosure on segment information is given in these standalone financial statements.

Note 43: Details of loans given, investment made and guarantee given

Disclosure as per Regulations 34(3) and 53(f) of Securities Exchange Board of India - Listing Obligations and Disclosure Requirements (LODR) and Section 186(4) of the Companies Act, 2013 for the year ended 31st March 2024 and 31st March 2023:

₹ in Crores

Sr. No.	Name of the Company	For the year ended 31st March 2024	Maximum balance during the year	As at 31st March, 2024	For the year ended 31st March 2023	Maximum balance during the year	As at 31st March, 2023
1	Cipla USA Inc	205.49	992.52	992.52	772.40	772.40	772.40
2	Cipla Health Limited	-	128.09	50.20	180.09	180.09	128.09
3	Sitec Labs Limited	2.00	5.00	5.00	6.00	6.00	3.00
4	Cipla Pharma and Life Sciences Limited	198.21	198.21	198.21	-	-	-
5	Cipla Medpro South Africa (Pty) Limited	933.22	943.43	917.70	-	-	-

Notes:

i. All the above loans have been given for business purposes.

ii. The loanees have not made any investment in the shares of the Company.

iii. Loans given to employees as per the Company's policy are not considered.

iv. Loans granted are unsecured.

v. Refer note 6 and 15 for loans granted during the year.

(b) Refer note 5 for investments.

(c) Corporate guarantees given by the Company in respect of loans obtained by subsidiaries - During current year Cipla Limited has given guarantee on behalf of its wholly owned subsidiary Medpro Pharmaceutica (Pty) Limited of Rs. 423.87 Crore (ZAR 945 million). The guarantee was issued on 17th November 2023 and was released on 13th December 2023.

(d) Corporate guarantees given by the Company in respect of performance obligation of subsidiaries

₹ in Crores

Name of the Company	As at 31st March, 2024	As at 31st March, 2023
Cipla Australia Pty Limited	-	22.01
	-	**22.01**

Note 44: Additional disclosure with respect to amendments to Schedule III

a. The Company does not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.

b. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act,1961).

Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

c. The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

d. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

Notes to the standalone financial statements

Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

e. The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

f. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

  (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

  (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

g. The Company has not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year.

h. The Company has complied with the number of layers prescribed under the Companies Act, 2013.

i. The Company does not have any 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, 2024 and 31st March 2023.

j. The Company has invested in the following entities with the understanding (whether recorded in writing or otherwise) that the Company shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries). However it has not been from the borrowed fund.

31st March 2024:-

₹ in Crores

Sr. No.	Name of entity	Amount	Nature of transactions	Purpose
1	Cipla (EU) Limited	250.95	Investment in wholly owned subsidiary	For further investment and loan in step down subsidiaries

31st March 2023:-

₹ in Crores

Sr. No.	Name of entity	Amount	Nature of transactions	Purpose
1	Cipla (EU) Limited	276.69	Investment in wholly owned subsidiary	For further investment and loan in step down subsidiaries

k. The Company has not advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

  a. Directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

  b. Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes to the standalone financial statements

Note 44: Additional disclosure with respect to amendments to Schedule III (Contd..)

Analytical ratios

Sr. No.	Name of entity	Numerator	Denominator	As at 31st March 2024 Current Period	As at 31st March 2023 Previous Period	% Variance	Variance Remark
1	Current ratio (in times)	Current assets	Current liabilities	5.19	4.95	4.85%	Note a
2	Debt-equity ratio (in times)	Total debt (1)	Shareholder's equity	0.002	0.002	(20.00%)	Note a
3	Debt service coverage ratio (in times)*	Earning available for Debt Service (2)	Debt service (3)	206.68	146.63	40.95%	Note b
4	Return on equity ratio (in %)	Net Profits after taxes	Average Shareholder's Equity	15.50%	10.66%	45.40%	Note b
5	Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	1.79	1.70	5.06%	Note a
6	Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	6.48	5.55	16.76%	Note a
7	Trade payables turnover ratio (in times)	Net Credit Purchases & other expenses	Average trade payables	6.13	5.97	2.68%	Note a
8	Net capital turnover ratio (in times)	Revenue from operations	Working capital	1.51	1.50	0.67%	Note a
9	Net profit ratio (in %)	Net profit	Revenue from operations	22.58%	15.75%	43.37%	Note b
10	Return on capital employed (in %)	Earnings before interest and taxes	Capital employed (4)	19.46%	15.02%	29.56%	Note b
11	Return on investment (in %)	Interest and Treasury Income (5)	Monthly Average Investment (6)	7.15%	5.38%	32.90%	Higher return is mainly due to higher interest rate in market coupled with increase in investments & inter-Company deposits in FY 24 compared to FY 23.

Notes :

a. In respect of aforesaid mentioned ratios, there is no significant change (25% or more) in FY 2023-24 in comparison to FY 2022-23.

b. Change due to increase in profit on account of higher sales during the year.

* The Company does not have any borrowings as at 31st March, 2024 and 31st March, 2023. Debt Service coverage ratio has been computed basis lease liabilities repayment schedule as per Guidance note on Schedule III issued by the Institute of Chartered Accountants of India.

(1) Debt represents only lease liabilities

(2) Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments

(3) Interest and lease payments + Principal repayments

(4) Tangible net worth + deferred tax liabilities + Lease Liabilities

(5) Interest on inter-Company deposits and fixed deposits + income from mutual funds

(6) Average of monthly balances of (Inter-Company deposits + fixed deposits + investments in mutual funds)

Notes to the standalone financial statements

Note 45: Financial instruments

A. Accounting classification and 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, loans, cash and cash equivalents, other bank balances and other receivables as at 31st March, 2024 and 31st March, 2023 are considered to be the same as their fair values, due to their short-term nature.

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

Fair value hierarchy

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

Level 1 - Category includes financial assets and liabilities, that are measured in whole or in significant part by reference to published quoted price (unadjusted) in an active market.

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

Level 3 - Category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Company. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

The carrying value and fair value of financial instruments by categories as on 31st March, 2024, were as follows:

₹ in Crores

Particulars	Note	Carrying value					Fair Value			
		FVTPL	FVOCI		Amortised cost	Total	Level 1	Level 2	Level 3	Total
		Mandatory Designation	Mandatory Designation	Designated upon initial recognition						
Financial assets:										
Non-Current Investments										
- Investments in equity instrument	5	0.00	-	0.05	-	**0.05**	-	-	0.05	**0.05**
- Investments in Venture funds	5	-	-	6.28	-	**6.28**	-	-	6.28	**6.28**
- Investment in limited liability partnership firm	5	-	-	29.72	-	**29.72**	-	-	29.72	**29.72**
- Investment in National saving certificates	5	-	-	-	0.00	**0.00**	-	-	0.00	**0.00**
Non- Current Loans	6	-	-	-	1,379.62	**1,379.62**	-	-	-	**-**
Other Non-Current Financial Assets										
- Security Deposit	7	-	-	-	64.18	**64.18**	-	-	64.18	**64.18**
- Derivative instruments	7	8.20	0.11	-	-	**8.31**	-	8.31	-	**8.31**
- Fixed Deposit	7	-	-	-	410.82	**410.82**	-	-	-	**-**
- Others	7	-	-	-	9.28	**9.28**	-	-	9.28	**9.28**
Investments in mutual funds	11	4,383.59	-	-	-	**4,383.59**	4,383.59	-	-	**4,383.59**
Trade receivables	12	-	-	-	2681.75	**2,681.75**	-	-	-	**-**
Cash and Cash Equivalents	13	-	-	-	164.52	**164.52**	-	-	-	**-**
Other Bank Balances including earmarked balances with banks	14	-	-	-	168.68	**168.68**	-	-	-	**-**
Current Loans	15	-	-	-	784.25	**784.25**	-	-	-	**-**
Other Current Financial Assets										
- Derivative instruments	16	13.05	11.30	-	-	**24.35**	-	24.35	-	**24.35**
- Fixed Deposit	16	-	-	-	2,176.75	**2,176.75**	-	-	-	**-**
- Others	16	-	-	-	565.59	**565.59**	-	-	565.59	**565.59**
Financial liabilities:										
Lease Liability (Non Current)	2.2	-	-	-	29.55	**29.55**	-	-	29.55	**29.55**
Other Non-Current Financial Liabilities										
- Security Deposit	20	-	-	-	5.08	**5.08**	-	-	5.08	**5.08**
- Derivative instruments	20	-	1.81	-	-	**1.81**	-	1.81	-	**1.81**
Lease Liability (Current)	2.2	-	-	-	16.00	**16.00**	-	-	16.00	**16.00**
Trade Payables	23	-	-	-	1,684.64	**1,684.64**	-	-	-	**-**
Other Current Financial Liabilities										
- Security Deposit	24	-	-	-	2.71	**2.71**	-	-	2.71	**2.71**
- Deferred consideration	24	12.00	-	-	-	**12.00**	-	-	12.00	**12.00**
- Others	24	-	-	-	206.45	**206.45**	-	-	206.45	**206.45**

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

The carrying value and fair value of financial instruments by categories as on 31st March, 2023, were as follows:

₹ in Crores

Particulars	Note	Carrying value					Fair Value			
		FVTPL	FVOCI		Amortised cost	Total	Level 1	Level 2	Level 3	Total
		Mandatory Designation	Mandatory Designation	Designated upon initial recognition						
Financial assets:										
Non-Current Investments										
- Investments in equity instrument	5	0.00	-	0.05	-	**0.05**	-	-	0.05	**0.05**
- Investment in limited liability partnership firm	5	-	-	40.62	-	**40.62**	-	-	40.62	**40.62**
- Investment in National saving certificates	5	-	-	-	0.00	**0.00**	-	-	0.00	**0.00**
Non- Current Loans	6	-	-	-	131.09	**131.09**	-	-	-	**-**
Other Non-Current Financial Assets										
- Security Deposit	7	-	-	-	46.67	**46.67**	-	-	46.67	**46.67**
- Fixed Deposit	7	-	-	-	0.80	**0.80**	-	-	-	**-**
- Others	7	-	-	-	8.07	**8.07**	-	-	8.07	**8.07**
Investments in mutual funds	11	2,771.44	-	-	-	**2,771.44**	2,771.44	-	-	**2,771.44**
Trade receivables	12	-	-	-	2888.49	**2,888.49**	-	-	-	**-**
Cash and Cash Equivalents	13	-	-	-	29.48	**29.48**	-	-	-	**-**
Other Bank Balances including earmarked balances with banks	14	-	-	-	936.98	**936.98**	-	-	-	**-**
Current Loans	15	-	-		772.73	**772.73**	-	-	-	**-**
Other Current Financial Assets										
- Derivative instruments	16	-	7.98	-	-	**7.98**	-	7.98	-	**7.98**
- Fixed Deposit	16	-	-	-	1,622.22	**1,622.22**	-	-	-	**-**
- Others	16	-	-	-	434.94	**434.94**	-	-	434.94	**434.94**
Financial liabilities:										
Lease Liability (Non Current)	2.2	-	-	-	35.53	**35.53**	-	-	35.53	**35.53**
Other Non-Current Financial Liabilities										
- Security Deposit	20	-	-	-	53.81	**53.81**	-	-	53.81	**53.81**
Lease Liability (Current)	2.2	-	-	-	14.56	**14.56**	-	-	14.56	**14.56**
Trade Payables	23	-	-	-	1,638.92	**1,638.92**	-	-	-	**-**
Other Current Financial Liabilities										
- Security Deposit	24	-	-	-	2.50	**2.50**	-	-	2.50	**2.50**
- Derivative instruments	24	2.17	3.34	-	-	**5.51**	-	5.51	-	**5.51**
- Others	24	-	-	-	185.53	**185.53**	-	-	185.53	**185.53**

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

(i) There have been no transfer between Level 1 and Level 2 for the years ended 31st March, 2024 and 31st March, 2023.

(ii) Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

Particulars	Equity Securities	Other investments	Deferred consideration
Balance at 1st April, 2022	0.05	40.25	-
Addition during the year	-	-	-
Transfer out from Level 3	-	-	-
Net change in fair value (unrealised)	-	0.37	-
Foreign exchange gain/loss	-	-	-
Balance at 31st March, 2023	**0.05**	**40.62**	**-**
Addition during the year	-	6.28	12.00
Transfer out from Level 3	-	-	-
Net change in fair value (unrealised)	-	-	-
Foreign exchange gain/(loss)	-	(10.90)	-
Balance at 31st March, 2024	**0.05**	**36.00**	**12.00**

(iii) Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the consolidated balance sheet as well as the significant unobservable inputs used in measuring Level 3 fair value for financial instruments.

Particulars	Valuation technique	Significant unobservable inputs
Deferred consideration	Discounted cash flow method	Not Applicable
Investment (unquoted) (other than subsidiaries & associates)	Discounted cash flow method	Expected cash flows
Fair value of derivatives	The fair value is determined using quoted forward exchange rates at the reporting date	Not Applicable

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

B. Financial risk management objectives and policies

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

The Company's financial liabilities comprise of trade payable and other liabilities to manage its operation and financial assets include trade receivables, security deposits, loans and advances, etc, arises from its operation.

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

The Audit Committee of the Board periodically reviews the risk management framework.

Market risk

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

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

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

(a) Currency risk:

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

Foreign exchange risk

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

₹ in Crores

Nature of instrument	Currency	Cross Currency	As at 31st March, 2024	As at 31st March, 2023
Forward contracts - Sold	USD	INR	**5,119.26**	**3,752.94**
Forward contracts - Sold	ZAR	INR	**1072.72**	**514.09**
Forward contracts -Currency Swap Sold	ZAR	INR	**437.00**	**-**
Forward contracts - Sold	AUD	INR	**81.44**	**164.49**
Forward contracts - Sold	GBP	INR	**-**	**80.91**
Forward contracts - Sold	EUR	INR	**-**	**17.89**
Foreign exchange currency options contracts - Sold and bought	USD	INR	**508.77**	**1,092.86**
Unhedged foreign exchange exposures:				
Trade and other receivables			310.95	301.15
Cash and cash equivalents			144.25	9.13
Trade and other payables			(596.29)	(433.25)

Note: The Company uses foreign exchange forward and currency options contracts/derivatives for hedging purposes.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

(ii) Foreign currency risk from financial instruments as of:

₹ in Crores

Particulars	As at 31st March, 2024					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	284.74	17.80	1.76	-	6.65	**310.95**
Cash and cash equivalents	81.98	10.60	-	36.91	14.76	**144.25**
Trade and other payables	(349.75)	(132.34)	(53.95)	(7.15)	(53.10)	**(596.29)**
Net assets/(liabilities)	**16.97**	**(103.94)**	**(52.19)**	**29.76**	**(31.69)**	**(141.09)**

₹ in Crores

Particulars	As at 31st March, 2023					
	USD	EUR	GBP	ZAR	Other Currency	Total
Trade and other receivables	257.10	13.92	5.52	24.61	-	**301.15**
Cash and cash equivalents	2.18	6.83	-	-	0.12	**9.13**
Trade and other payables	(323.34)	(79.26)	(4.24)	(3.21)	(23.20)	**(433.25)**
Net assets/(liabilities)	**(64.06)**	**(58.51)**	**1.28**	**21.40**	**(23.08)**	**(122.97)**

(iii) Sensitivity analysis

For the years ended 31st March, 2024 and 31st March, 2023, 5% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would (decrease)/increase the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Movement in exchange rate		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%
Impact on profit/loss		
USD - INR	0.85	3.20
EUR - INR	5.20	2.93
GBP - INR	2.61	0.06
ZAR - INR	1.49	1.07
Other currency	1.58	1.15

(b) Other Price risk

The Company is mainly exposed to the other price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2024, the investments in mutual funds amounts to ₹ 4,383.59 crore (31st March, 2023: ₹ 2,771.44 crore). These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. A 1% increase/(decrease) in prices would increase/(decrease) the equity and profit or loss by the amounts shown below.

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Impact on profit/loss		
Increase by 1%	43.84	27.71
Decrease by 1%	(43.84)	(27.71)

(c) Interest rate risk

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

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

The Company does not have any borrowings and therefore not exposed to interest rate risk. Considering the short-term nature, there is no significant interest rate risk pertaining to short-term deposits.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as on 31st March 2024 and 31st March 2023 from such receivables on account of business continuity.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 14,923.76 Crores and ₹ 13,425.85 Crores, as at 31st March, 2024 and 31st March, 2023 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments in debt securities, mutual funds, loans, derivative assets and other financial assets.

Trade and other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Company does not expect any losses from non-performance by these counterparties and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Details of financial assets – not due, past due and impaired

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as at 31st March, 2024.

Note 45: Financial instruments (Contd..)

For ageing analysis of the receivable (gross of provision) - refer note 12.

Expected credit loss:

In accordance with Ind AS 109- *Financial Instruments*, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115- *Revenue from contracts with customers*. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers. The default in collection as a percentage to total receivable is low and overall expected credit loss is not material to these financial statements.

The details of changes in allowance for credit losses during the year ended 31st March, 2024 and 31st March, 2023 for trade receivables are as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening balance	**101.24**	**104.76**
Provided during the year	29.57	24.40
Reversal of provision during the year	(20.35)	(32.18)
Written off/back during the year	(5.74)	(0.06)
Effect of changes in the foreign exchange rates	0.84	4.32
	105.56	**101.24**

Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2024 and 31st March, 2023. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and other highly marketable debt investments with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

The table below provides details regarding the contractual maturities of significant financial liabilities on undiscounted basis as of 31st March, 2024:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non derivative:				
Trade payables	1,684.64	-	-	**1,684.64**
Other financial liabilities	221.16	6.89	-	**228.05**
Lease liabilities	16.85	34.26	7.56	**58.67**
	1,922.65	**41.15**	**7.56**	**1,971.36**

The table below provides details regarding the contractual maturities of significant financial liabilities on undiscounted basis as of 31st March, 2023:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non derivative:				
Trade payables	1,638.92	-	-	**1,638.92**
Other financial liabilities	193.54	53.81	-	**247.35**
Lease liabilities	18.03	41.66	7.92	**67.61**
	1,850.49	**95.47**	**7.92**	**1,953.88**

(d) Impact of hedging activities

The Company uses foreign exchange forward and currency option contracts to hedge against the foreign currency risk of highly probable USD, AUD, EUR and ZAR sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

a) Disclosure of effects of hedge accounting in the Company's balance sheet

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2024						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 16 & 20)	3,723.38	21.56	-	April 2024-September 2025	1:1	AUD 1 = ₹ 57.03 USD 1 = ₹ 84.57 ZAR 1 = ₹ 4.45
ii) Foreign exchange currency options contracts - sold (refer note 16 & 20)	508.77	-	3.65	April 2024-July 2025	1:1	USD 1 = ₹ 85.34
iii) Foreign exchange currency options contracts - bought (refer note 16 & 20)	508.77	4.33	-	April 2024-July 2025	1:1	USD 1 = ₹ 83.94
Fair value hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 7& 16)	2,550.04	6.22	-	April 2024-March 2028	1:1	USD 1= ₹ 83.93 ZAR 1= ₹ 4.23
ii) Foreign exchange currency Swap contracts (refer note 7 & 16)	437.00	2.39	-	March 2029-October 2029	1:1	ZAR 1= ₹ 4.43

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2023						
Cash flow hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 24)	2,961.33	-	2.17	April 2023- March 2024	1:1	AUD 1 = ₹ 57.42 USD 1 = ₹ 82.54 ZAR 1 = ₹ 4.80
ii) Foreign exchange currency options contracts - sold (refer note 24)	1,092.86	-	16.30	April 2023- March 2024	1:1	USD 1 = ₹ 83.17
iii) Foreign exchange currency options contracts - bought (refer note 24)	1,092.86	-	(12.96)	April 2023- March 2024	1:1	USD 1 = ₹ 82.22
Fair value hedge						
Foreign exchange risk						
i) Foreign exchange forward contracts (refer note 16)	1,568.99	7.98	-	April 2023- March 2024	1:1	AUD 1= ₹ 56.80 EUR 1= ₹ 90.12 GBP 1= ₹ 101.39 USD 1= ₹ 83.80 ZAR 1= ₹ 4.64

* The foreign currency forward and currency options contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1.

b) Disclosure of effects of hedge accounting in the Company's profit or loss and other comprehensive income

₹ in Crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss
31st March, 2024				
Foreign exchange risk				
(i) Cash flow hedge	38.92	-	(36.12)	-

₹ in Crores

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss
31st March, 2023				
Foreign exchange risk				
(i) Cash flow hedge	(55.31)	-	57.00	-

Hedge effectiveness is determined at the inception of hedge relationship and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Notes to the standalone financial statements

Note 45: Financial instruments (Contd..)

₹ in Crores

Cash flow hedging reserve	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**5.09**	**3.83**
Add: Changes in fair value	38.92	(55.31)
Less: Amount reclassified to profit or loss	(36.12)	57.00
Less: Deferred tax relating to above	(0.71)	(0.43)
Closing balance	**7.18**	**5.09**

Note 46: Corporate social responsibility (CSR) expenditure

The Company meets the criteria specified under Section 135 of the Companies Act, 2013 and has formed a Corporate Social Responsibility (CSR) Committee to monitor the CSR activities implemented as per the CSR Policy of the Company. The Company spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilized through the year on the activities which are specified in Schedule VII 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, 2024	For the year ended 31st March, 2023
A) Amount required to be spent by the Company during the year#	69.61	61.85
B) Amount of expenditure incurred on construction/acquisition of assets	8.40	6.43
C) Amount of expenditure incurred on purposes other than (B) above#	61.11	55.87
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions *	58.21	60.42
G) Balance carried forward:		
Opening balance	0.78	0.33
Addition during the year	69.51	62.30
Utilised during the year (including excess provided of previous year)	(69.61)	(61.85)
Closing balance	**0.68**	**0.78**

* This includes contribution to Cipla Foundation, which is a trust, with focus on thematic areas like Health, Education, Skilling, Environmental Sustainability etc.

\# includes the surplus of ₹ 0.27 Crores (31st March 2023: 0.16 crores) arising out of the CSR Projects of the previous financial year.

Note 46: Corporate social responsibility (CSR) expenditure (Contd..)

The Company does not have any ongoing projects as at 31st March, 2024 and 31st March, 2023.

The Company will be setting off the excess spend of ₹ 0.68 Crores (31st March, 2023: ₹ 0.78 Crores) during the year 2023-24 against the next year's CSR obligation.

Note 47: Capital management

A. Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt. Consistent with others in Industry, the Company monitors capital on the basis of the following gearing ratio: (net debt divided by total 'equity')

Net debt = Total borrowings (including lease liabilities) less [Cash and cash equivalents + Bank balance other than cash and cash equivalents (excluding balance earmarked for unclaimed dividend) + Current investments]

Total 'equity' is as shown in the balance sheet.

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Total debt	45.55	50.09
Less: Cash and cash equivalent (including current investment and bank deposit with original maturity between 3 to 12 months)	4,705.85	3,726.76
Net debt (A)	**(4,660.30)**	**(3,676.67)**
Total equity (B)	**27,973.92**	**24,638.09**
Net debt to equity ratio (A/B)	**(0.17)**	**(0.15)**

Notes to the standalone financial statements

Note 47: Capital management (Contd..)

B. Dividend on equity share

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) Dividend on equity shares paid during the year		
Final dividend for the year [FY 2022-23 : ₹ 8.50 per equity share of ₹ 2.00 each] [FY 2021-22: ₹ 5.00 per equity share of ₹ 2.00 each]	686.17	403.50
Total	**686.17**	**403.50**
(b) Proposed dividend on equity share not recognised as liability	**1,049.58**	**686.08**

The Board of Directors of the Company at its meeting held on 10th May, 2024 has recommended a final dividend of ₹ 13.00 per equity share (face value of ₹ 2.00 each) which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 48: Earnings Per Share (EPS)

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

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

Dilutive potential equity shares are deemed to have been converted at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Basic Earnings per share		
Profit for the year from continuing operations (₹ in Crores)	3,714.19	2,144.06

Note 48: Earnings Per Share (EPS) (Contd.)

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Profit for the year from discontinuing/ restructuring operations (₹ in Crores)	363.06	369.41
Profit for the year (₹ in Crores)	**4,077.25**	**2,513.47**
Basic weighted average number of equity shares outstanding	80,72,91,686	80,70,07,965
Basic earnings per share of par value ₹ 2/- per share		
from continuing operations	₹ 46.01	₹ 26.57
from discontinuing/restructuring operations	₹ 4.50	₹ 4.58
Total basic earnings per share	**₹ 50.51**	**₹ 31.15**
Dilutive Earnings per share		
Basic weighted average number of equity shares outstanding	80,72,91,686	80,70,07,965
Add- Dilutive impact of employee stock options	7,07,295	6,19,768
Diluted weighted average number of equity shares outstanding	**80,79,98,981**	**80,76,27,733**
Diluted earnings per share of par value ₹ 2/- per share		
from continuing operations	₹ 45.97	₹ 26.55
from discontinuing/restructuring operations	₹ 4.49	₹ 4.57
Total diluted earnings per share	**₹ 50.46**	**₹ 31.12**

Note 49: Income Tax Search and Survey

The Income Tax Department ("the Department") had conducted a Survey & Search under Section 132 of the Income Tax Act ("the Search") on the Company in February 2023. The Company at the time of search and subsequently had co-operated with the department and responded to the clarifications, data and details sought by the Department. No assets of the Company were seized by the Department as part of the Search. During the quarter ended 31st March 2024, the Company has received notices under section 148 of the Income Tax Act for Assessment Years 2015-16 to 2019-20 and accordingly returns have been filed for all those years with no additions. The Company has not identified any adjustments to the current or prior period standalone financial statements.

Notes to the standalone financial statements

Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary to make them comparable.

During the current year, the Company has restated the comparative financial information for 31st March 2023 due to a change in classification of accrued expenses (included in other financial liabilities) to trade payables amounting to ₹ 44.80 Crores as required under Schedule III. The impact of such reclassification/regrouping is not material to the standalone financial statements.

Note 51: Subsequent events

There are no other subsequent events that occurred after the reporting date.

Note 52: Unforeseeable losses

The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

Note 53: Impact of Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 54: Authorisation of financial statements

The financial statements for the year ended 31st March, 2024 were approved by the Board of Directors on 10th May, 2024.

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No. 508835

Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

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'), its associates, as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates, as at 31 March 2024 and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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 Matter

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 Matter to be communicated in our report:

Key audit matter	How our audit addressed the key audit matter
DPCO matters: The Holding Company and its certain Indian subsidiaries has 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 (DPCO) in various years. The total demand against the Company as stated in NPPA public disclosure amounts to Rs. 3,707 Crores, as disclosed in note 45(B)(i) to the consolidated financial statements, of which there are: a) Matters pending at Honourable Bombay High Court, wherein the Holding Company has deposited ₹ 175.08 crore being 50% of the total demand of ₹ 350.15 crore as at 1 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;

Key audit matter	How our audit addressed the key audit matter
b) Other matters, wherein based on facts and legal advice, the Group has recorded a charge of ₹ 20.35 Crores (including interest) during the year ended 31 March 2024 and carries a total provision of ₹ 145.73 Crores (including interest) as at 31 March, 2024. 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 adequacy of disclosures given in the consolidated financial statements, including disclosure of the significant litigations of the Group, in accordance with applicable accounting standards. 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, 2024, the Group has goodwill balance of ₹ 3,112.04 crore relating to multiple Cash Generating Units ('CGUs'). Further, the Group is carrying product-related capitalised intangibles and intangibles under development aggregating to ₹ 1,312.60 crore and ₹ 288.40 crore, 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 and intangible assets under development of ₹ 238.92 crore during the year ended 31st March, 2024. 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; 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; i) Tested the mathematical accuracy of the management computations;

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.	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 1.3.9 and 30 to the consolidated financial statements) The Group recognises revenue from the sales of pharmaceutical products to resellers or distributors, service fee and out-licensing arrangements. 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 (especially in United States of America ('US')) have different terms relating to the recognition of revenue leading to material deductions from gross sales which includes chargeback, rebates, the right to return and other price adjustments (failure to supply, Medicaid, shelf stock adjustments, etc.) in accordance with principles of Ind AS 115, "Revenue from Contracts with Customers". We identified the recognition of revenue from operations as a key audit matter because: a) Accrual towards chargeback, rebates, the right to return and other price adjustments 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; b) The nature of out-licensing contracts are often inherently complex and unusual, requiring significant management judgment to be applied in respect of revenue recognition;	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 chargeback, rebates, the right to return and other price adjustments (failure to supply, Medicaid, shelf stock adjustments, etc.); 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 chargeback, rebates, the right to return and other price adjustments (failure to supply, Medicaid, shelf stock adjustments, etc.); 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 during specific periods before and after the year-end. For the samples selected, verified the underlying supporting documents including contracts, agreements, sales invoices and dispatch/shipping documents to ensure that the correct amount of revenue is recorded in the correct period; e) Obtained management workings for amounts recognised towards chargeback, rebates, the right to return and other price adjustments (failure to supply, Medicaid, shelf stock adjustments, etc.). 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;

Key audit matter	How our audit addressed the key audit matter
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) 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; g) Tested unusual non-standard journal entries based on certain criteria's which impacts revenue recognized during the year; 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 given in the consolidated financial statements in accordance with applicable accounting standards. 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.

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

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 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.

Other Matter

15. We did not audit the financial statements of 37 subsidiaries, whose financial statements (prior to consolidation adjustments) reflect total assets of ₹ 11,403.28 Crores as at 31 March 2024, total revenue of ₹ 3,952.57 Crores and net cash outflows amounting to ₹ 177.98 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 ₹ (2.75) Crores for the year ended 31 March 2024, as considered in the consolidated financial statements, in

respect of 2 associates, 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 associates 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 associates, are based solely on the reports of the other auditors.

Further, of these subsidiaries and associates, 34 subsidiaries and an associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and an associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries and an associate located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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

16. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income after tax) of ₹ 1.16 Crores for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of 5 associates, whose financial statements has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial 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 auditor, referred to in paragraph 15, on separate financial statements of the subsidiaries and associates, we report that the Holding Company and 4 subsidiary companies incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 6 subsidiary companies incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Also, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 8 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:

    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 have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors, including the manner prescribed in Rule 3(1) of Companies (Accounts) Rules, 2014, except that the audit trail feature was not enabled at the database level as further stated in paragraph 19(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) in case of Holding Company and it's 8 subsidiaries and audit trail feature was not available for 1 subsidiary during the period 1 April 2023 to 29 February 2024.

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

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

e) On the basis of the written representations received from the directors of the Holding Company, its subsidiary companies and an associate and taken on record by the Board of Directors of the Holding Company, its subsidiary companies and an associate and the reports of the statutory auditors of its subsidiary companies and an associate covered under the Act none of the directors of the Group companies and its associate Company are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the maintenance of accounts and other matters connected therewith refer to our comments in paragraph 19(b) above on reporting under Section 143(3)(b) of the Act and paragraph 19(h)(vi) below on reporting under rule 11(g) of the of the Companies (Audit and Auditors) Rules, 2014 (as amended).

g) 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

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

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

ii. As detailed in Note 54 to the consolidated financial statements, the Holding Company, its subsidiary companies and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024. Further, there were no amounts which were required to be transferred to Investor Education and Protection Fund by the subsidiary companies and associate companies covered under the Act, during the year ended 31 March, 2024;

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

b. The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in the Note 55(f) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. a. The interim dividend declared and paid by the subsidiary companies during the year ended 31 March 2024 and until the date of this audit report is in compliance with section 123 of the Act;

b. The final dividend paid by the Holding Company during the year ended 31 March 2024 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend; and

c. As stated in Note 43(C)(b) to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2024 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks performed by us on the Holding Company, its subsidiaries and by the respective auditors of the other subsidiaries of the Holding Company which are companies incorporated in India and audited under the Act, the Holding Company, its subsidiaries, in respect of financial year commencing on or after 1 April 2023 which has a feature of recording audit trail (edit log) facility at the application level of the accounting software and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit and respective auditors of the above referred subsidiaries did not come across any instance of such audit trail features being tampered with. The Audit trail feature (edit log):

a. At the database level for the direct changes was not enabled at the Holding Company and its eight subsidiaries, however, the Holding Company and its eight subsidiaries had adequate controls in the accounting software such as strict user rights and access of administrator log in through the application layer; and

b. In case of one subsidiary which had used an accounting software (Navision) for maintaining its books of account for which audit trail (edit log) feature was not enabled from 1 April 2023 to 29 February 2024. Subsequently with effect from 1 March 2024 the subsidiary has migrated to SAP ECC which includes audit trail (edit log) feature for recording all relevant transactions at application level.

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

Gautam Wadhera
Partner
Membership No.: 508835
UDIN: 24508835BKFFCP4135

Place: Mumbai
Date: 10 May 2024

Annexure 1

List of entities included in the Statement

List of subsidiaries:

1. Goldencross Pharma Limited, India
2. Meditab Specialities Limited, India
3. Cipla Pharma and Life Sciences Limited, India
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 Pharmaceuticals Limited, India
9. Cipla Health Employees Stock Option Trust, India
10. Cipla Digital Health Limited, India
11. Cipla Employee Stock Option Trust, India (Deregistered)
12. Cipla Medpro South Africa (Pty) Limited, South Africa
13. Cipla Medpro Holdings (Pty) Limited, South Africa (Dissolved w.e.f. 25 August 2022)
14. Cipla Dibcare (Pty) Limited, South Africa (under liquidation)
15. Cipla Medpro Manufacturing (Pty) Limited, South Africa
16. Cipla-Medpro (Pty) Limited, South Africa
17. Cipla-Medpro Distribution Centre (Pty) Limited, South Africa
18. Cipla Medpro Botswana (Pty) Limited, Botswana
19. Cipla Kenya Limited, Kenya
20. Cipla Select (Pty) Limited, South Africa
21. Medpro Pharmaceutica (Pty) Limited, South Africa
22. Mirren (Pty) Ltd., South Africa
23. The Cipla Empowerment Trust, South Africa (w.e.f. 30 June 2022)
24. Actor Pharma (Pty) Limited, South Africa (w.e.f. 7 February 2024)
25. Cipla Quality Chemical Industries Limited, Uganda (ceased to be a subsidiary w.e.f. 14 November 2023)
26. InvaGen Pharmaceuticals Inc., United States of America
27. Exelan Pharmaceuticals Inc., United States of America
28. Cipla USA Inc., United States of America
29. Cipla Technologies LLC, United States of America (Entity has been merged with Cipla USA Inc. w.e.f. 31 March 2024)
30. Madison Pharmaceuticals Inc. United States of America (Dissolved w.e.f. 28 April 2023)
31. Cipla Therapeutics Inc., United States of America
32. Aspergen Inc. United States of America (w.e.f. 30 August 2022)
33. Cipla Medica Pharmaceutical and Chemical Industries Limited, Yemen (ceased to be a subsidiary w.e.f. 29 September 2023)
34. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates (ceased to be a subsidiary w.e.f. 29 September 2023)
35. Saba Investment Limited, United Arab Emirates (ceased to be a subsidiary w.e.f. 29 September 2023)
36. Cipla Holding B.V., Netherlands
37. Cipla (EU) Limited, United Kingdom
38. Cipla Australia Pty Limited, Australia
39. Meditab Holdings Limited, Mauritius
40. Cipla Malaysia Sdn. Bhd., Malaysia
41. Cipla Europe NV, Belgium
42. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
43. Cipla Algérie, Algeria
44. Breathe Free Lanka (Private) Limited, Sri Lanka
45. Cipla Maroc SA, Morocco
46. Cipla Philippines Inc., Philippines (under liquidation)
47. Cipla Gulf FZ-LLC, United Arab Emirates
48. Cipla Colombia SAS, Colombia
49. Cipla (China) Pharmaceutical Co., Ltd, China
50. Cipla (Jiangsu) Pharmaceutical Co., Ltd., China
51. Mexicip S.A. de C.V, Mexico (w.e.f. 22 January 2024)

List of Associates:

1. Stempeutics Research Private Limited, India
2. Avenue Therapeutics Inc. United States of America (ceased to be an associate w.e.f. 11 October 2022)
3. Brandmed (Pty) Limited, South Africa
4. AMPSolar Power Systems Private Limited, India (share of loss/ profit not required to be considered)
5. AMP Energy Green Eleven Private Limited, India (share of loss/ profit not required to be considered)
6. Clean Max Auriga Power LLP, India (share of loss/ profit not required to be considered)
7. GoApptiv Private Limited, India
8. Iconphygital Private Limited, India (Wholly owned subsidiary of GoApptiv Private Limited)
9. Achira Labs Private Limited, India (w.e.f. 17 August 2022)
10. Pactiv Healthcare Private Limited, India (Wholly owned subsidiary of GoApptiv Private Limited w.e.f. 26 July 2023)
11. MKC Biotherapeutics Inc., United States of America USA (w.e.f. 27 February 2024)

Annexure II

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

1. In conjunction with our audit of the consolidated financial statements of Cipla Limited (‘the Holding Company’) and its subsidiaries (the Holding Company and its subsidiaries together referred to as ‘the Group’) and its associates as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

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

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 component of internal control stated in the guidance note on audit of Internal Financial Control over Financial Reporting (“the guidance note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company’s business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility for the Audit of the Internal Financial Controls with Reference to consolidated financial statements

3. The audit of internal financial controls with reference to financial statements of a subsidiary and 4 associates which are companies covered under the Act and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries and its associates based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and 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 financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk

that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 2 subsidiary companies, which are Company covered under the Act, whose financial statement (prior to consolidation adjustments) reflect total assets of ₹ 210.14 Crores as at 31 March 2024, net assets of ₹ 186.74 Crores, total revenue of ₹ 161.38 Crores and net cash outflows amounting to ₹ 32.38 Crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary 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 companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

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 ₹ 1.16 crore for the year ended 31 March 2024 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

Gautam Wadhera
Partner
Membership No.: 508835
UDIN: 24508835BKFFCP4135

Place: Mumbai
Date: 10 May 2024

Consolidated Balance sheet

as at 31st March, 2024

₹ in Crores

Particulars	Notes	As at 31st March, 2024	As at 31st March, 2023
Assets			
1. Non-current assets			
(a) Property, plant and equipment	2.1	4,641.94	4,583.60
(b) Right-of-use assets	2.2	427.03	407.18
(c) Capital work-in-progress	2.1	864.32	689.17
(d) Investment properties	3	113.61	59.83
(e) Goodwill	4	3,112.04	2,983.86
(f) Other Intangible assets	5	1,312.60	1,126.01
(g) Intangible assets under development	5	288.40	404.13
(h) Investment in associates	6	130.05	90.90
(i) Financial assets			
(i) Investments	7	512.16	481.62
(ii) Loans	8	16.98	-
(iii) Other financial assets	9	508.56	99.32
(j) Income tax assets (net)	10	463.67	548.00
(k) Deferred tax assets (net)	10	587.80	456.54
(l) Other non-current assets	11	297.25	258.17
Total non-current assets		**13,276.41**	**12,188.33**
2. Current assets			
(a) Inventories	12	5,237.95	5,156.43
(b) Financial assets			
(i) Investments	13	4,807.01	3,089.86
(ii) Trade receivables	14	4,770.66	4,057.00
(iii) Cash and cash equivalents	15	640.07	627.63
(iv) Bank balances other than cash and cash equivalents	16	234.90	936.99
(v) Loans	17	0.24	7.59
(vi) Other financial assets	18	2,801.52	2,080.57
(c) Other current assets	19	900.10	848.99
Total current assets		**19,392.45**	**16,805.06**
3. Assets of disposal group classified as held for sale	2.3	48.96	469.89
Total assets		**32,717.82**	**29,463.28**
Equity and liabilities			
1. Equity			
(a) Equity share capital	20	161.47	161.43
(b) Other equity	21	26,544.96	23,246.35
Equity attributable to owners		**26,706.43**	**23,407.78**
(c) Non-controlling interest	22	95.90	305.76
Total equity		**26,802.33**	**23,713.54**
2. Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	2.2	225.42	208.82
(ii) Other financial liabilities	24	67.81	113.70
(b) Provisions	25	129.26	102.16
(c) Deferred tax liabilities (net)	10	185.29	163.28
(d) Other non-current liabilities	26	61.94	52.11
Total non-current liabilities		**669.72**	**640.07**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	247.02	520.36
(ii) Lease liabilities	2.2	86.97	73.94
(iii) Trade payables	27		
- Total outstanding dues of micro enterprises and small enterprises		253.54	225.91
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,220.44	2,308.61
(iv) Other financial liabilities	28	492.14	317.07
(b) Other current liabilities	29	311.87	284.13
(c) Provisions	25	1,611.76	1,286.67
(d) Income tax liabilities (net)	10	22.03	16.58
Total current liabilities		**5,245.77**	**5,033.27**
3 Liabilities of disposal group classified as held for sale	2.3	-	76.40
Total liabilities		**5,915.49**	**5,749.74**
Total equity and liabilities		**32,717.82**	**29,463.28**

The accompanying notes form an integral part of these consolidated financial statements. 1-60

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No.: 508835
Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2024

₹ in Crores

Particulars	Notes	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
1 Income			
(a) Revenue from operations			
(i) Revenue from sale of products	30	25,446.63	22,473.18
(ii) Other operating revenue	31	327.46	279.94
Total revenue from operations		**25,774.09**	**22,753.12**
(b) Other income	32	746.57	475.45
2 Total income (a+b)		**26,520.66**	**23,228.57**
3 Expenses			
(a) Cost of materials consumed	33	5,220.51	5,519.62
(b) Purchases of stock-in-trade	34	3,536.03	2,828.66
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	63.03	(96.00)
(d) Employee benefits expense	36	4,310.04	3,830.08
(e) Finance costs	37	89.88	109.54
(f) Depreciation, impairment and amortisation expense	38	1,051.02	1,172.11
(g) Other expenses	39(a)	6,353.43	5,643.79
Total expenses		**20,623.94**	**19,007.80**
4 Profit before exceptional items and tax (2-3)		**5,896.72**	**4,220.77**
5 Exceptional items	39(b)	**(194.82)**	**(182.42)**
6 Profit before tax (4+5)		**5,701.90**	**4,038.35**
7 Tax expense (net)	10		
(a) Current tax		1,696.84	1,264.77
(b) Deferred tax		(150.25)	(61.91)
Total tax expense		**1,546.59**	**1,202.86**
8 Profit after tax before share of profit/(loss) from associates (6-7)		**4,155.31**	**2,835.49**
9 Share of profit/(loss) from associates	6	(1.59)	(2.60)
10 Profit for the year (8+9)		**4,153.72**	**2,832.89**
11 Other comprehensive income/(loss)	40		
(a) (i) Items that will not be reclassified to profit or loss		(88.61)	0.57
(ii) Income tax relating to these items		27.68	2.07
(b) (i) Items that will be reclassified to profit or loss		(58.59)	137.35
(ii) Income tax relating to these items		(1.06)	(2.36)
Other comprehensive income/(loss) for the year		**(120.58)**	**137.63**
12 Total comprehensive income for the year (10+11)		**4,033.14**	**2,970.52**
13 Profit for the year attributable to			
(a) Owners		**4,121.55**	**2,801.91**
(b) Non-controlling interest		32.17	30.98
14 Total comprehensive income attributable to			
(a) Owners		**3,997.71**	**2,930.48**
(b) Non-controlling interest		35.43	40.04
15 Earnings per equity share of face value of ₹ 2 each	41		
Basic (in ₹)		**51.05**	**34.72**
Diluted (in ₹)		**51.01**	**34.69**

The accompanying notes form an integral part of these consolidated financial statements. 1-60

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No.: 508835
Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2024

(a) Equity share capital (refer note 20)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balance at the beginning of the year	161.43	161.36
Changes in equity share capital during the year on exercise of employee stock options (ESOSs & ESARs)	0.04	0.07
Balance at the end of the year	**161.47**	**161.43**

(b) Other equity (refer note 21)

₹ in Crores

Particulars	Share application money pending allotment	Reserves and surplus					Items of other comprehensive income			Attributable to the owners of the Company	Non-controlling interest	Total
		Capital reserve	Securities premium	General reserve	Employee stock options/ ESAR	Retained earnings*	Foreign currency translation reserve	Equity instruments fair value through other comprehensive income	Effective portion of cash flow hedges			
Balance as at 1st April, 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**
Profit for the year	-	-	-	-	-	2,801.91	-	-	-	**2,801.91**	30.98	**2,832.89**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	(10.45)	119.42	13.10	6.50	**128.57**	9.06	**137.63**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2,791.46**	**119.42**	**13.10**	**6.50**	**2,930.48**	**40.04**	**2,970.52**
Payment of dividend (refer note 43 C)	-	-	-	-	-	(403.50)	-	-	-	**(403.50)**	(23.21)	**(426.71)**
Transfer to general reserve	-	-	-	0.12	(0.12)	-	-	-	-	**-**	-	**-**
Exercise of employee stock options	-	-	21.08	-	(21.08)	-	-	-	-	**-**	-	**-**
Contribution by Non-controlling interest (refer note 22)	-	-	-	-	-	-	-	-	-	**-**	13.24	**13.24**
Share based payments expense (refer note 47)	-	-	-	-	39.04	-	-	-	-	**39.04**	-	**39.04**
Balance as at 31st March, 2023	**-**	**(167.04)**	**1,652.77**	**3,144.92**	**61.82**	**18,057.03**	**380.51**	**112.87**	**3.47**	**23,246.35**	**305.76**	**23,552.11**
Profit for the year	-	-	-	-	-	4,121.55	-	-	-	**4,121.55**	32.17	**4,153.72**
Other comprehensive income/(loss) (net of tax)	-	-	-	-	-	(83.13)	(65.30)	22.21	2.38	**(123.84)**	3.26	**(120.58)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,038.42**	**(65.30)**	**22.21**	**2.38**	**3,997.71**	**35.43**	**4,033.14**
Payment of dividend (refer note 43 C)	-	-	-	-	-	(686.17)	-	-	-	**(686.17)**	(36.60)	**(722.77)**

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2024

(b) Other equity (refer note 21) (Contd..)

₹ in Crores

Particulars	Share application money pending allotment	Reserves and surplus					Items of other comprehensive income			Attributable to the owners of the Company	Non-controlling interest	Total
		Capital reserve	Securities premium	General reserve	Employee stock options/ ESAR	Retained earnings*	Foreign currency translation reserve	Equity instruments fair value through other comprehensive income	Effective portion of cash flow hedges			
Transfers within Other equity	-	(39.40)	-	0.08	(0.08)	29.50	-	9.90	-	**-**	-	**-**
Exercise of employee stock options	-	-	20.07	-	(21.36)	-	-	-	-	**(1.29)**	-	**(1.29)**
Contribution by Non-controlling interest (refer note 22)	-	-	-	-	-	-	-	-	-	**-**	36.43	**36.43**
Divestment of stake in subsidiaries	-	(1.01)	-	-	-		-	-	-	**(1.01)**	(234.28)	**(235.29)**
Transaction with Non-controlling interest (refer note 22)	-	(56.79)	-	-	-	-	-	-	-	**(56.79)**	(10.84)	**(67.63)**
Share application money pending allotment #	0.00	-	-	-	-	-	-	-	-	**0.00**	-	**0.00**
Share based payments expense (refer note 47)	-	-	-	-	46.16	-	-	-	-	**46.16**	-	**46.16**
Balance as at 31st March, 2024	**0.00**	**(264.24)**	**1,672.84**	**3,145.00**	**86.54**	**21,438.78**	**315.21**	**144.98**	**5.85**	**26,544.96**	**95.90**	**26,640.86**

#represent share application money pending allotment of ₹ 30,196 for 15,098 number of shares

*Remeasurement gain/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

The accompanying notes form an integral part of these consolidated financial statements. (Note 1-60)

There are no prior period errors and hence disclosure with respect to the restatement of the opening balance of "Equity share capital" and "Other equity" is not applicable.

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No.: 508835
Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Consolidated Statement of Cash Flows

for the year ended 31st March, 2024

₹ in Crores

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Cash flow from operating activities		
Profit before exceptional items and tax	5,896.72	4,220.77
Adjustments for:		
Depreciation, impairment and amortisation expense	1,051.02	1,172.11
Finance costs	89.88	109.54
Unrealised foreign exchange (gain)/loss (net)	(22.81)	(56.20)
Share based payment expense	46.16	39.04
Allowances for credit loss (net)	23.51	(36.68)
Interest income on income tax refund	(11.29)	(28.62)
Interest income on bank deposits and others	(208.30)	(133.62)
Sundry balances written back (net)	(18.83)	(9.08)
Net gain on sale of current investment carried at fair value through profit or loss	(69.22)	(122.39)
Net fair value gain on financial instruments at fair value through profit or loss	(221.96)	(20.68)
Net gain on sale/disposal of property, plant and equipment	(3.49)	(1.58)
Reversal of impairment of investment in associate	-	(25.77)
Gain on divestment of Subsidiaries	(0.93)	-
Rent income	(12.97)	(7.88)
Operating profit before working capital changes	**6,537.49**	**5,098.96**
Adjustments for working capital:		
(Increase)/decrease in inventories	(61.86)	110.77
Increase in trade and other assets	(906.95)	(651.98)
Increase/(decrease) in trade payables and other liabilities	162.71	(18.21)
Cash generated from operations	**5,731.39**	**4,539.54**
Income tax paid (net of refunds)	(1,597.48)	(1,301.89)
Net cash flows from operating activities (a)	**4,133.91**	**3,237.65**
Cash flow from investing activities		
Purchase of property, plant and equipment {refer note (ii) below}	(1,098.25)	(840.53)
Purchase of intangible assets (including intangible asset under development)	(251.05)	(342.36)
Proceeds from sale of property, plant and equipment {refer note (ii) below}	34.17	28.52
Proceeds from sale of intangible assets	-	18.86
Proceeds from sale of associate (refer note 6)	-	25.77
Receipt of asset-related government grant	33.63	-
Proceeds from sale of investments in subsidiaries (net of cash disposed off) (refer note 58)	120.40	-
Purchase consideration for acquisition of subsidiary (net of cash acquired) (refer note 57)	(300.89)	-
Investment in associates (refer note 6)	(42.00)	(50.90)
Purchase of non-current investments	(6.03)	(136.03)
Proceeds from sale of non-current investments	0.60	-
Purchase of current investments (net)	(1,425.97)	(751.83)
Receipts from sale of assets held for sale	-	1.06
Change in bank balances other than cash and cash equivalents	(265.10)	(462.96)
Interest received	208.23	114.01
Loan given to associate	(8.74)	-
Rent received	12.97	7.88
Net cash used in investing activities (b)	**(2,988.03)**	**(2,388.51)**

Consolidated Statement of Cash Flows

for the year ended 31st March, 2024

₹ in Crores

Particulars	For the Year ended 31st March, 2024	For the Year ended 31st March, 2023
Cash flow from financing activities		
Proceeds from issue of equity shares (ESOSs & ESARs)	0.04	0.07
Transaction with non-controlling interest (net)	(71.99)	(4.27)
Repayment from current borrowings (net)	(300.46)	(308.00)
Repayment of non-current borrowings	-	(43.90)
Principal payment of lease liabilities	(77.02)	(133.69)
Interest paid	(64.83)	(65.00)
Dividend paid	(686.17)	(403.50)
Net cash used in financing activities (c)	**(1,200.43)**	**(958.29)**
Net decrease in cash and cash equivalents (a+b+c)	**(54.55)**	**(109.15)**
Cash and cash equivalents at the beginning of the year	561.33	658.11
Exchange difference on translation of foreign currency cash and cash equivalents	5.56	12.37
Cash and cash equivalents at the end of the year (refer note 15)	**512.34**	**561.33**

The accompanying notes form an integral part of these consolidated financial statements (Note 1-60).

Note:

(i) The above statement of cash flow from operating activities 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 during the year.

(iii) For reconciliation of borrowings, refer note 23

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No.: 508835
Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Mumbai, 10th May, 2024

Rajendra Chopra
Company Secretary

Notes to the Consolidated Financial Statements

Group Information

Cipla Limited (Corporate identity number: L24239MH1935PLC002380) ("Cipla" or "the Company") having a 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 a wide range of branded and generic formulations and Active Pharmaceutical Ingredients (APIs). The Group has a wide network of manufacturing, trading and other incidental operations in India and International markets. Equity shares of the Company are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Global Depository Receipts are listed on the 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 to "Annexure A" to Note 1 for the list of subsidiaries and associates).

Note 1: Basis of Preparation, Measurement, Key accounting estimates and judgements and Material accounting policies information

1.1 Basis of Preparation and Measurement

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

The consolidated financial statements of the Group as at and for the year ended 31st March 2024 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 on a going concern basis.

(ii) Consistency of accounting policy

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

(iii) 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 crore 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 the use of a different currency is appropriate.

(iv) 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;
- Investment in associates are accounted for using equity method; and
- Asset and liabilities assumed as part of business combination – measured at fair value.

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.*

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are always disclosed as non-current.

(v) Basis of consolidation

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

Notes to the Consolidated Financial Statements

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

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The net assets and results of acquired businesses are included in the consolidated financial statements from their respective dates of acquisition, being the date on which the Group obtains control. The results of disposed businesses are included in the consolidated financial statements up to their date of disposal, being the date control ceases. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

Non-controlling interests represent that part of the total comprehensive income and net assets of subsidiaries attributable to the interest which is not owned, directly or indirectly, by the Parent Company.

Non-controlling interests in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately within equity. Non-controlling interests are valued based on the proportion of net assets of the acquired Company at the date of acquisition.

Non-controlling interests in the net assets of consolidated subsidiaries consists of:

(a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and

(b) The non- controlling interests share of movements in equity since the date parent subsidiary relationship came into existence.

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 statement of profit and loss and consolidated statement of changes in equity.

Upon loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a FVTOCI or FVTPL financial asset, depending on the level of influence retained.

Investment in Associates

Investments in associates are accounted for using the equity method unless otherwise stated. Under the equity method of accounting, on initial recognition the investment in an associate is recognised at cost. The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit and 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.

Notes to the Consolidated Financial Statements

If an entity's share of losses of an associate equal or exceeds its interest in the associate, the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

1.2 Key accounting estimates and Judgements

The preparation of consolidated financial statements requires management of the Group to make judgements, estimates and assumptions that affect the reported assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed by management at each reporting date. Actual results could differ from these estimates. Any revision of these estimates is recognised prospectively in the current and future periods.

Following are the critical judgements and estimates:

1.2.1. 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

Research and development (R&D) expenses are fully charged to "Other expenses" in the consolidated statement of profit and loss in the period in which they are incurred. The Group considers that regulatory and other uncertainties inherent in the development of new products preclude the capitalization of internal development expenses as an intangible asset until marketing approval from a regulatory authority is obtained in a major market.

Payments made to third parties, such as contract research and development organizations in compensation for subcontracted R&D, that are deemed not to transfer intellectual property to Group are expensed as R&D expenses in the period in which they are incurred. Such payments are only capitalized if they meet the criteria for recognition of an internally generated intangible asset, usually when marketing approval has been received from a regulatory authority in a major market.

Payments made to third parties to in-license or acquire intellectual property rights, compounds and products, including initial upfront and subsequent milestone payments, are capitalized, as are payments for other assets, such as technologies to be used in R&D activities. If additional payments

Notes to the Consolidated Financial Statements

are made to the originator Company to continue performing R&D activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they are deemed to be compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to Group. Such additional payments will be capitalized if they are deemed to be compensation for the transfer of additional intellectual property developed at the risk of the originator Company. Subsequent internal R&D costs in relation to IPR&D and other assets are expensed, since the technical feasibility of the internal R&D activity can only be demonstrated by the receipt of marketing approval for a related product from a regulatory authority in a major market.

(iv) Provisions and contingent liabilities

The Group exercises judgement in determining if a particular matter is possible, probable or remote. The Group also exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated 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.

1.2.2 Estimates

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

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

(ii) Refund liabilities

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

At the time of recognising the refund liability, the Group also recognises an asset, (i.e., the right to the returned goods to the extent goods are saleable in market) which is included in inventories for the products expected to be returned and sold. The Group initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Group updates the measurement of the asset recorded

Notes to the Consolidated Financial Statements

for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(iii) Provision for chargeback, rebates and discounts

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

(iv) Shelf stock adjustments

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

(v) Inventories obsolescence

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

(vi) Expected credit loss

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

For this purpose, the Group follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances, contract assets and lease receivables. The application of simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables based on lifetime ECLs at each reporting date.

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

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

(vii) Accounting for defined benefit plans

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

(viii) Impairment of non-financial assets

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines

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a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets.

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

(ix) Fair value of financial instruments

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

1.3 Material Accounting Policies

1.3.1 Property, plant and equipment and Capital work-in-progress

(i) Recognition and measurement

Property, plant and equipment, is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes net of trade discounts, rebates and any directly attributable cost of bringing the item to its working condition for its intended use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Property, plant and equipment acquired in a business combination, other than common control combination, are recognised at fair value at the acquisition date. Property, plant and equipment acquired under common control combination are recognised at carrying value at the acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance cost are charged to the consolidated statement of profit and loss during the period in which they are incurred.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as 'Capital work-in-progress'. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under 'Other Non-Current Assets'.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

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.

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

(ii) Depreciation

Depreciation on property, plant and equipment (other than freehold land) is calculated on pro-rata on the straight line method based on the useful life of the assets as indicated under Part C of Schedule II of the Companies Act 2013 except for certain assets where management believes and based on the technical evaluation and assessment that the useful lives adopted by it best represent the period over which an asset is expected to be available for use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if

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expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate and adjusted prospectively.

The estimated useful lives are as follows:

Property, plant and equipment	Useful Life
Buildings – Factory and Administrative Buildings	25 to 40 years
Buildings – Ancillary structures	3 to 10 years
Plant and equipment	2 to 20 years
Furniture, fixtures and office equipment	3 to 10 years
Vehicles	4 to 8 years
Computers	3 years

(iii) De-recognition

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

1.3.2 Intangible assets

(i) Recognition and measurement

Intangible assets such as marketing intangibles, trademarks, technical know-how, brands, customer relationship, computer software, product related intangibles, distribution network and non – compete rights 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. 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 statement of profit and 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
Non-compete rights	5 years
Customer Relationships	4 years

The amortisation period and the amortisation method for intangible assets with a finite useful life

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are reviewed at each reporting date and adjusted prospectively, if appropriate.

The amortisation expense on intangible assets with finite life is recognised in the consolidated statement of profit and loss under the head depreciation, impairment and amortisation expense.

(vi) De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated profit and 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.

1.3.3 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 properties. Investment property is measured initially at its cost, including related transaction costs and borrowing costs where applicable. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

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.

1.3.4 Discontinued operations and Assets classified as held for sale

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

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

The results of discontinued operations are presented separately as a single amount as profit or loss after tax from discontinued operational in the consolidated statement of profit and loss.

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

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

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

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

1.3.5 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31st March.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are

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largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

An impairment loss is recognised in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than it's carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

1.3.6 Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are translated into respective functional currencies of Group Companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. 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. Foreign exchange gains and losses resulting from the translation are recognised in the consolidated statement of profit and loss except for foreign currency exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective.

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 statement of profit and loss and are recognised as part of the gain or loss on disposal.

1.3.7 Inventories

Inventories consists of raw materials and packing materials, stores, spares and consumables, work-in-progress, stock-in-trade and finished goods and are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Cost of inventories is determined on a weighted average basis.

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

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

Stores and spares are inventories that do not qualify to be recognised as property, plant and equipment and consists of consumables, engineering spares (such as machinery spare parts), which are used in operating

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machines or consumed as indirect materials in the manufacturing process.

1.3.8 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 expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is initially recognised as deferred income at fair value and subsequently are recognised in consolidated statement of profit and loss as other income on a systematic basis over the expected useful life of the related asset.

Export entitlement from government authority are recognised in the consolidated statement of profit and 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.

1.3.9 Revenue recognition

(i) Sale of products

Revenues are recorded in the amount of consideration to which the Group expects to be entitled in exchange for performance obligations upon transfer of control to the customer and is measured at the amount of transaction price allocated to that performance obligation. The transaction price of goods sold and services rendered is net of estimated incentives, returns, chargeback, rebates, sales tax and applicable trade discounts, allowances, Goods and Services Tax (GST) and amounts collected on behalf of third parties.

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. Variable consideration are estimated and accounted in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. The revenue for such variable consideration is included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. The Group estimates the amount of variable consideration using the expected value method or historical record of performance of similar contracts.

(ii) Sales by clearing and forwarding agents

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

(iii) Out-licensing arrangements

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more components, the Group accounts for the delivered item (for example, the transfer of title to the intangible asset) as a separate unit of accounting and record revenue upon delivery of that component, provided that the Group can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the balance period in which the Group has pending performance obligations.

Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, over the performance period depending on the terms of the contract. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other

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measures are recognised by reference to the underlying arrangement.

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 statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

(v) Profit sharing revenues

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

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

(vi) Contract balances

Contract assets - A Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities - A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

1.3.10 Other income (interest income, Dividend and Others)

(i) 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.

(ii) 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.

(iii) Others (other than interest and dividend income)

Other Income consists of rent income, insurance claim, vendor settlement income and 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.

1.3.11 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 and are measured on undiscounted basis. 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.

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(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 statement of profit and 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 USA subsidiaries contributions to the plan are at the discretion of the Board. Obligations for contributions to 401(k) plan are recognised as an employee benefits expense in consolidated statement of profit and loss as incurred.

For other foreign subsidiaries, contributions to defined contribution plans are charged to the consolidated profit and 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 Holding 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 Holding Company to manage the investments and distribute the amounts to employees at the time of separation from the Holding Company or retirement, whichever is earlier. This plan is a defined benefit obligation plan as the Company is obligated to provide its members a rate of return which should, at a minimum, meet the interest rate declared by the government-administered provident fund. A part of the Holding Company's contribution is transferred to the government-administered pension fund. The contributions made by the Holding Company and the shortfall of interest, if any, on the basis of an actuarial valuation are recognised as an expense in the consolidated statement of profit and 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 are calculated using projected unit credit method on the basis of actuarial valuation made by an independent actuary as at the reporting date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is included in retained earnings and will not be reclassified to the consolidated statement of profit and 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 statement of profit and loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit and 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.

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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 statement of profit and loss and are not deferred.

(v) Termination benefits

Termination benefits are recognised in the consolidated statement of profit and loss at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; or

(b) when the Group recognises costs for a restructuring that is within the scope of Ind AS 37: *Provisions, Contingent Liabilities and Contingent Assets* and involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value consolidated statement of profit and loss.

(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.

1.3.12 Share-based payments

a) Equity settled share based payment transactions

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

The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102-*Share-based Payment*. For share entitlement granted by the Group to its employees, the estimated fair value as determined on the date of grant, is charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the vesting period and assessment of performance conditions if any, with a corresponding increase in equity.

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

b) Cash settled share-based payment transactions

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

1.3.13 Taxes

Income tax expense comprises of current tax expense and deferred tax expense/benefit. Current and deferred taxes are recognised in the consolidated statement of profit and 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

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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.

The Group recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the respective group Company has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the respective group Company.

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 convincing evidence to the effect that the Group will pay normal income tax during the specified period.

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

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

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

Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the consolidated statement of changes in equity as part of the associated dividend payment.

(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.

1.3.14 Leases

The Group's lease asset classes primarily consist of leases for land, Plant and equipment, buildings and flats, vehicles and computers. The Group assesses whether a contract is or contains a lease, at the 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.

The right-of-use asset is a lessee's right to use an asset over the life of a lease. 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 arrangements in which it is a lessee, except for leases of low value assets. For these leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease

Notes to the Consolidated Financial Statements

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, if any. 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.

Lease liability is initially measured at the present value of future lease payments. Lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

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

1.3.15 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.

1.3.16 Provisions

Provisions are recognised when the Group has 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 a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for onerous contracts

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

1.3.17 Contingent liabilities and assets

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 Group 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. The Group does recognise a contingent liability but discloses its existence in the consolidated financial statements.

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.

1.3.18 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) Initial recognition and measurement

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

Notes to the Consolidated Financial Statements

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115 "*Revenue from Contracts with Customers*".

(b) Subsequent measurement

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

- The Group's business model for managing the financial asset ; and
- The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

a) Debt instruments at amortised cost;

b) Debt instruments at FVTOCI;

c) Debt instruments, derivatives and equity instruments at FVTPL; and

d) Equity instruments measured at FVTOCI.

(i) Debt instruments at amortised cost

A 'debt instrument' is subsequently measured at the amortised cost using the effective interest rate (EIR) method. 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 in Other Income in the profit and loss. The losses arising from impairment are recognised in the consolidated statement of profit and loss.

(ii) Debt instrument at fair value through other comprehensive income (FVTOCI)

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

(iii) Debt instrument at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all the changes in the consolidated statement of profit and loss.

(iv) Equity instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. 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, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments

Notes to the Consolidated Financial Statements

included within the FVTPL category are measured at fair value with all changes recognised in the consolidated statement of profit and loss.

(c) De-recognition

A financial asset is primarily derecognised (i.e. removed from the Group's consolidated Balance Sheet) when:

a) The contractual rights to receive cash flows from the asset have expired, or

b) The Group has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control 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.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(d) Impairment of financial assets (trade receivables and other financial assets)

In accordance with Ind AS 109, the Group applies expected credit loss (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. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset. 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) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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 including bank overdrafts and derivative financial instruments.

(b) Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(c) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial

Notes to the Consolidated Financial Statements

liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition and only if the criteria in Ind AS 109 are satisfied. For instruments not held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

(d) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the consolidated statement of profit and loss. After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. 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 statement of profit and loss.

(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 statement of profit and loss.

(iii) Derivative financial instruments

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Fair value hedges:

The Group uses derivative forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to consolidated statement of profit and loss.

Hedge accounting is discontinued when the group revokes the hedge relationship, the hedging instrument or hedged item expire or sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

Cash flow hedge:

The Group classifies its foreign exchange forward and currency options contracts and interest rate swaps that hedge foreign currency risk associated with highly probable forecasted as

Notes to the Consolidated Financial Statements

cash flow hedges and measures them at fair value. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit and 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 statement of profit and loss in the periods when the hedged item affects consolidated statement of profit and loss, in the same line as the recognised hedged item.

When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain/loss that was reported in equity are immediately reclassified to consolidated statement of profit and loss.

(iv) Financial guarantee contracts

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

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

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(v) Put option

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

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

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.

(vi) 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.

1.3.19 Business combinations

The Group accounts for business combinations using acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The Group has an option to apply a 'concentration test' that permits a simplified

Notes to the Consolidated Financial Statements

assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable assets or group of similar identifiable assets. 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, 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit and loss or OCI, as appropriate.

Any contingent consideration is measured at fair value at the date of acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. 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 and 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 are expensed as incurred.

Business Combination involving entities or businesses under common control is accounted for using the pooling of interest method.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.3.20 Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in consolidated statement of profit and loss in the notes forming part of the consolidated financial statements.

1.3.21 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group and its associates.

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Annexure 'A' to Note 1: List of Subsidiaries and Associates

Sr. No.	Name of the Entity	Country of Incorporation	% Ownership Interest As at 31st March, 2024	% Ownership Interest As at 31st March, 2023	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 Medpro South Africa (Pty) Limited	South Africa	100%	100%	15/07/2013
4	Cipla Holding B.V.	Netherlands	100%	100%	28/08/2013
5	Cipla Pharma and Life Sciences Limited	India	100%	100%	24/07/2014
6	Cipla (EU) Limited	United Kingdom	100%	100%	27/01/2011
7	Saba Investment Limited [1]	UAE	-	51%	02/10/2014
8	Jay Precision Pharmaceuticals Private Limited	India	60%	60%	26/02/2015
9	Cipla Health Limited	India	100%	100%	27/08/2015
10	Cipla Pharmaceuticals Limited	India	100%	100%	19/11/2019
11	Cipla Digital Health Limited	India	100%	100%	25/02/2022
b.	**Subsidiaries (held indirectly)**				
12	Cipla Australia Pty Limited	Australia	100%	100%	04/03/2011
13	Medispray Laboratories Private Limited	India	100%	100%	01/10/2010
14	Sitec Labs Limited	India	100%	100%	01/10/2010
15	Meditab Holdings Limited	Mauritius	100%	100%	01/10/2010
16	Cipla USA Inc.	USA	100%	100%	12/09/2012
17	Cipla Kenya Limited	Kenya	100%	100%	08/10/2012
18	Cipla Malaysia Sdn. Bhd.	Malaysia	100%	100%	20/03/2013
19	Cipla Europe NV	Belgium	100%	100%	30/09/2013
20	Cipla Quality Chemical Industries Limited [2]	Uganda	-	51.18%	20/11/2013
21	Actor Pharma (Pty) Limited [3]	South Africa	100%	-	07/02/2024
22	Mexicip S.A. de C.V. [4]	Mexico	100%	-	22/01/2024
23	Cipla Dibcare (Pty) Limited [5]	South Africa	100%	100%	15/07/2013
24	Cipla Medpro Manufacturing (Pty) Limited	South Africa	100%	100%	15/07/2013
25	Cipla-Medpro (Pty) Limited	South Africa	100%	100%	15/07/2013
26	Cipla-Medpro Distribution Centre (Pty) Limited	South Africa	100%	100%	15/07/2013
27	Cipla Medpro Holdings (Pty) Limited [15]	South Africa	-	-	15/07/2013
28	Cipla Medpro Botswana (Pty) Limited	Botswana	100%	100%	15/07/2013
29	Cipla Select (Pty) Limited	South Africa	100%	100%	15/07/2013
30	Medpro Pharmaceutica (Pty) Limited	South Africa	100%	100%	15/07/2013
31	Breathe Free Lanka (Private) Limited	Sri Lanka	100%	100%	16/06/2014
32	Cipla Medica Pharmaceutical and Chemical Industries Limited [1]	Yemen	-	50.49%	02/10/2014
33	Cipla Brasil Importadora E Distribuidora de Medicamentos Ltda.	Brazil	100%	100%	11/05/2015
34	Cipla Maroc SA [6]	Morocco	75.1%	60%	08/05/2015
35	Cipla Middle East Pharmaceuticals FZ-LLC [1]	UAE	-	51%	31/05/2015
36	Cipla Philippines Inc. [7]	Philippines	100%	100%	06/01/2016
37	InvaGen Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
38	Exelan Pharmaceuticals Inc.	USA	100%	100%	17/02/2016
39	Cipla Algérie	Algeria	40%	40%	06/06/2016
40	Cipla Technologies LLC [8]	USA	-	100%	13/11/2017
41	Cipla Gulf FZ-LLC	UAE	100%	100%	10/10/2018
42	Mirren (Pty) Ltd.	South Africa	100%	100%	22/10/2018
43	Madison Pharmaceuticals Inc. [9]	USA	-	100%	26/10/2018

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Sr. No.	Name of the Entity	Country of Incorporation	% Ownership Interest As at 31st March, 2024	% Ownership Interest As at 31st March, 2023	With effect from
44	Cipla Colombia SAS	Colombia	100%	100%	25/04/2019
45	Cipla (China) Pharmaceutical Co., Ltd.	China	100%	100%	20/05/2019
46	Cipla (Jiangsu) Pharmaceutical Co., Ltd.[10]	China	93.10%	88.89%	08/08/2019
47	Cipla Therapeutics Inc.	USA	100%	100%	15/05/2020
48	Aspergen Inc.	USA	60%	60%	30/08/2022
c.	**Associates (held directly)**				
49	AMPSolar Power Systems Private Limited	India	26%	26%	12/06/2019
50	GoApptiv Private Limited[11]	India	22.99%	22.02%	27/07/2020
51	AMP Energy Green Eleven Private Limited	India	32.49%	32.49%	08/02/2022
52	Clean Max Auriga Power LLP	India	33%	33%	14/12/2021
53	Achira Labs Private Limited	India	21.05%	21.05%	17/08/2022
d.	**Associates (held indirectly)**				
54	Stempeutics Research Private Limited	India	33.18%	33.18%	01/10/2010
55	Avenue Therapeutics, Inc.[12]	USA	-	-	08/02/2019
56	Brandmed (Pty) Limited	South Africa	30%	30%	24/04/2019
57	Iconphygital Private Limited	India	22.02%	22.02%	03/05/2021
58	Pactiv Healthcare Private Limited[13]	India	22.02%	-	26/07/2023
59	MKC Biotherapeutics Inc.[14]	USA	35.20%	-	27/02/2024
e.	**Other consolidating entities**				
60	Cipla Employee Stock Option Trust (Deregistered)	India	-	-	09/10/2015
61	Cipla Health Employee Stock Option Trust	India	100%	100%	14/03/2016
62	The Cipla Empowerment Trust	South Africa	100%	100%	30/06/2022

1. Ceased to be subsidiaries w.e.f. 29th September, 2023
2. Ceased to be a subsidiary w.e.f. 14th November, 2023
3. Equity stake acquired w.e.f. 07th February, 2024
4. Wholly owned subsidiaries incorporated w.e.f. 22nd January, 2024
5. In process of Liquidation
6. Additional stake of 15.1% acquired by Cipla (EU) Limited w.e.f. from 24th November, 2023
7. Under liquidation
8. Entity has been merged with Cipla USA Inc. w.e.f. 31st March, 2024
9. Dissolved w.e.f. 28th April, 2023
10. Additional capital infusion in Cipla (Jiangsu) Pharmaceutical Co., Ltd. through loan conversion w.e.f. 29th December, 2023
11. Stake increased from 22.02% to 22.99% w.e.f. 02nd February, 2024
12. Ceased to be an associate w.e.f. 11th October, 2022
13. Wholly owned subsidiary of GoApptiv Private Limited w.e.f. 26th July, 2023
14. Incorporated w.e.f. 27th February, 2024
15. Dissolved w.e.f. 25th August, 2022

Notes to the Consolidated Financial Statements

Note 2.1: (a) Property, plant and equipment

₹ in Crores

Particulars	Freehold land[iv]	Leasehold building improvements	Buildings and flats[i & iv]	Plant and Equipment	Furniture and fixtures	Office Equipment	Vehicles	Total
Gross carrying value								
As at 1st April, 2022	**83.23**	**270.11**	**2,593.26**	**5,811.14**	**155.74**	**99.15**	**13.23**	**9,025.86**
Additions for the year	5.33	3.11	59.98	418.37	10.05	13.41	5.13	515.38
Transfer to/from assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	-	(60.31)	(184.54)	(2.60)	1.92	(4.36)	(249.89)
Deletions and adjustments during the year	-	(1.87)	(11.49)	(126.30)	(5.25)	(6.31)	(4.45)	(155.67)
Foreign currency translations adjustments	1.10	0.67	16.97	11.44	1.39	1.10	(0.05)	32.62
As at 31st March, 2023	**89.66**	**272.02**	**2,598.41**	**5,930.11**	**159.33**	**109.27**	**9.50**	**9,168.30**
Additions through business combination (refer note 57)	-	-	-	0.39	1.25	0.18	0.12	1.94
Additions for the year	-	-	92.57	754.15	14.17	21.36	1.53	883.78
Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	-	(0.09)	(177.92)	(1.62)	(1.30)	-	(180.93)
Transfer to Investment property (refer note 3)	-	-	(64.49)	(0.77)	(0.92)	(1.22)	-	(67.40)
Deletions and adjustments during the year	-	-	(6.24)	(101.99)	(4.91)	2.73	(0.54)	(110.95)
Divestment of subsidiaries (refer note 58)	(8.09)	-	(82.37)	(92.34)	(3.74)	(0.37)	(0.73)	(187.64)
Foreign currency translations adjustments	0.17	(2.68)	(2.44)	(6.99)	0.23	0.45	(0.08)	(11.34)
As at 31st March, 2024	**81.74**	**269.34**	**2,535.35**	**6,304.64**	**163.79**	**131.10**	**9.80**	**9,495.76**
Accumulated depreciation and impairment								
As at 1st April, 2022	**-**	**161.36**	**526.28**	**3,318.85**	**96.40**	**77.12**	**7.06**	**4,187.07**
Depreciation charge for the year	-	16.33	87.24	497.72	12.27	7.61	1.88	623.05
Impairment charge for the year	-	-	0.43	3.83	0.01	-	-	4.27
Transfer to/from assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	-	(15.58)	(110.43)	(2.20)	1.90	1.35	(124.96)
Deletions and adjustments during the year	-	(1.87)	(0.01)	(106.33)	(4.63)	(5.50)	(4.31)	(122.65)
Foreign currency translations adjustments	-	(2.96)	5.80	12.97	0.97	1.16	(0.02)	17.92
As at 31st March, 2023	**-**	**172.86**	**604.16**	**3,616.61**	**102.82**	**82.29**	**5.96**	**4,584.70**
Depreciation charge for the year	-	15.54	82.83	495.39	11.53	8.87	1.92	616. 08
Impairment charge for the year	-	-	0.50	39.22	0.50	0.12	-	40.34
Additions through business combination (refer note 57)	-	-	-	0.35	1.23	0.16	0.12	1.86
Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	-	(0.06)	(131.98)	(1.19)	(1.18)	-	(134.41)
Transfer to Investment property (refer note 3)	-	-	(8.56)	(0.65)	(0.75)	(1.15)	-	(11.11)
Deletions and adjustments during the year	-	-	2.88	(78.95)	(3.59)	(0.15)	(0.50)	(80.31)
Divestment of subsidiaries (refer note 58)	-	-	(50.08)	(91.08)	(3.44)	(0.32)	(0.73)	(145.65)
Foreign currency translations adjustments	-	(3.01)	(0.68)	(13.96)	0.01	1.07	(1.11)	(17.68)
As at 31st March, 2024	**-**	**185.39**	**630.99**	**3,834.95**	**107.12**	**89.71**	**5.66**	**4,853.82**
Net carrying value as at 31st March, 2024	**81.74**	**83.95**	**1,904.36**	**2,469.69**	**56.67**	**41.39**	**4.14**	**4,641.94**
Net carrying value as at 31st March, 2023	**89.66**	**99.16**	**1,994.25**	**2,313.50**	**56.51**	**26.98**	**3.54**	**4,583.60**

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 equipment during the year includes ₹ 40.89 Crores (31st March, 2023: ₹ 26.48 Crores) used for research and development.

iii. The impairment charge for the year ₹ 40.34 Crores (31st March, 2023: ₹ 4.27 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. A notarial bond over all movable assets of ₹ 568.10 Crores (31st March, 2023: ₹ 600.28 Crores) has been held as security for short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Notes to the Consolidated Financial Statements

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**689.17**	**382.90**
Additions during the year	1,017.45	720.73
Deletions during the year	-	(0.08)
Capitalised during the year	(820.21)	(404.81)
Impairment during the year [i]	(13.34)	(4.54)
Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	(2.44)	(6.54)
Foreign currency translations adjustments	(6.31)	1.51
Closing balance	**864.32**	**689.17**

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, 2024:

₹ 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	585.62	217.43	21.52	39.75	864.32
Projects temporarily suspended	-	-	-	-	-
Total	**585.62**	**217.43**	**21.52**	**39.75**	**864.32**

The table below provides details regarding the capital work-in-progress ageing schedule as of 31st March, 2023:

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	495.27	90.16	69.17	34.57	689.17
Projects temporarily suspended	-	-	-	-	-
Total	**495.27**	**90.16**	**69.17**	**34.57**	**689.17**

iii. CWIP completion schedule

There are no projects under capital work-in-progress, whose completion is either overdue or has exceeded its cost compared to its original plan as on 31st March, 2024 and 31st March, 2023.

iv. Capital work-in-progress includes :

a) ₹ 8.88 Crores (31st March, 2023: ₹ 25.97 Crores) on account of Project Development Expenditure.

v. For projects which are under legal proceedings as at 31st March, 2024 and 31st March, 2023 - Refer note 45

Notes to the Consolidated Financial Statements

Note 2.2: Right-of-use assets

Where Group is lessee:

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

₹ in Crores

Particulars	Category of ROU asset					
	Land	Buildings and Flats	Computers	Plant and Equipment	Vehicles	Total
Balance recognised as at 1st April, 2022	**135.83**	**187.76**	**1.47**	**-**	**0.55**	**325.61**
Additions during the year	42.08	145.79	-	0.42	-	188.29
Deletions, modifications and adjustments during the year	(8.25)	(16.37)	-	-	-	(24.62)
Depreciation charge for the year	(4.34)	(74.91)	(1.34)	(0.02)	-	(80.61)
Translation difference	0.17	3.47	-	-	-	3.64
Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	(4.58)	-	-	-	(0.55)	(5.13)
Balance as at 31st March, 2023	**160.91**	**245.74**	**0.13**	**0.40**	**-**	**407.18**
Additions during the year	0.19	109.07	-	-	-	109.26
Deletions, modifications and adjustments during the year	-	(1.29)	-	-	-	(1.29)
Depreciation charge for the year	(4.53)	(80.45)	(0.13)	(0.04)	-	(85.15)
Translation difference	(0.64)	(2.33)	-	-	-	(2.97)
Balance as at 31st March, 2024	**155.93**	**270.74**	**-**	**0.36**	**-**	**427.03**

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 3.5% to 12.45% (31st March, 2023: 4% to 14%).

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current lease liabilities	86.97	73.94
Non-current lease liabilities	225.42	208.82
Total	**312.39**	**282.76**

The following is the movement in lease liabilities:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**282.76**	**231.64**
Additions during the year	109.07	181.91
Deletions, modifications and adjustments during the year	(1.33)	(0.93)
Finance cost accrued during the year (refer note 37)	21.11	19.29
Payment of lease liabilities (outflow)	(97.94)	(152.98)
Transfer to liabilities of disposal group classified as held for sale {refer note 2.3 (b)}	-	(0.26)
Translation difference	(1.28)	4.09
Closing balance	**312.39**	**282.76**

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Less than one year	96.28	83.44
One to five years	215.39	169.89
More than five years	103.96	121.96
Sub-total	**415.63**	**375.29**
Less: Financial component	(103.24)	(92.53)
Total	**312.39**	**282.76**

Notes to the Consolidated Financial Statements

Note 2.2: Right-of-use assets (Contd..)

Right-of-use assets	Range of remaining term	
	As at 31st March, 2024	As at 31st March, 2023
Land	5 to 95 years	7 to 96 years
Buildings and Flats	0 to 10 years	1 to 11 years
Computers	-	1 year
Plant and Equipment	9 years	10 years
Vehicles	-	0 to 1 year

Rental expense recorded for short-term and low-value leases was ₹ 92.65 Crores for the year ended 31st March, 2024 (31st March, 2023: ₹ 86.86 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.

Where Group is lessor -

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

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

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Property, plant and equipment*	46.52	140.59
Right-of-use assets*	-	5.19
Intangible assets*	-	1.97
Capital work-in-progress	2.44	6.59
Goodwill	-	17.99
Inventories	-	143.95
Trade receivables (net)	-	97.30
Cash and cash equivalents	-	23.57
Income tax assets (net)	-	4.48
Other assets	-	28.26
Total	**48.96**	**469.89**

* net of accumulated depreciation and amortisation

Note 2.3: (b) Liabilities of disposal group classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current borrowings	-	11.78
Trade payables	-	25.11
Deferred tax liabilities	-	11.15

Note 2.3: (b) Liabilities of disposal group classified as held for sale (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Lease liabilities	-	0.26
Other liabilities	-	28.10
Total	**-**	**76.40**

i. During the current year, the Holding Company committed to plan to sell part of manufacturing facility at Goa. Accordingly, part of that facility is presented as a disposal group held for sale. Efforts to sell the disposal group is ongoing and expected to complete by March, 2025.

Impairment losses relating to disposal group:-

Impairment loss of ₹ 43.12 Crores for write down of the disposal group to the lower of its carrying value and its fair value less cost to sell have been recognised in "Depreciation, Impairment and Amortisation expense".

ii. During the previous year, the Company and its wholly owned subsidiaries, Cipla (EU) Limited and Meditab Holdings Limited, have entered into a Share Purchase Agreement ("SPA") for sale of 51.18% stake held in Cipla Quality Chemical Industries Limited (CQCIL), Uganda ("Disposal Group"). Accordingly, assets and liabilities of CQCIL are classified as "held for sale/disposal group" as per the provisions of "Ind AS 105 – *Non-current assets held for sale and discontinued operations*" at fair value and recognized goodwill impairment loss of ₹ 39.44 Crores. The transaction has been completed in the current year.

Refer note 22 for standalone financial information of Disposal group (CQCIL).

Note 3: Investment properties

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Gross carrying value		
Opening balance	**71.83**	**72.06**
Transfer from property, plant and equipment (refer note 2.1 {a})	67.40	-
Disposals and other adjustment during the year	-	(0.23)
Closing balance	**139.23**	**71.83**
Accumulated depreciation		
Opening balance	**12.00**	**10.64**
Transfer from property, plant and equipment (refer note 2.1 {a})	11.11	-
Depreciation for the year (refer note 38)	2.51	1.36
Closing balance	**25.62**	**12.00**
Net carrying value	**113.61**	**59.83**
Fair Value	**179.20**	**87.36**

Notes to the Consolidated Financial Statements

Note 3: Investment properties (Contd..)

Rental income recognised in profit or loss for investment properties aggregates to ₹ 12.97 Crores (31st March, 2023: ₹ 7.88 Crores). Total direct operating expenses from property that generated rental income and that did not generated rental income aggregates to ₹ 0.69 Crores (31st March, 2023: ₹ 0.35 Crores)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Income-generating property	0.69	0.35
Vacant property	-	-

During the current year, a building was transferred from Property, plant and equipment because it was not used to the full capacity by the Company and it was decided that the building would be leased to third party.

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.

Minimum lease payments receivable on leases of investment properties are as follows:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Less than one year	12.52	1.21
One to five years	57.08	-
More than five years	-	-
Total	**69.60**	**1.21**

Note 4: Goodwill

Movement in Goodwill during the year ended:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**2,983.86**	**3,137.93**
Impairment loss {refer note 39(b)}	-	(182.42)
Recognised on acquisition of subsidiary (refer note below)	147.37	-
Assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	(17.99)
Foreign currency translation adjustments	(19.19)	46.34
Closing balance	**3,112.04**	**2,983.86**

Note 4: Goodwill (Contd..)

For impairment testing, goodwill is allocated to the cash generating units (CGUs) which represents the lowest level within the group at which goodwill is monitored for internal management purposes.

Goodwill acquired in business combination, is allocated to the following CGUs that are expected to benefit from that business combination:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
United States of America	2,018.10	1,988.21
South Africa (refer note 57)	1,015.54	917.35
India	75.46	75.46
Uganda (refer note below)	-	17.99
Others	2.94	2.84
	3,112.04	**3,001.85**
Less: Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	(17.99)
Total	**3,112.04**	**2,983.86**

The Group's goodwill on consolidation is tested for impairment annually or more frequently if there are indications that goodwill might be impaired.

Current year :

Goodwill recognized during the year amounting to ₹ 147.37 Crores relates to acquisition of Actor Pharma (Pty.) Limited by Cipla Medpro South Africa (Pty.) Ltd., a wholly owned subsidiary of the Holding Company (refer note 57).

Previous year :

a. Assets and liabilities of CQCIL are classified as 'held for sale' as per the provisions of "Ind AS 105 – *Non-Current Assets Held for Sale and Discontinued Operations*" at fair value and recognized goodwill impairment loss of ₹ 39.44 Crores in the Consolidated Financial statements under "Exceptional Item".

b. As part of impairment assessment, the Group has identified that, in respect of Yemen Cash Generating Unit, on account of change in local regulations, business model change and market dynamics, the current recoverable amount would be less than the current carrying amount and hence, recognized goodwill impairment loss of ₹ 142.98 Crores in the Consolidated Financial statements under "Exceptional Item".

   The recoverable amounts of the above cash generating units have been assessed using a value in use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

Notes to the Consolidated Financial Statements

Note 4: Goodwill (Contd..)

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

a) The Group prepares its cash flow forecast for five years based on management's projections.

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 2% to 7.30% (31st March, 2023: 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 30% as at 31st March, 2024 (31st March, 2023: 0% to 36%)

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 12% to 15.50% as at 31st March, 2024 (31st March, 2023: 11% to 26%).

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, Patents and Copyrights	Brands	Non Compete	Customer Relationships	Total
Gross carrying value									
As at 1st April, 2022	**274.27**	**3,319.62**	**8.71**	**684.09**	**20.55**	**99.42**	**-**	**-**	**4,406.66**
Additions for the year (acquired separately)	16.40	205.57	6.05	75.80	0.98	0.11	-	-	304.91
Deletions and adjustments for the year	(1.31)	(27.23)	-	(0.39)	-	-	-	-	(28.93)
Foreign currency translations adjustments	(1.78)	99.02	0.34	(55.91)	(1.15)	2.77	-	-	43.29
Transfer to asset held for sale	(15.88)	(219.02)	-	-	-	-	-	-	(234.90)
As at 31st March, 2023	**271.70**	**3,377.96**	**15.10**	**703.59**	**20.38**	**102.30**	**-**	**-**	**4,491.03**
Acquisition through business combinations (refer note 57)	-	-	-	-	-	227.76	11.50	43.20	282.46
Additions for the year (acquired separately)	15.36	176.19	-	46.42	-	-	-	-	237.97
Deletions and adjustments for the year	7.22	-	-	(0.63)	(8.79)	-	-	-	(2.20)
Foreign currency translations adjustments	(1.04)	2.17	0.07	(22.24)	(0.57)	0.54	-	-	(21.07)
Divestment of Subsidiaries (refer note 58)	-	(63.51)	(4.46)	-	-	(36.28)	-	-	(104.25)

Notes to the Consolidated Financial Statements

Note 5: Intangible assets (Contd..)

₹ in Crores

Particulars	Software	Marketing intangibles	Technical know-how	Trademarks	Licences, Patents and Copyrights	Brands	Non Compete	Customer Relationships	Total
As at 31st March, 2024	**293.24**	**3,492.81**	**10.71**	**727.14**	**11.02**	**294.32**	**11.50**	**43.20**	**4,883.94**
Accumulated amortisation and impairment									
As at 1st April, 2022	**240.17**	**2,424.47**	**8.71**	**355.21**	**18.63**	**39.89**	**-**	**-**	**3,087.08**
Amortisation charge for the year	27.38	219.46	0.79	50.49	0.13	15.92	-	-	314.17
Impairment charge for the year	-	103.81	-	1.31	-	-	-	-	105.12
Deletions and adjustments for the year	(0.94)	(8.79)	-	(0.07)	-	-	-	-	(9.80)
Foreign currency translations adjustments	(1.21)	136.08	0.33	(34.08)	(0.73)	0.99	-	-	101.38
Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	(13.91)	(219.02)	-	-	-	-	-	-	(232.93)
As at 31st March, 2023	**251.49**	**2,656.01**	**9.83**	**372.86**	**18.03**	**56.80**	**-**	**-**	**3,365.02**
Amortisation charge for the year	15.23	152.46	1.21	47.93	2.78	16.57	0.42	1.27	237.87
Impairment charge for the year (refer note 5.1)	-	53.23	-	-	-	-	-	-	53.23
Deletions and adjustments for the year	7.93	0.07	-	0.51	(9.58)	-	-	-	(1.07)
Foreign currency translations adjustments	(1.60)	22.05	0.07	(14.67)	(0.60)	0.29	-	(0.01)	5.53
Divestment of Subsidiaries (refer note 58)	-	(63.51)	(4.46)	-	-	(21.27)	-	-	(89.24)
Balance as at 31st March, 2024	**273.05**	**2,820.31**	**6.65**	**406.63**	**10.63**	**52.39**	**0.42**	**1.26**	**3,571.34**
Net carrying value as at 31st March, 2024	**20.19**	**672.50**	**4.06**	**320.51**	**0.39**	**241.93**	**11.08**	**41.94**	**1,312.60**
Net carrying value as at 31st March, 2023	**20.21**	**721.95**	**5.27**	**330.73**	**2.35**	**45.50**	**-**	**-**	**1,126.01**

i. The Group has not revalued its intangible assets.

Intangible assets under development

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	**404.13**	**383.28**
Additions during the year	268.61	224.69
Capitalised during the year	(202.13)	(186.53)
Impairment charge during the year	(2.50)	(38.99)
Exceptional item: refer note 39(b)	(183.19)	-
Foreign currency translations adjustments	3.48	21.68
Closing balance	**288.40**	**404.13**

Note 5.1: Impairment charge during the year

Due to change in market conditions and dynamics for certain products, the carrying amount of certain intangible assets and intangible assets under development relating to US generics, Emerging market and Europe business, the Group has recorded an impairment charge of ₹ 238.92 Crores (31st March, 2023: ₹ 144.11 Crores) in consolidated profit and loss. (refer note 39 (b)).

Notes to the Consolidated Financial Statements

Note 5.2: Acquisition/capitalisation of intangibles

a) Significant acquisitions/capitalisation during current year

Product	Group Entity	Date of agreement/ completion/launch date	₹ in Crores	Type of deal
Galvus	Cipla Limited	10th April, 2023	77.00	Acquisition of Galvus from Novartis
Lurasidone	InvaGen Pharmaceuticals Inc.	30th September, 2023	45.73	Product launched which was acquired with InvaGen Pharmaceuticals Inc.
Mexohar	Cipla Limited	31st March, 2024	32.07	Acquisition of Trademark - Mexohar

b) Significant acquisitions/capitalisation during previous year

Product	Group Entity	Date of agreement/ completion/launch date	₹ in Crores	Type of deal
Leuprolide	Cipla USA Inc.	30th November, 2022	100.71	Acquisition of Distribution rights for US Market
Endura Mass	Cipla Health Limited	13th July, 2022	78.51	Acquisition of Brand - Endura Mass

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

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

As at 31st March, 2024 and 31st March, 2023, the fair value of the contingent consideration was assessed as ₹ Nil in respect of acquired intangibles as the sales targets are not probable and estimable. Determination of the fair value as at balance sheet date is based on discounted cash flow method. Contingent consideration is arrived at, basis weighted average probability approach of achieving various financial and non-financial performance targets. Basis the future projections and the performance of the products, the contingent consideration is subject to revision on a yearly basis.

Note 5.3: Intangible assets under development ageing

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st March, 2024:

₹ 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	140.08	53.72	43.05	51.55	288.40
Projects temporarily suspended	-	-	-	-	-
Total	**140.08**	**53.72**	**43.05**	**51.55**	**288.40**

The table below provides details regarding the Intangible assets under development ageing schedule as of 31st March, 2023:

₹ in Crores

Particulars	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	62.33	42.45	20.45	278.90	404.13
Projects temporarily suspended	-	-	-	-	-
Total	**62.33**	**42.45**	**20.45**	**278.90**	**404.13**

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, 2024 and 31st March, 2023.

Notes to the Consolidated Financial Statements

Note 6: Investment in associates

₹ in Crores

Particulars	As at 31st March, 2024 No.(s)/%	As at 31st March, 2024	As at 31st March, 2023 No.(s)/%	As at 31st March, 2023
Carrying amount determined using equity method of accounting				
A. Investments in unquoted equity instruments				
Equity shares of Brandmed (Pty) Limited, fully paid	375	19.83	375	22.09
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[$]	13,449	20.10	11,545	11.94
Equity shares of Achira Labs Private Limited of ₹ 1 each, fully paid[&]	1,04,074	0.86	1,04,074	1.02
Equity shares of AMPSolar Power Systems Private Limited of ₹ 10 each, fully paid	1,01,800	0.01	1,01,800	0.01
Equity shares of AMP Energy Green Eleven Private Limited of ₹ 10 each, fully paid	7,50,000	0.08	7,50,000	0.07
B. Investments in compulsory convertible preference shares (CCPS)				
0.001% CCPS of GoApptiv Private Limited of ₹ 10 each, fully paid[$]	47,121	59.85	37,595	24.85
CCPS of Achira Labs Private Limited of ₹ 10 each, fully paid	10,32,949	21.51	10,32,949	23.00
C. Investments in debentures				
0.01% Compulsory Convertible Debentures of AMPSolar Power Systems Private Limited of ₹ 1,000 each, fully paid	1,00,742	0.99	1,00,742	0.89
0.01% Compulsory Convertible Debentures of AMP Energy Green Eleven Private Limited of ₹ 1,000 each, fully paid	67,500	0.68	67,500	0.62
D. Investment in Limited Liability Partnership (LLP)				
Clean Max Auriga Power LLP	33%	6.14	33%	6.41
		130.05		**90.90**
Aggregate amount of unquoted investments		130.05		90.90
Aggregate amount of impairment in value of investments		-		-

Notes for changes in current year:

[$] The Holding Company, on 14th December, 2023 has entered into a definitive agreement for acquisition of additional stake in GoApptiv Private Limited for a total consideration of ₹ 42 Crores leading to cumulative holding of 22.99% stake on fully diluted basis effective from 2nd February, 2024.

Notes for changes in previous year:

[&] On 17th June, 2022, the Holding Company has entered into a definitive agreement for acquisition of 21.05% stake on fully diluted basis for a total consideration of ₹ 25 Crores.

[$] On 27th June, 2022, the Holding Company has entered into a definitive agreement for acquisition of additional stake for a total consideration of ₹ 25.90 Crores leading to cumulative holding of 22.02% stake on fully diluted basis.

[%] As mentioned in the accounting policies for associate, the Group's share of losses of the Company (an associate) exceeds its interest in the associate and hence the Group has discontinued recognising its share of further losses.

Standalone financial information of associates :

₹ in Crores

Particulars	Place of Business	% of Ownership interest		Accounting Method	Quoted fair value		Carrying value	
		31st March, 2024	31st March, 2023		31st March, 2024	31st March, 2023	31st March, 2024	31st March, 2023
Material associates :								
GoApptiv Private Limited[1]	India	22.99%	22.02%	Equity	-*	-*	79.95	36.79
Other immaterial associates (refer note below)							50.10	54.11
							130.05	**90.90**

* Unlisted entity- no quoted price available.

1. GoApptiv Private Limited is an India based start-up providing end to end business solutions for healthcare companies to commercialise and improve access of healthcare product reach in tier 2-6 geographies through engagement with all stakeholders in the value chain leveraging proprietary technology platforms and physical reach.

Notes to the Consolidated Financial Statements

Note 6: Investment in associates (Contd..)

Movement of investment in associates

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance	36.79	10.74
Addition during the year	42.00	25.90
Deletion during the year	-	(24.40)
Profit/(loss) for the year	1.16	0.15
Translation adjustment arising out of translation of foreign currency balances	-	(1.37)
Reversal of impairment/(impairment charge)	-	25.77
Aggregate carrying amount of individually material associates	**79.95**	**36.79**
Opening balance	54.11	35.07
Addition/unwinding during the year	(0.10)	24.88
Profit/(loss) for the year	(2.75)	(2.75)
Other comprehensive income	-	-
Translation adjustment arising out of translation of foreign currency balances	(1.16)	(3.09)
Aggregate carrying amount of individually immaterial associates	**50.10**	**54.11**

Note 6: Investment in associates (Contd..)

GoApptiv Private Limited

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Current assets	494.91	267.75
Non-current assets	22.53	7.42
Current liabilities	(239.34)	(149.65)
Non-current liabilities	(7.08)	(0.39)
Equity	**271.02**	**125.13**
Group ownership	22.99%	22.02%
Equity proportion of the Group ownership	62.31	27.55
Goodwill	17.64	9.24
Carrying amount of the investment	79.95	36.79

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Revenue from operations	1,137.77	866.81
Profit/(loss) for the year	5.05	7.93
Total comprehensive income for the year	**5.05**	**7.93**
Group's share of profit/(loss) for the year	1.16	0.15

Note 7: Non-current financial assets - other investments

₹ in Crores

Particulars	Face value	As at 31st March, 2024 %	As at 31st March, 2023 %	As at 31st March, 2024 No.(s)	As at 31st March, 2023 No.(s)	As at 31st March, 2024	As at 31st March, 2023
Unquoted investments							
I. Equity Investments							
A. Investments carried 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	341.85	287.74
Equity interest in Wellthy Therapeutics Private Limited$	₹ 10	-	9.93%	-	Equity shares-10 SSE CCPS-5,32,121	-	17.17
Equity interest in Swasth Digital Health Foundation	₹ 100	4.00%	4.00%	5,000	5,000	0.05	0.05
Equity interest in Ethris GmBH+	€ 1	10.35%	10.35%	9,939	9,939	134.26	136.03
B. Equity investment carried at fair value through profit or loss							
Equity shares of Saraswat Co-operative Bank Limited, fully paid ₹ 10,000 (31st March, 2023: ₹ 10,000)	₹ 10	-	-	1,000	1,000	0.00	0.00

Notes to the Consolidated Financial Statements

Note 7: Non-current financial assets - other investments (Contd..)

₹ in Crores

Particulars	Face value	As at 31st March, 2024 %	As at 31st March, 2023 %	As at 31st March, 2024 No.(s)	As at 31st March, 2023 No.(s)	As at 31st March, 2024	As at 31st March, 2023
II. Other Investments							
A. Investment in Venture Funds carried at fair value through OCI							
Alkemi Venture Fund#		-	-	-	-	3.66	-
Early spring fund#		-	-	-	-	2.62	-
B. Investments in Limited Liability Partnership at fair value through OCI							
ABCD Technologies LLP		6.45%	6.45%			29.72	40.63
C. Investment in government securities carried at amortised cost							
National saving certificates ₹ 41,000 (31st March, 2023: ₹ 41,000)						0.00	0.00
						512.16	**481.62**
Aggregate amount of unquoted investments*						512.16	481.62
Aggregate amount of impairment in value of investments						-	-

Notes for changes in current year:

$ Pursuant to the definitive agreement executed on 6th March, 2024, Goldencross Pharma Limited ("Goldencross"), a wholly owned subsidiary of Cipla Limited, have sold of its entire shareholding in Wellthy Therapeutics Private Limited ("Wellthy") on the fair value on date of agreement for a total consideration of ₹ 0.60 Crores. Accordingly, the fair value loss during the year have been recorded in the OCI. Considering the complete stake has been sold off, an amount of ₹ 9.90 Crores to the extent of the net reserve created on loss on such equity investments has been transferred from fair value through other comprehensive income to retained earnings.

During the year, the Holding Company has entered into a contribution agreement with Alkemi Venture Fund and Early Spring Fund, committing upto lower of ₹ 33.10 Crores or 10% and ₹ 32.80 Crores or 10% of the total capital commitment of the Funds at the final closing date, respectively. The capital commitment need to be paid by the Holding Company upon receiving a drawdown notice from the investment manager. These investments are accounted as fair value through other comprehensive income (FVTOCI) in accordance with Group's election under '*Ind AS 109 - Financial Instruments*'.

Notes for changes in previous year:

+ Cipla (EU) Limited, a wholly owned subsidiary of Cipla Limited, has acquired a stake of 10.35% of the registered share capital of Ethris GmbH for a total consideration of EUR 15 Million pursuant to Investment agreement dated 21st January, 2022. The investment is accounted as fair value through other comprehensive income (FVTOCI) as per Group's election in accordance with '*Ind AS 109 - Financial Instruments*'.

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

Note 8: Non-current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Loan to Associate (including interest accrued) (refer note 48)	16.98	-
	16.98	**-**

Notes to the Consolidated Financial Statements

Note 9: Non-current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Margin deposits*	5.86	4.35
Fixed Deposits with banks (having remaining maturity more than 12 months)	410.85	1.02
Capital subsidy receivable	-	30.26
Security deposit	75.20	56.04
Fair value of derivative designated as Hedge - FVOCI		
- Forward contracts	0.11	-
Fair value of derivative not designated as Hedge - FVTPL		
- Forward contracts	5.81	-
- Currency Swaps	2.39	-
Amount recoverable from supplier	8.34	7.65
	508.56	**99.32**

*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, 2024 and 31st March, 2023 are:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(A) Profit or loss section		
Current income tax charge	1,696.84	1,264.77
MAT credit utilisation/entitlement	1.33	0.98
Adjustment in respect of deferred tax charge of previous year	6.15	12.73
Deferred tax credit/reversal on account of temporary differences	(157.73)	(75.62)
	1,546.59	**1,202.86**
(B) Other comprehensive income section		
Income tax relating to re-measurements on defined benefit plans	28.03	3.51
Income tax relating to changes in fair value of equity instruments	(0.35)	(1.44)
Income tax relating to cash flow hedge	(1.06)	(2.36)
	26.62	**(0.29)**

Reconciliation of tax expense and the profit multiplied by tax rate applicable to respective tax jurisdiction for 31st March, 2024 and 31st March, 2023:

₹ in Crores

Particulars	For the year ended 31st March, 2024		For the year ended 31st March, 2023	
	%	Amount	%	Amount
Profit before tax		**5,701.90**		**4,038.35**
At Income tax rates applicable to respective tax jurisdiction	25.64%	1,462.00	25.54%	1,031.26
Effect for:				
Prior year adjustments to deferred tax	0.10%	6.15	0.32%	12.73
Impairment of Goodwill (refer note 4)	-	-	1.03%	41.90
Non-deductible expenses for tax purposes	1.65%	93.89	2.59%	104.56
Deferred tax not recognised (net)	0.02%	0.88	-	-
Utilisation of previously un-recognised DTA and MAT credit	(0.05%)	(2.51)	(0.63%)	(25.53)
Reversal of previously recognised deferred tax asset (refer note 3 below)	0.18%	10.00	1.88%	76.00
Impairment of Investment in Associate	-	-	(0.14%)	(5.83)
Others	(0.42%)	(23.82)	(0.80%)	(32.23)
Effective income tax rate/Income tax expense reported in the profit or loss	**27.12%**	**1,546.59**	**29.79%**	**1,202.86**

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.

Notes to the Consolidated Financial Statements

Note 10: Income taxes (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Unabsorbed depreciation and business loss	733.94	623.68
Capital losses	937.97	390.74
MAT credit not recognised (refer below note 3)	11.44	13.95
Total	**1,683.35**	**1,028.37**

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:

Details of expiration of unused tax losses as at 31st March, 2024

₹ in Crores

Financial Year	Tax losses
2024-25	125.86
2025-26	97.56
2026-27	26.33
2027-28	71.69
2028-29	44.46
Thereafter	1,317.45
Total	**1,683.35**

Details of expiration of unused tax losses as at 31st March, 2023

₹ in Crores

Financial Year	Tax losses
2023-24	89.34
2024-25	175.22

Note 10: Income taxes (Contd..)

₹ in Crores

Financial Year	Tax losses
2025-26	120.11
2026-27	65.31
2027-28	38.87
Thereafter	539.52
Total	**1,028.37**

Uncertain tax position:

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

The Group has disclosed amount of ₹ 20.22 Crores (31st March, 2023: ₹ 20.52 Crores) as contingent liability, in respect of tax demands which are being contested by it based on the management evaluation and advice of tax consultants as the management believes that the ultimate tax determination is uncertain due to various tax positions taken by adjudicating authorities in the past.

The 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 ₹ 3,167.49 Crores (31st March, 2023: ₹ 2,537.47 Crores).

Deferred tax:

Movement in deferred tax assets and liabilities during the year ended 31st March, 2024:

₹ in Crores

Particulars	As at 1st April, 2023	Recognised in Profit or loss	Recognised in Other Comprehensive Income	Acquired in business combinations (refer note 57)	Transfer to Held for sale/ disposal group (refer note 2.3)	Foreign currency translation	As at 31st March, 2024
Property, plant and equipment and intangible assets	(502.29)	113.98	-	(75.59)	-	(20.14)	(484.04)
Employee benefits expense	78.58	13.78	28.03	-	-	(0.24)	120.15
Others*	291.69	(1.87)	(1.41)	-	-	26.64	315.05
Allowance for credit loss	32.57	1.35	-	-	-	(0.08)	33.84
Deferred revenue	9.89	(1.78)	-	-	-	-	8.11
Provision for right of return, discounts and others	259.55	52.73	-	-	-	2.54	314.82

Notes to the Consolidated Financial Statements

Note 10: Income taxes (Contd..)

₹ in Crores

Particulars	As at 1st April, 2023	Recognised in Profit or loss	Recognised in Other Comprehensive Income	Acquired in business combinations (refer note 57)	Transfer to Held for sale/ disposal group (refer note 2.3)	Foreign currency translation	As at 31st March, 2024
Losses available for offsetting against future taxable income (refer note below)	120.25	(26.61)	-	-	-	(0.75)	92.89
MAT credit entitlement/utilised	3.02	(1.33)	-	-	-	-	1.69
Deferred tax assets/(liabilities) (net)	**293.26**	**150.25**	**26.62**	**(75.59)**	**-**	**7.97**	**402.51**
Deferred tax assets	456.54						587.80
Deferred tax liabilities	(163.28)						(185.29)
Total	**293.26**						**402.51**

*Others includes unrealised margins, provision for claims – DPCO, Hedge reserve, etc.

Movement in deferred tax assets and liabilities during the year ended 31st March, 2023:

₹ in Crores

Particulars	As at 1st April, 2022	Recognised in Profit or loss	Recognised in Other comprehensive income	Acquired in business combinations	Transfer to Held for sale/ disposal group (refer note 2.3)	Foreign currency translation	As at 31st March, 2023
Property, plant and equipment and intangible assets	(613.28)	75.97	-	-	15.33	19.69	(502.29)
Employee benefits expense	79.84	(3.47)	3.51	-	(1.24)	(0.06)	78.58
Others*	272.77	31.64	(3.80)	-	4.69	(13.61)	291.69
Allowance for credit loss	48.30	(8.11)	-	-	(7.66)	0.04	32.57
Deferred revenue	11.67	(1.78)	-	-	-	-	9.89
Provision for right of return, discounts and others	200.19	49.41	-	-	0.03	9.92	259.55
Losses available for offsetting against future taxable income (refer note below)	201.38	(80.77)	-	-	-	(0.36)	120.25
MAT credit entitlement/utilised	4.00	(0.98)	-	-	-	-	3.02
Deferred tax assets/(liabilities) (net)	**204.87**	**61.91**	**(0.29)**	**-**	**11.15**	**15.62**	**293.26**
Deferred tax assets	448.83						456.54
Deferred tax liabilities	(243.96)						(163.28)
Total	**204.87**						**293.26**

*Others includes unrealised margins, provision for claims – DPCO, Hedge reserve, etc.

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 ₹ 55.10 Crores as at 31st March, 2024 (31st March, 2023: ₹ 82.07 Crores)

2. During the year, based on the reasonable evidence available for a year, Goldencross Pharma Limited, a wholly owned subsidiary has recognised ₹ 2.51 Crores (31st March, 2023: ₹ Nil) of unrecognised MAT credit.

3. During the previous year, the Group has de-recognised deferred tax assets of ₹ 76 Crores on operating tax losses and timing differences, pertaining to Cipla Pharma and Life Sciences Limited (CPLS) pursuant to the Board decision at its meeting held on 4th November, 2022, for not proceeding with the proposed transfer, considering various factors including the current operating environment.

Tax assets and liabilities :

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Income tax assets (net)	463.67	548.00
Income tax liabilities (net)	22.03	16.58

Notes to the Consolidated Financial Statements

Note 11: Other non-current assets

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good, except otherwise stated)		
Capital advances		
Secured*	6.37	0.69
Unsecured	231.45	201.98
Advances other than Capital advances		
Prepaid expenses	22.91	24.75
VAT receivable	36.52	30.75
	297.25	**258.17**

* Secured against bank guarantees

Note 12: Inventories

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Lower of cost or net realisable value)		
Raw materials and packing materials	1,683.34	1,684.92
Work-in-progress	815.90	863.62
Finished goods	1,491.00	1,598.73
Stock-in-trade	1,137.73	1,045.31
Stores, spares and consumables	109.98	107.80
Less: Transfer to assets of disposal group classified as held for sale {refer note 2.3 (a)}	-	(143.95)
	5,237.95	**5,156.43**

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Goods-in-transit (including assets classified as held for sale) included above		
Raw materials and packing materials	63.87	69.09
Work-in-progress	28.98	31.88
Finished goods	229.88	208.77
Stock-in-trade	51.24	31.55
Stores, spares and consumables	-	0.82
	373.97	**342.11**

The Group recorded inventory write down (net) of ₹ 354.80 Crores (31st March, 2023: ₹ 390.97 Crores) on account of inventory obsolescence. This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade in profit or loss, as the case may be.

As indicated in note 23, a notarial bond over all movable assets of ₹ 568.10 Crores (31st March, 2023: ₹ 600.28 Crores) has been held as security for short-term borrowings of Cipla Medpro South Africa (Pty) Limited.

Note 13: Current investments

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at fair value through profit or loss)		
Investment in mutual funds (quoted)	4,807.01	3,089.86
Aggregate book value of quoted investments	**4,807.01**	**3,089.86**
Aggregate market value of quoted investments	**4,807.01**	**3,089.86**
Aggregate amount of impairment in value of investments	**-**	**-**

Note 14: Trade receivables

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Unsecured, considered good	4,844.78	4,117.92
Unsecured, credit impaired	65.17	64.38
Total	**4,909.95**	**4,182.30**
Less: Allowance for expected credit loss (refer note 42)	(139.29)	(125.30)
	4,770.66	**4,057.00**

- Trade receivables are interest and non-interest bearing and are generally due upto 180 days.
- There are no trade receivables (except which are already being provided) having significant increase in credit risk and which are credit impaired.
- The Group entered into an arrangement with a bank for sale of trade receivables. Under the arrangement, the Group sold to the Bank certain of its trade receivables on a non-recourse basis. The receivables sold were mutually agreed with the Bank after considering the credit worthiness of the customers and also other contractual terms with the customer including any gross to net adjustments due to rebates, discounts, etc. from the contracted amounts, such that the receivables sold are generally lower than the net amount receivables from trade receivables. The Group has transferred substantially all the risks and rewards of ownership of such receivables sold to the Bank and accordingly, the same are de-recognised in the statement of financial position. As on 31st March, 2024, the amount of trade receivables de-recognised pursuant to the aforesaid arrangement is ₹ 41.70 Crores (31st March, 2023: ₹ 121.24 Crores).

Notes to the Consolidated Financial Statements

Note 14: Trade receivables (Contd..)

- As indicated in note 23, trade receivables of ₹ 739.65 Crores (31st March, 2023: ₹ 587.59 Crores) have been ceded to the bank (maximum to the extent of outstanding borrowings) as security for short-term borrowings of Cipla Medpro South Africa (Pty) Limited.
- There are no debts due by Directors or other Officers of the Group or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any Director is a Partner or a Director or a Member.

Trade Receivables Ageing Schedule

Ageing for trade receivables from the due date of payment for each of the category is as at 31st March, 2024 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	-	3,694.35	993.67	49.79	34.10	23.28	49.59	4,844.78
- credit impaired	-	-	0.40	1.40	0.34	2.31	10.09	14.54
b. Disputed trade receivables								
- considered good	-	-	-	-	-	-	-	-
- credit impaired	-	-	0.08	0.09	0.86	2.02	47.58	50.63
	-	**3,694.35**	**994.15**	**51.28**	**35.30**	**27.61**	**107.26**	**4,909.95**

Ageing for trade receivables from the due date of payment for each of the category is as at 31st March, 2023 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	-	3,223.98	676.44	67.37	85.87	50.07	14.19	4,117.92
- credit impaired	-	-	0.65	0.08	0.66	1.49	11.18	14.06
b. Disputed trade receivables								
- considered good	-	-	-	-	-	-	-	-
- credit impaired	-	-	0.40	0.45	2.47	6.01	40.99	50.32
	-	**3,223.98**	**677.49**	**67.90**	**89.00**	**57.57**	**66.36**	**4,182.30**

Note 15: Cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Balances with banks		
- In Current accounts	465.94	530.85
- In EEFC accounts	15.93	7.80
- In fixed deposits (original maturity less than 3 months)	26.43	83.73
Remittance in transit*	131.23	4.49
Cash on hand	0.54	0.76
Cash and cash equivalents in the balance sheet	**640.07**	**627.63**
Add: Transfer to assets of disposal group classified as held for sale	-	23.57
Less: Bank overdraft used for cash management purpose (refer note 23)	(127.73)	(89.87)
Cash and cash equivalents in the statement of cash flow	**512.34**	**561.33**

There are no other repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period.

* Remittance in transit from Group entities.

Notes to the Consolidated Financial Statements

Note 16: Bank balance other than cash and cash equivalents

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Fixed deposits with banks (original maturity between 3 months and 12 months)	155.17	923.34
Earmarked balances with bank (refer note below)	66.23	-
Amount held as margin money to Government authority	2.56	2.51
Balances earmarked for unclaimed dividend*	10.94	11.14
	234.90	**936.99**

Earmarked balances with bank

The closing balance of ₹ 66.23 Crores relates to cash deposited in Escrow account for the acquisition of Actor Proprietary Limited which will be released upon conclusion of the events as set out in the Share Purchase Agreement, to the satisfaction of both parties. An equivalent liability termed as deferred consideration has been created. (refer note 28)

*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, 2024 and 31st March, 2023.

Note 17: Current financial assets - loans

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Loans to employees and others	0.24	7.59
	0.24	**7.59**

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

3. There are no loans which have significant increase in credit risk and which are credit impaired.

Note 18: Current financial assets - others

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good except otherwise stated)		
(Carried at amortised cost, except otherwise stated)		
Incentives/benefits receivable from Government	297.72	180.97
Security deposits	14.71	14.30
Deposits #	191.95	188.61
Fair value of Derivatives not designated as hedges - carried at FVTPL*		
Forward contracts	12.86	1.23
Options	0.19	-
Fair value of Derivative designated as hedges - carried at FVOCI*		
Forward contracts	11.50	7.98
Options	0.88	-
Advance gratuity	-	0.01
Fixed deposit interest receivable	43.26	43.36
Fixed deposits with banks (having remaining maturity less than 12 months)	2,176.75	1,622.23
Amount held as margin money to Government authority	2.80	1.62
Other receivables (Dues from ex-employees, expense reimbursement receivable, etc.)		
Considered good	48.90	20.26
Considered doubtful	3.65	4.13
Less: Allowance for expected credit loss	(3.65)	(4.13)
	2,801.52	**2,080.57**

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

Includes ₹ 175.08 Crores as at 31st March, 2024 and 31st March, 2023 in respect of DPCO matter explained in note 45B.

Note 19: Other current assets

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Unsecured, considered good except otherwise stated)		
Advance to suppliers	211.80	211.46
Prepaid expenses	132.91	112.90
Balances with statutory/revenue authorities like goods and service tax (GST), excise, customs, service tax and value added tax, etc.	535.97	517.34
Other advances	19.42	7.29
	900.10	**848.99**

Notes to the Consolidated Financial Statements

Note 20: Equity share capital

₹ in Crores

Particulars	Numbers	As at 31st March, 2024	Numbers	As at 31st March, 2023
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	80,73,67,062	161.47	80,71,50,593	161.43
		161.47		**161.43**
Subscribed and paid-up				
Equity shares of ₹ 2/- each, fully paid up	80,73,67,062	161.47	80,71,50,593	161.43
		161.47		**161.43**

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

Particulars	As at 31st March, 2024	As at 31st March, 2023
Number of shares outstanding at the beginning of the period	80,71,50,593	80,68,14,036
Add: Allotment of equity shares on exercise of employee stock options (ESOS) and Employee Stock Appreciation Rights (ESAR)	2,16,469	3,36,557
Number of shares outstanding at the end of the reporting period	**80,73,67,062**	**80,71,50,593**

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

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Number of shares	% of Holding	Number of shares	% of Holding
Dr Y K Hamied	15,05,21,183	18.64%	15,05,21,183	18.65%
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, 2024		As at 31st March, 2023		% Change
	No. of Shares	% to total shares	No. of Shares	% to total shares	
Dr Y K Hamied	15,05,21,183	18.64%	15,05,21,183	18.65%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.22%	0.00%
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
Total	**26,96,35,378**	**33.40%**	**26,96,35,378**	**33.41%**	**(0.01%)**

Notes to the Consolidated Financial Statements

Note 20: Equity share capital (Contd..)

Particulars	As at 31st March, 2023		As at 31st March, 2022		% Change
	No. of Shares	% to total shares	No. of Shares	% to total shares	
Dr Y K Hamied	15,05,21,183	18.65%	15,05,21,183	18.66%	(0.01%)
M K Hamied	2,78,44,320	3.45%	2,78,44,320	3.45%	0.00%
Sophie Ahmed	4,59,82,000	5.70%	4,59,82,000	5.70%	0.00%
Shirin Hamied	63,63,000	0.79%	63,63,000	0.79%	0.00%
Kamil Hamied	1,09,39,500	1.36%	1,09,39,500	1.36%	0.00%
Samina Hamied	1,79,09,500	2.22%	1,79,09,500	2.22%	0.00%
Rumana Hamied	98,86,500	1.22%	98,86,500	1.23%	(0.01%)
Okasa Pharma Private Limited	1,89,375	0.02%	1,89,375	0.02%	0.00%
Total	**26,96,35,378**	**33.41%**	**26,96,35,378**	**33.43%**	**(0.02%)**

Rights, preferences and restrictions attached to equity shares

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

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

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

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

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

Note 21: Other equity*

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Share application money pending allotment	0.00	-
Capital reserve	(264.24)	(167.04)
Securities premium	1,672.84	1,652.77
General reserve	3,145.00	3,144.92
Employee stock options/ESAR	86.54	61.82

Note 21: Other equity* (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Retained earnings	21,438.78	18,057.03
Foreign currency translation reserve	315.21	380.51
Equity instruments fair value through other comprehensive income	144.98	112.87
Effective portion of cash flow hedges	5.85	3.47
Total Other equity	**26,544.96**	**23,246.35**

* 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

Securities premium 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).

Notes to the Consolidated Financial Statements

Note 21: Other equity* (Contd..)

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. It includes impact of remeasurement gain/(losses) net of taxes on defined benefit plans on account of changes in actuarial assumptions or experience adjustments within the plans.

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.

Equity instruments fair value through other comprehensive income

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

Effective portion of cash flow hedges

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

Note 22: Non-controlling interest (NCI)

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

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

Name of the subsidiary	As at 31st March, 2024	As at 31st March, 2023
Cipla Quality Chemical Industries Limited {refer note 58 (i)}	-	48.82%
Saba Investment Limited (Group) {refer note 58 (ii)}	-	49.00%
Jay Precision Pharmaceuticals Private Limited	40.00%	40.00%
Cipla Maroc SA*	24.90%	40.00%
Aspergen Inc.	40.00%	40.00%
Cipla (Jiangsu) Pharmaceutical Co., Ltd#	6.91%	11.11%

Transactions with non-controlling interest

* Pursuant to the Share Purchase Agreement dated 26th September, 2022 and first amendment to Share Purchase Agreement dated 13th November, 2023, executed between the Cipla (EU) Limited, wholly owned subsidiary of the Company ("Cipla EU"), Cipla Maroc SA, Morocco, ("JV Co."), The Pharmaceutical Institute ("PHI") and Societe Marocaine De Cooperation Pharmaceutique ("Cooper Pharma"),

Note 22: Non-controlling interest (NCI) (Contd..)

Cipla EU has completed acquisition of additional 15.10% in the JV Co. from PHI for a consideration of ₹ 67.63 Crores (MAD 81.1 million) on 24th November, 2023 and the Group has recognised loss of ₹ 56.79 Crores directly in equity on account of difference between the amount at which non-controlling interest has been adjusted and the consideration paid.

₹ in Crores

Particulars	As at 31st March, 2024
Consideration paid to non-controlling interest	(67.63)
Carrying amount of stake acquired	10.84
Adjustment to capital reserve	**(56.79)**

\# Additional stake acquired in Jiangsu through conversion of loan at the net book value w.e.f. 29th December, 2023

For movement in NCI, refer Statement of Changes in Equity.

B. Information regarding non-controlling interest:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Accumulated balances of material non-controlling interest:		
Cipla Quality Chemical Industries Limited {refer note 58 (i)}	-	180.67
Saba Investment Limited (Group) {refer note 58 (ii)}	-	34.72
Jay Precision Pharmaceuticals Private Limited	71.71	64.86
Cipla Maroc SA	16.31	25.88
Aspergen Inc.	7.89	(0.36)
Accumulated balances of immaterial non-controlling interest	(0.01)	(0.01)
Total	**95.90**	**305.76**

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Profit/(loss) allocated to material non-controlling interest:		
Cipla Quality Chemical Industries Limited {refer note 58 (i)} - upto 31st October, 2023	17.69	19.44
Saba Investment Limited (Group) {refer note 58 (ii)} - upto 29th September, 2023	22.95	3.21
Jay Precision Pharmaceuticals Private Limited	18.09	15.45
Cipla Maroc SA	1.69	6.36
Aspergen Inc.	(28.25)	(13.47)
Profit/(loss) allocated to immaterial non-controlling interest	0.00	(0.01)
Total	**32.17**	**30.98**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (NCI) (Contd..)

Summarised profit or loss of material non-controlling interest for the year ended 31st March, 2024:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited {refer note 58 (i)}*	Saba Investment Limited (Group) {refer note 58 (ii)}#	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Revenue from operations	336.50	29.99	161.36	171.39	-
Profit for the year/period	29.20	(5.67)	45.43	4.73	(70.66)
Other comprehensive income	-	-	(0.03)	-	-
Total comprehensive income	**29.20**	**(5.67)**	**45.40**	**4.73**	**(70.66)**
Dividends to non-controlling interests	(9.85)	(13.92)	(11.23)	(1.60)	-

* upto 31st October, 2023

upto 29th September, 2023

Summarised profit or loss of material non-controlling interest for the year ended 31st March, 2023:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Revenue from operations	476.51	160.97	146.61	184.42	-
Profit for the year/period	39.84	9.02	38.87	16.46	(33.66)
Other comprehensive income	-	-	(0.03)	-	-
Total comprehensive income	**39.84**	**9.02**	**38.84**	**16.46**	**(33.66)**
Dividends to non-controlling interests	(7.56)	-	(9.94)	(5.71)	-

Summarised balance sheet of material non-controlling interest as at 31st March, 2024:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited {refer note 58 (i)}	Saba Investment Limited (Group) {refer note 58 (ii)}	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Non-current assets	-	-	124.71	15.28	15.82
Non-current liabilities	-	-	6.41	-	-
Net non-current assets	**-**	**-**	**118.30**	**15.28**	**15.82**
Current assets	-	-	74.41	97.43	36.12
Current liabilities	-	-	11.82	32.69	32.22
Net current assets	**-**	**-**	**62.59**	**64.74**	**3.90**
Total equity	**-**	**-**	**180.89**	**80.02**	**19.72**

Summarised balance sheet of material non-controlling interest as at 31st March, 2023:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Non-current assets	161.24	45.39	99.51	13.50	6.78
Non-current liabilities	7.45	-	5.74	-	-
Net non-current assets	**153.79**	**45.39**	**93.77**	**13.50**	**6.78**

Notes to the Consolidated Financial Statements

Note 22: Non-controlling interest (NCI) (Contd..)

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Current assets	301.45	126.00	77.97	107.91	17.04
Current liabilities	86.41	123.61	8.16	38.10	24.73
Net current assets	**215.04**	**2.39**	**69.81**	**69.81**	**(7.69)**
Total equity	**368.83**	**47.78**	**163.58**	**83.31**	**(0.91)**

Summarised cash flow information of material non-controlling interest as at 31st March, 2024:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited {refer note 58 (i)}*	Saba Investment Limited (Group) {refer note 58 (ii)}#	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Operating activities	147.08	32.54	62.31	(7.60)	(63.93)
Investing activities	(7.62)	(0.03)	(66.45)	(0.39)	(8.99)
Financing activities	(31.40)	(55.53)	(28.07)	-	91.75
Net increase/(decrease) in cash and cash equivalents	**108.06**	**(23.02)**	**(32.21)**	**(7.99)**	**18.83**

* upto 31st October, 2023

upto 29th September, 2023

Summarised cash flow information of material non-controlling interest as at 31st March, 2023:

₹ in Crores

Particulars	Name of the subsidiary				
	Cipla Quality Chemical Industries Limited	Saba Investment Limited (Group)	Jay Precision Pharmaceuticals Private Limited	Cipla Maroc SA	Aspergen Inc.
Operating activities	91.21	16.28	32.23	(8.20)	(9.05)
Investing activities	(23.19)	(2.41)	(6.59)	0.20	(6.78)
Financing activities	(62.95)	(0.37)	(24.86)	-	32.87
Net increase/(decrease) in cash and cash equivalents	**5.07**	**13.50**	**0.78**	**(8.00)**	**17.04**

Note 23: Financial liabilities: borrowings

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(a) Non-current		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Term loan from banks*	-	332.46
Unsecured loans:		
Term loan from banks**	-	11.78
Total non-current borrowings	**-**	**344.24**
Less : Current maturities of non-current borrowings (classified as short-term borrowing)	-	344.24
Net non-current borrowings	**-**	**-**

Notes to the Consolidated Financial Statements

Note 23: Financial liabilities: borrowings (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(b) Current		
(Carried at amortised cost, except otherwise stated)		
Secured loans:		
Loans repayable on demand		
Loan from bank#	91.77	96.97
Unsecured loans:		
Loans repayable on demand		
Bank overdraft$	127.73	89.87
Working capital line of credit##	13.53	-
Import Loan&	13.99	-
Other loans###	-	1.06
Current maturities of non-current borrowings		
Term loan from banks (Secured)	-	332.46
Term loan from banks (Unsecured)	-	11.78
Less: Transfer to Liabilities directly associated with assets classified as held for sale/disposal group {refer note 2.3 (a)}	-	(11.78)
Total current borrowings	**247.02**	**520.36**

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

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

Previous year included term loan of ₹ 332.46 Crores obtained by Cipla Medpro South Africa (Pty) Limited ("CMSA Group"). This loan bears interest at rates linked to the Johannesburg Interbank Average Rate ("JIBAR rate"). The loan was repayable in full in ZAR 720 million on 30th June, 2023 and has been fully repaid in current year by the CMSA Group. This loan was secured by way of guarantees by Medpro Pharmaceutica (Pty) Limited and Cipla Medpro South Africa (Pty) Limited. This loan was secured by way of guarantee by Medpro Pharmaceutica (Pty) Limited and Cipla Medpro South Africa (Pty) Limited. There was a cession of trade receivables, insurance proceeds and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica (Pty) Limited.

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

Previous year includes loan of ₹ 11.78 Crores taken by Cipla Quality Chemical Industries Limited from Standard Chartered Bank Uganda Limited. The term loan is repayable in equal quarterly instalments of USD 475,000 per quarter. This loan carries an interest at 3.5 % above 3 months SOFR/alternate reference rate p.a.

 # Loan repayable on demand (Secured)

Includes loan repayable on demand of ₹ 91.77 Crores (31st March, 2023: ₹ 96.97 Crores) obtained by Cipla Medpro South Africa (Pty) Limited (Group). This loan bears interest at rates linked to the South Africa Moneymarket. The loan is secured by way of guarantees by Cipla Medpro South Africa Group. There is a cession of trade receivables, receivables insurances and claims of Cipla Medpro South Africa (Pty) Limited and Medpro Pharmaceutica Proprietary Limited. There is no requirement for submission of quarterly returns or statement of current assets to banks for the secured loan.

$ Bank overdraft

₹ in Crores

Bank	Subsidiary	Interest Rate	As at 31st March, 2024	As at 31st March, 2023
HSBC Continental Europe	Cipla Europe NV	Main Refinancing Operations rate published by the European Central Bank ("ECB") + 1.25%	29.13	33.02
HSBC Bank Plc.	Cipla (EU) Limited	Relevant Base Rate + 1.3% per annum	98.60	56.85
Total			**127.73**	**89.87**

Notes to the Consolidated Financial Statements

Note 23: Financial liabilities: borrowings (Contd..)

Working capital line of credit:

₹ in Crores

Bank	Subsidiary	Interest Rate	As at 31st March, 2024	As at 31st March, 2023
HSBC Australia	Cipla Australia Pty. Ltd.	3 Month Bank Bill Swap Bid Rate (BBSY) + 1.5%	13.53	-

& Import Loan

Includes import loan of ₹ 13.99 Crores taken by Breathe Free Lanka (Private) Limited from HSBC Sri Lanka. The import loan is repayable on demand and carries an interest at Standard Facility Lending Rate of Central bank +2.5%.

Other loans

Other borrowings consist of loans obtained by Cipla Maroc SA of ₹ Nil (31st March, 2023: ₹ 1.06 Crores) which was repayable on demand carried interest rate of 5.01% p.a.

Reconciliation of borrowings

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Opening balance		
Non-current borrowings	-	416.24
Current borrowings	430.49	388.27
	430.49	**804.51**
Movement of borrowings		
Proceeds from non-current borrowings	-	(43.90)
(Repayments)/proceed of current borrowings (net)	(300.46)	(308.00)
Foreign exchange movement	(10.74)	(10.34)
Transfer to Liabilities directly associated with assets classified as held for sale/disposal group {refer note 2.3 (a)}	-	(11.78)
	(311.20)	**(374.02)**
Closing balance		
Non-current borrowings	-	-
Current borrowings	119.29	430.49
	119.29	**430.49**
Add: Bank overdraft	127.73	89.87
Total	**247.02**	**520.36**

Note 24: Other financial liabilities - non-current

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Security deposits	5.92	54.05
Deferred consideration - carried at FVTPL	18.06	20.41
Fair value of Derivative designated as Hedge (FVOCI)		
- Forward contracts	1.43	-
- Options	0.38	-
Put option liability - Fair value through profit or loss	42.02	39.24
	67.81	**113.70**

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

Cipla (Jiangsu) Pharmaceutical Co., Ltd ('Cipla Jiangsu') is a partially owned subsidiary of the Company. The investment agreement between Cipla (EU) Limited, Cipla Jiangsu and Non-Controlling Interest ('NCI') shareholders of Cipla Jiangsu stipulates that the NCI shareholders of Cipla Jiangsu shall have the right to an exit option after expiry of lock-in-period, at a price as defined in investment agreement. A liability is recognised for this put option issued by the Group over the equity of Cipla Jiangsu at the gross amount payable, aggregating ₹ 42.02 Crores (including ₹ 18.64 Crores for interest accrued) [31st March, 2023: ₹ 39.24 Crores (including ₹ 14.43 Crores for interest accrued)]. This amount is recognised under 'other financial liabilities'. The fair value of such put option is determined using the fair value model methodology enunciated in the investment agreement.

Notes to the Consolidated Financial Statements

Note 25: Provisions

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Non-current		
Provision for employee benefits (refer note 46)	129.26	102.16
	129.26	**102.16**
Current		
Provision for employee benefits (refer note 46)	491.74	266.04
Provision for Claims - DPCO (refer note below and note 45B)	145.73	125.38
Provision for anticipated claims on pricing	20.75	35.28
Provision for right of return/refund liabilities/discounts and others (refer note below)	947.56	849.93
Provision for amount payable to partner	5.98	10.04
	1,611.76	**1,286.67**

Provision is made for right of return/refund liabilities/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/refund liabilities/discounts and others:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Provision for Claims – DPCO (refer note 45B)		
Balance at the beginning of the year	**125.38**	**118.49**
Provided during the year	20.35	6.89
Utilised/reversed/payout during the year	-	-
Balance at the end of the year	**145.73**	**125.38**
Provision for anticipated claims on pricing		
Balance at the beginning of the year	**35.28**	**29.40**
Provided during the year	6.84	5.88
Utilised/reversed/payout during the year	(21.37)	-
Balance at the end of the year	**20.75**	**35.28**
Provision for right of return/refund liabilities/discounts and others		
Balance at the beginning of the year	**849.93**	**803.47**
Provided during the year	1,363.62	1,017.43
Utilised/reversed/payout during the year	(1,239.28)	(1,004.74)
Divestment of subsidiaries (refer note 58)	(31.68)	-
Foreign currency translation	4.97	33.77
Balance at the end of the year	**947.56**	**849.93**

Note 26: Other non-current liabilities

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Deferred government grant	3.09	1.96
Deferred revenue	57.02	49.48
Deferred lease income	1.83	0.67
	61.94	**52.11**

Note 27: Trade payables

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Total outstanding dues of micro enterprises and small enterprises (MSME)	253.54	225.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,220.44	2,308.61
	2,473.98	**2,534.52**

- 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.

- There are no micro and small enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2024 and no interest payment made during the year to any micro and small enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties are identified on the basis of information available with the Group.

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, 2024	As at 31st March, 2023
A. (i) Principal amount remaining unpaid	253.54	225.91
(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, 2024 as follows:

₹ in Crores

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed trade payables							
- MSME	0.16	229.82	23.56	-	-	-	253.54
- Others	24.01	1,311.76	766.58	21.07	7.41	78.24	2,209.07
b. Disputed trade payables							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	-	11.37	11.37
	24.17	**1,541.58**	**790.14**	**21.07**	**7.41**	**89.61**	**2,473.98**

Ageing for trade payables from the due date of payment for each of the category is as at 31st March, 2023 as follows:

₹ in Crores

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payments				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
a. Undisputed trade payables							
- MSME	-	225.91	-	-	-	-	225.91
- Others	77.47	1,712.65	370.47	31.50	78.68	26.63	2,297.40
b. Disputed trade payables							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	0.57	10.64	11.21
	77.47	**1,938.56**	**370.47**	**31.50**	**79.25**	**37.27**	**2,534.52**

Notes to the Consolidated Financial Statements

Note 28: Other financial liabilities - current

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
(Carried at amortised cost, except otherwise stated)		
Unclaimed dividend *	10.94	11.14
Security deposits	52.84	2.63
Capital creditors	175.17	111.21
Employee dues	115.17	130.14
Fair value of derivative designated as hedge - carried at FVOCI (refer note 42)		
Options	-	3.34
Fair value of derivative not designated as hedge - carried at FVTPL (refer note 42)		
Forward contracts	-	2.40
Book overdraft	0.89	-
Import advance licences	26.03	23.55
Deferred consideration - carried at FVTPL (refer note 16)	109.09	29.38
Other payable	2.01	3.28
	492.14	**317.07**

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2024 and 31st March, 2023.

Note 29: Other current liabilities

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Advance from customers	13.57	36.83
Amount refundable/adjustable to customers	-	25.81
Income received in advance	-	1.00
Other payables:		
Statutory dues	284.92	189.54
Deferred government grant	0.47	0.25
Deferred revenue	12.13	8.54
Deferred lease income	0.63	-
Others (Price protection)	0.15	22.16
	311.87	**284.13**

Note 30: Revenue from sale of products

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sale of products (refer notes below)	25,446.63	22,473.18
	25,446.63	**22,473.18**

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

Ind AS 115 - Disclosures

(i) Disaggregation of revenue

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sale of products		
(Products transferred at a point in time)		
(1) India - Trade and Branded Generics	10,725.10	9,876.70
(2) North America (USA)	7,487.89	5,892.11
(3) South Africa, Sub-Saharan Africa and Cipla Global Access (SAGA)	3,377.34	3,166.04
(4) Emerging Markets (EM)	1,897.36	1,938.09
(5) Europe	1,180.09	1,081.27
(6) Active Pharmaceutical Ingredient (API) and Others	778.85	518.97
	25,446.63	**22,473.18**

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Contracted price	35,087.58	30,657.71
Less: trade discounts, chargeback, sales and expiry return, Medicaid, Co-pay, etc.	(9,640.95)	(8,184.53)
Sale of products	**25,446.63**	**22,473.18**

(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, 2024, the Group has ₹ 22.49 Crores (31st March, 2023: ₹ 28.48 Crores) as contract asset.

(iv) Contract liabilities from contracts with customers

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

Notes to the Consolidated Financial Statements

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

Contract liabilities

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Advance from customers	13.57	36.83
Amount refundable/adjustable to customers	-	25.81
Deferred revenue	69.15	58.02

Deferred revenue

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	**58.02**	**60.90**
Revenue recognised during the year	(15.11)	(8.32)
Milestone payment received during the year	26.10	5.44
Exchange gain/(loss)	0.14	-
Balance at the end of the year	**69.15**	**58.02**
Current	12.13	8.54
Non-Current	57.02	49.48

In respect to Deferred revenue, the Group expect revenue to be recognised over the period of next 7 years from reporting date.

Advance from Customers

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Balance at the beginning of the year	**36.83**	**61.44**
Revenue recognised/other adjustments during the year	(72.59)	(44.84)
Advance received during the year	49.44	31.98
Advance returned during the year	(0.11)	(11.75)
Balance at the end of the year	**13.57**	**36.83**

In respect to advance from customers, the Group expect revenue to be recognised over the period of next 1 year from reporting date.

(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, 2024 and 31st March, 2023, respectively.

Note 31: Other operating revenue

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Rendering of services	8.18	7.62
Export incentives	54.68	48.57
Technical know-how and licensing fees	19.03	11.94

Note 31: Other operating revenue (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Scrap sales	40.62	45.23
Sale of marketing and product license	-	14.34
Goods and service tax area-based incentive	26.76	29.68
Production linked incentive (PLI)	170.00	118.96
Miscellaneous income*	8.19	3.60
	327.46	**279.94**

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

Note 32: Other income

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest income:		
Bank deposit	186.97	126.64
Income tax refund	11.29	28.62
Others	21.33	6.98
Other non-operating income:		
Government grants$	2.03	1.01
Net gain on foreign currency transaction and translation*	100.93	65.07
Net gain on sale of current investment carried at FVTPL	69.22	122.39
Fair value gain on financial instruments carried at FVTPL	221.96	20.68
Net gain on disposal of property, plant and equipment	3.49	1.58
Profit on sale of Subsidiaries (net) (refer note 58)	0.93	-
Insurance claim	29.81	19.88
Rent income	12.97	7.88
Income from vendor settlement	34.98	2.00
Sundry balances written back	17.19	9.08
Reversal of impairment of investment in associate (refer note below)	-	25.77
Miscellaneous income #	33.47	37.87
	746.57	**475.45**

On 25th July, 2022, InvaGen Pharmaceuticals Inc. (InvaGen), wholly owned step-down subsidiary of the Company in USA has entered into a Share Repurchase Agreement with Avenue Therapeutics, Inc. ("Avenue") and Fortress Biotech, Inc., for sale of 5,833,333 shares representing 25.93% of equity stake held in Avenue for a consideration of USD 3 million and additional consideration up to USD 4 million. Pursuant to Share Repurchase Agreement, InvaGen received ₹ 25.77 Crores, for sale of 25.93% of equity stake held in Avenue. Accordingly, the impairment loss amounting to ₹ 25.77

Notes to the Consolidated Financial Statements

Note 32: Other income (Contd..)

Crores recorded in the earlier year had been reversed and included under "other income" in the previous year.

$ 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.

*Includes ₹ 54.03 Crores as exchange gain realized on account of buy back of 16,911,765 ordinary shares of USD 1.00 each by Meditab Holdings Limited, a wholly owned step-down subsidiary from Meditab Specialities Limited, a wholly owned subsidiary, for a consideration of USD 23 million in December 2023.

Note 33: Cost of materials consumed

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cost of materials consumed	5,220.51	5,519.62
	5,220.51	**5,519.62**

Note 34: Purchases of stock-in-trade

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Purchases of stock-in-trade	3,536.03	2,828.66
	3,536.03	**2,828.66**

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening Stock		
Work-in-progress	863.62	851.71
Finished goods	1,598.73	1,497.65
Stock-in-trade	1,045.31	1,062.30
	3,507.66	**3,411.66**
Less: Closing Stock (refer note 12)		
Work-in-progress	815.90	863.62
Finished goods	1,491.00	1,598.73
Stock-in-trade	1,137.73	1,045.31
	3,444.63	**3,507.66**
Decrease/(increase)	**63.03**	**(96.00)**

Note 36: Employee benefits expense

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Salaries and wages	3,855.36	3,407.52
Contribution to provident and other funds (refer note 46 (a))	171.05	163.81
Share based payments expense (refer note 47)	46.16	39.04
Staff welfare expenses	237.47	219.71
	4,310.04	**3,830.08**

Note 37: Finance costs

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Interest expense on long-term and short-term borrowings	38.65	41.26
Interest on lease liabilities	21.11	19.29
Interest on discounting of trade receivables	2.57	23.10
Interest on provision for claims - DPCO	4.59	6.89
Interest on put option liability	4.21	4.02
Other finance cost (including interest on taxes)	18.75	14.98
	89.88	**109.54**

Note 38: Depreciation, impairment and amortisation expense

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Depreciation on property, plant and equipment (refer note 2.1 (a))	616.08	623.05
Impairment of property, plant and equipment (refer note 2.1 (a))	40.34	4.27
Impairment of capital work-in-progress (refer note 2.1 (b))	13.34	4.54
Depreciation on right-of-use assets (refer note 2.2)	85.15	80.61
Depreciation on investment properties (refer note 3)	2.51	1.36
Amortisation of intangible assets (refer note 5)	237.87	314.17
Impairment of intangibles (refer note 5)	53.23	105.12
Impairment of intangible assets under development (refer note 5)	2.50	38.99
	1,051.02	**1,172.11**

Notes to the Consolidated Financial Statements

Note 39(a): Other expenses

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Manufacturing expenses	640.62	577.20
Stores and spares	132.19	131.15
Repairs and maintenance:		
Buildings	38.73	36.72
Plant and equipment	185.65	166.17
Insurance	86.39	79.65
Rent (refer note 2.2)	92.65	86.86
Rates and taxes	113.25	104.64
Power and fuel	364.84	353.61
Travelling and conveyance	393.33	290.94
Sales promotion expenses	1,087.41	1,098.18
Commission on sales	225.62	243.55
Freight and forwarding	411.94	352.57
Allowance for credit loss (net) (refer note 42)	23.51	(36.68)
Contractual services	351.70	293.27
Non-executive directors remuneration (refer note 48)	15.72	12.65
Courier and telephone expenses	37.86	38.44
Legal and professional fees	928.48	803.73
Payment to auditors[i]	6.26	6.32
Corporate social responsibility (CSR) expenditure (refer note 49)	72.22	64.93
Donations[iv]	52.30	35.02
Research - clinical trials, samples and grants	430.46	385.39
Miscellaneous expenses[ii]	662.30	519.48
	6,353.43	**5,643.79**

i. Payment to auditors include:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Audit fees	4.97	4.93
Tax audit fees	0.38	0.46
For other services (includes certifications fees)	0.52	0.69
Reimbursement of expenses	0.39	0.24
	6.26	**6.32**

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

iii. Revenue expenditure aggregating to ₹ 1,521.87 Crores (31st March, 2023: ₹ 1,292.23 Crores) on research and development activities to the in-house research of new products has been charged through natural heads of accounts.

Note 39(a): Other expenses (Contd..)

iv. Includes Contribution to Political Parties as per Section 182 of Companies Act, 2013

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Electoral Trust	39.20	-
Electoral Bonds (in accordance with the Electoral Bond Scheme notified by the Government of India)*	-	24.20
	39.20	**24.20**

*Donated to Bharatiya Janata Party ₹22.00 Crores and President, All India Congress Committee ₹2.20 Crores, political parties registered under Representation of the People Act, 1951.

Note 39(b): Exceptional item

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Impairment of goodwill (refer note 4)	-	182.42
Impairment of Intangible asset and others[#]	194.82	-
	194.82	**182.42**

[#] During the year, on 6th January, 2024, Cipla Technologies, LLC, a wholly owned step-down subsidiary of the Company, completed an amendment to the agreement for the development and commercialization of Pulmazole with Pulmatrix Inc. and agreed to terminate the Phase 2b clinical trials for development of Pulmazole and obtain exclusive rights for the development and commercialisation of Pulmazole in all countries except United States of America. Accordingly, an impairment charge for intangible assets of ₹ 183.19 Crores and wind-down cost (net) of ₹ 11.63 Crores has been recorded as an exceptional item.

Note 40: Other comprehensive income

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. (1) Items that will not be reclassified to profit or loss		
(i) Re-measurements of post-employment benefit obligation (attributable to owners of the Company) [refer note 46 (d)]	(111.16)	(13.96)
(ii) Re-measurements of post-employment benefit obligation (Non-controlling interest) [refer note 46 (d)]	(0.01)	(0.01)

Notes to the Consolidated Financial Statements

Note 40: Other comprehensive income (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(iii) Changes in fair value of FVTOCI financial instruments	22.56	14.54
	(88.61)	**0.57**
(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	28.03	3.51
(ii) Income tax relating to changes in fair value of FVTOCI financial instruments	(0.35)	(1.44)
	27.68	**2.07**
	(60.93)	**2.64**
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)	(65.30)	119.42
(ii) Exchange difference on translation of foreign operations (Non-controlling interest)	3.27	9.07
(iii) Cash flow hedge (refer note 42)	3.44	8.86
	(58.59)	**137.35**
(2) Income tax relating to Items that will be reclassified to profit or loss		
(i) Income tax relating to cash flow hedge	(1.06)	(2.36)
	(1.06)	**(2.36)**
	(59.65)	**134.99**
	(120.58)	**137.63**

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

Note 41: Earnings per share (EPS) (Contd..)

granted to employees. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares which are to be issued in the conversion of all dilutive potential equity shares into equity shares.

Dilutive potential equity shares are deemed to have been converted at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Basic Earnings per share		
Profit after tax attributable to equity shareholders as per profit or loss (₹ in Crores)	4,121.55	2,801.91
Basic weighted average number of equity shares outstanding	80,72,91,686	80,70,07,965
Basic earnings per share of par value ₹ 2/- per share	**51.05**	**34.72**
Dilutive Earnings per share		
Weighted average number of equity shares outstanding	80,72,91,686	80,70,07,965
Add: Dilutive impact of employee stock options/ESAR	7,07,295	6,19,768
Diluted weighted average number of equity shares outstanding	**80,79,98,981**	**80,76,27,733**
Diluted earnings per share of par value ₹ 2/- per share	**51.01**	**34.69**

Note 42: Financial Instrument

A. Accounting classification and 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, loans, cash and cash equivalents, other bank balances, fixed deposits and other receivables as at 31st March, 2024 and 31st March, 2023 are considered to be the same as their fair values, due to their short term nature.

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

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

Fair value hierarchy

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

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

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

Level 3 - category includes financial assets and liabilities measured using valuation techniques based on non market observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

The carrying value and fair value of financial instruments by categories as of 31st March, 2024 were as follows:

₹ in Crores

Particulars	Note	Carrying value				Total	Fair Value			
		FVTPL	FVOCI		Amortised cost					
		Mandatory Designation	Mandatory Designation	Designated upon initial recognition			Level 1	Level 2	Level 3	Total
Financial assets:										
Non-Current Investments										
- Investments in equity instrument	7	0.00	-	476.16	-	**476.16**	-	-	476.16	**476.16**
- Investment in limited liability partnership firm	7	-	-	29.72	-	**29.72**	-	-	29.72	**29.72**
- Investments in Venture Funds	7	-	-	6.28	-	**6.28**	-	-	6.28	**6.28**
- Investment in National saving certificates	7	-	-	-	0.00	**0.00**	-	-	0.00	**0.00**
Non- Current Loans	8	-	-	-	16.98	**16.98**	-	-	-	**-**
Other Non-Current Financial Assets										
- Security Deposit	9	-	-	-	75.20	**75.20**	-	-	75.20	**75.20**
- Derivative instruments	9	8.20	0.11	-	-	**8.31**	-	8.31	-	**8.31**
- Fixed Deposit	9	-	-	-	410.85	**410.85**	-	-	-	**-**
- Others	9	-	-	-	14.20	**14.20**	-	-	14.20	**14.20**
Investments in mutual funds	13	4,807.01	-	-	-	**4807.01**	4,807.01	-	-	**4,807.01**

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

₹ in Crores

Particulars	Note	Carrying value					Fair Value			
		FVTPL	FVOCI		Amortised cost	Total				
		Mandatory Designation	Mandatory Designation	Designated upon initial recognition			Level 1	Level 2	Level 3	Total
Trade receivables	14	-	-	-	4,770.66	**4770.66**	-	-	-	**-**
Cash and Cash Equivalents	15	-	-	-	640.07	**640.07**	-	-	-	**-**
Other Bank Balances including earmarked balances with banks	16	-	-	-	234.90	**234.90**	-	-	-	**-**
Current Loans	17	-	-	-	0.24	**0.24**	-	-	-	**-**
Other Current Financial Assets										
- Security Deposit	18	-	-	-	14.71	**14.71**	-	-	14.71	**14.71**
- Derivative instruments	18	13.05	12.38	-	-	**25.43**	-	25.43	-	**25.43**
- Fixed Deposit	18	-	-	-	2,176.75	**2,176.75**	-	-	-	**-**
- Others	18	-	-	-	584.63	**584.63**	-	-	584.63	**584.63**
Financial liabilities:										
Lease Liability (Non Current)	2.2	-	-	-	225.42	**225.42**	-	-	225.42	**225.42**
Other Non-Current Financial Liabilities										
- Security Deposit	24	-	-	-	5.92	**5.92**	-	-	5.92	**5.92**
- Derivative instruments	24	-	1.81	-	-	**1.81**	-	1.81	-	**1.81**
- Put option liability	24	42.02	-	-	-	**42.02**	-	-	42.02	**42.02**
- Deferred consideration	24	18.06	-	-	-	**18.06**	-	-	18.06	**18.06**
Current Borrowings	23	-	-	-	247.02	**247.02**	-	-	247.02	**247.02**
Lease Liability (Current)	2.2	-	-	-	86.97	**86.97**	-	-	86.97	**86.97**
Trade Payables	27	-	-	-	2,473.98	**2,473.98**	-	-	-	**-**
Other Current Financial Liabilities										
- Security Deposit	28	-	-	-	52.84	**52.84**	-	-	52.84	**52.84**
- Deferred consideration	28	109.09	-	-	-	**109.09**	-	-	109.09	**109.09**
- Others	28	-	-	-	330.21	**330.21**	-	-	330.21	**330.21**

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

The carrying value and fair value of financial instruments by categories as of 31st March, 2023 were as follows:

₹ in Crores

Particulars	Note	Carrying value					Fair Value			
		FVTPL	FVOCI		Amortised cost	Total				
		Mandatory Designation	Mandatory Designation	Designated upon initial recognition			Level 1	Level 2	Level 3	Total
Financial assets:										
Non-Current Investments										
- Investments in equity instrument	7	0.00	-	440.99	-	**440.99**	-	-	440.99	**440.99**
- Investment in limited liability partnership firm	7	-	-	40.63	-	**40.63**	-	-	40.63	**40.63**
- Investment in National saving certificates	7	-	-	-	0.00	**0.00**	-	-	0.00	**0.00**
Other Non-Current Financial Assets										
- Security Deposit	9	-	-	-	56.04	**56.04**	-	-	56.04	**56.04**
- Fixed Deposit	9	-	-	-	1.02	**1.02**	-	-	-	**-**
- Others	9	-	-	-	42.26	**42.26**	-	-	42.26	**42.26**
Investments in mutual funds	13	3,089.86	-	-	-	**3089.86**	3,089.86	-	-	**3,089.86**
Trade receivables	14	-	-	-	4,057.00	**4057.00**	-	-	-	**-**
Cash and Cash Equivalents	15	-	-	-	627.63	**627.63**	-	-	-	**-**
Other Bank Balances including earmarked balances with banks	16	-	-	-	936.99	**936.99**	-	-	-	**-**
Current Loans	17	-	-	-	7.59	**7.59**	-	-	-	**-**
Other Current Financial Assets										
- Security Deposit	18	-	-	-	14.30	**14.30**	-	-	14.30	**14.30**
- Derivative instruments	18	1.23	7.98	-	-	**9.21**	-	9.21	-	**9.21**
- Fixed Deposit	18	-	-	-	1,622.23	**1,622.23**	-	-	-	**-**
- Others	18	-	-	-	434.83	**434.83**	-	-	434.83	**434.83**
Financial liabilities:										
Lease Liability (Non Current)	2.2	-	-	-	208.82	**208.82**	-	-	208.82	**208.82**
Other Non-Current Financial Liabilities										
- Security Deposit	24	-	-	-	54.05	**54.05**	-	-	54.05	**54.05**
- Put option liability	24	39.24	-	-	-	**39.24**	-	-	39.24	**39.24**
- Deferred consideration	24	20.41	-	-	-	**20.41**	-	-	20.41	**20.41**
Current Borrowings	23	-	-	-	520.36	**520.36**	-	-	520.36	**520.36**
Lease Liability (Current)	2.2	-	-	-	73.94	**73.94**	-	-	73.94	**73.94**
Trade Payables	27	-	-	-	2,534.52	**2,534.52**	-	-	-	**-**
Other Current Financial Liabilities										
- Security Deposit	28	-	-	-	2.63	**2.63**	-	-	2.63	**2.63**
- Derivative instruments	28	2.40	3.34	-	-	**5.74**	-	5.74	-	**5.74**
- Deferred consideration	28	29.38	-	-	-	**29.38**	-	-	29.38	**29.38**
- Others	28	-	-	-	279.32	**279.32**	-	-	279.32	**279.32**

Notes to the Consolidated Financial Statements

(i) There have been no transfer between Level 1 and Level 2 for the years ended 31st March, 2024 and 31st March, 2023.

(ii) Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values

₹ in Crores

Particulars	Equity Securities	Other investments	Deferred consideration	Put option liability
Balance at 1st April, 2022	**269.57**	**40.25**	**41.55**	**34.75**
Addition during the year	136.03	-	8.66	-
Transfer out from Level 3	-	-	(2.08)	-
Net change in fair value (unrealised)	14.18	0.38	3.45	4.47
Foreign exchange gain/loss	21.21	-	(1.79)	0.02
Balance at 31st March, 2023	**440.99**	**40.63**	**49.79**	**39.24**
Addition during the year	-	6.02	107.74	-
Transfer out from Level 3	(0.60)	-	(31.90)	-
Net change in fair value (unrealised)	33.21	(10.65)	1.32	4.21
Foreign exchange gain/loss	2.56	-	0.20	(1.43)
Balance at 31st March, 2024	**476.16**	**36.00**	**127.15**	**42.02**

(iii) Valuation techniques and significant unobservable inputs:

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the consolidated balance sheet as well as the significant unobservable inputs used in measuring Level 3 fair value for financial instruments.

Particulars	Valuation technique	Significant unobservable inputs
Deferred consideration	Discounted cash flow method	Expected cash flows and Risk-adjusted discount rate
Investment (unquoted) (other than associates)	Discounted cash flow method and Market comparison technique based on market multiples derived from quoted prices of companies comparable to the investee	Expected cash flows, estimated EBITDA of the investee
Fair value of derivatives	The fair value is determined using quoted forward exchange rates at the reporting date	Not Applicable
Put option liability	Discounted cash flow method using risk adjusted discount rate.	Expected cash flows and Risk-adjusted discount rate

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

B. Financial risk management objectives and policies

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

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

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

The Audit Committee of the Board periodically reviews the risk management framework.

Market risk

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

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

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

(a) Currency risk:

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

Foreign exchange risk

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

₹ in Crores

Nature of instrument	Currency	Cross Currency	As at 31st March, 2024	As at 31st March, 2023
Forward contracts - Sold	USD	INR	5,119.26	3,752.94
Foreign exchange currency option contracts - sold and bought	USD	INR	508.77	1,092.86
Forward contracts - Currency Swap Sold	ZAR	INR	437.00	-
Forward contracts - Sold	ZAR	INR	1,072.72	514.09
Forward contracts - Sold	AUD	INR	81.44	164.49
Forward contracts - Sold	GBP	INR	-	80.91
Forward contracts - Sold	EUR	INR	-	17.89
Forward contracts - Bought	USD	ZAR	99.16	83.27
Forward contracts - Bought	EUR	ZAR	24.15	42.16
Forward contracts - Bought	GBP	ZAR	-	3.70
Unhedged foreign exchange exposures:				
- Trade and other receivables			509.71	446.51
- Cash and cash equivalents			177.39	35.67
- Trade and other payables			(658.98)	(546.76)
- Borrowings			(101.19)	(56.85)

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

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

(ii) Foreign currency risk from financial instruments:

₹ in Crores

Particulars	As at 31st March, 2024					
	US dollars	Euro	GBP	ZAR	Others	Total
Trade and other receivables	414.39	19.14	52.97	-	23.21	509.71
Cash and cash equivalents	95.39	10.79	-	36.91	34.30	177.39
Trade and other payables	(361.08)	(164.95)	(72.60)	(7.16)	(53.19)	(658.98)
Borrowings	-	-	(101.19)	-	-	(101.19)
Net assets/(liabilities)	**148.70**	**(135.02)**	**(120.82)**	**29.75**	**4.32**	**(73.07)**

₹ in Crores

Particulars	As at 31st March, 2023					
	US dollars	Euro	GBP	ZAR	Others	Total
Trade and other receivables	291.67	24.72	69.32	24.61	36.19	446.51
Cash and cash equivalents	17.31	6.85	-	-	11.51	35.67
Trade and other payables	(364.10)	(142.48)	(12.23)	(3.22)	(24.73)	(546.76)
Borrowings	-	-	(56.85)	-	-	(56.85)
Net assets/(liabilities)	**(55.12)**	**(110.91)**	**0.24**	**21.39**	**22.97**	**(121.43)**

(iii) Sensitivity analysis

For the years ended 31st March, 2024 and 31st March, 2023, 5% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would (decrease)/increase the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Movement in exchange rate		
USD - INR	5%	5%
EUR - INR	5%	5%
GBP - INR	5%	5%
ZAR - INR	5%	5%
Other currency	5%	5%
Impact on profit/loss		
USD - INR	7.44	2.76
EUR - INR	6.75	5.55
GBP - INR	6.04	0.01
ZAR - INR	1.49	1.07
Other currency	0.22	1.15

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

(b) Other price risk

The Group is mainly exposed to the other price risk due to its investment in mutual funds. The other price risk arises due to uncertainties about the future market values of these investments. At 31st March, 2024, the investments in mutual funds amounts to ₹ 4,807.01 Crores (31st March, 2023: ₹ 3,089.86 Crores). These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. A 1% increase/(decrease) in prices would increase/(decrease) the equity and profit or loss by the amounts shown below.

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Impact on profit/loss		
Increase by 1%	48.07	30.90
Decrease by 1%	(48.07)	(30.90)

(c) Interest rate risk

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

The Group's interest rate risk mainly arises from borrowings with variable rates and investments in short term deposits. Considering the short term nature, there is no significant interest rate risk pertaining to short term deposit.

Exposure to interest rate risk

The borrowings profile of the Group's interest-bearing financial instruments as reported to the Management of the Group is as follows:

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Variable rate instruments		
Financial liabilities	247.02	520.36

₹ in Crores

Particulars	As at 31st March, 2024			As at 31st March, 2023		
	Weighted average interest cost	Balance	% of total loans	Weighted average interest cost	Balance	% of total loans
Borrowings (Net exposure to cash flow interest rate risk)	8.02%	247.02	100%	6.51%	520.36	100%

Cash flow sensitivity analysis for variable-rate instruments

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

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Impact on profit/loss		
Increase	(1.24)	(2.60)
Decrease	1.24	2.60

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

The risk estimates provided assume a parallel shift of 50 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the year.

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. The Group establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables, cash and cash equivalents and investments. The management have evaluated receivable from customers based out of Sri Lanka in view of ongoing economic crisis and have concluded that there is no increase in credit risk as at 31st March, 2024 and 31st March, 2023 from such receivables on account of business continuity.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 5,970.60 Crores and ₹ 5,053.52 Crores, as at 31st March, 2024 and 31st March, 2023 respectively, being the total carrying value of trade receivables, investments in debt securities, loans, derivative assets and other financial assets.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

Cash and cash equivalents and investments:

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating.

The Group does not expect any losses from non-performance by these counterparties and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Note 42: Financial Instrument (Contd..)

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, 2024.

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 default in collection as a percentage to total receivable is low and overall expected credit loss is not material to these financial statements.

The details of changes in allowance for credit losses during the year ended 31st March, 2024 and 31st March, 2023 for trade receivables are as follows:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Opening Balance	**125.30**	**180.71**
Provided during the year	45.85	31.61
Reversal of provision during the year	(22.34)	(68.29)
Written off/back during the year	(8.90)	0.71
Effects of changes in foreign exchange rate	(0.62)	6.34
Assets of disposal group classified as held for sale (refer note 2.3)	-	(25.78)
Closing Balance	**139.29**	**125.30**

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, 2024 and 31st March, 2023. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated,

Notes to the Consolidated Financial Statements

Note 42: Financial Instrument (Contd..)

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, 2024:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non-derivative :				
Current borrowings	247.02	-	-	247.02
Trade payables	2,473.98	-	-	2,473.98
Other financial liabilities	492.14	66.00	-	558.14
Lease liabilities (on undiscounted basis)	96.28	215.39	103.96	415.63
Derivative:				
Derivative designated as hedge	-	1.81	-	1.81
	3,309.42	**283.20**	**103.96**	**3,696.58**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2023:

₹ in Crores

Particulars	Less than 1 year	1-5 years	Above 5 years	Total
Non-derivative :				
Borrowings				
Current borrowings	187.90	-	-	187.90
Current maturities of non-current borrowings	332.46	-	-	332.46
Trade payables	2,534.52	-	-	2,534.52
Other financial liabilities	311.33	113.70	-	425.03
Lease liabilities (on undiscounted basis)	83.44	169.89	121.96	375.29
Derivative:				
Derivative designated as hedge	3.34	-	-	3.34
Derivative not designated as hedge	2.40	-	-	2.40
	3,455.39	**283.59**	**121.96**	**3,860.94**

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.

a) Disclosure of effects of hedge accounting in Group's balance sheet

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2024						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 9 & 18)	123.31	1.08	-	April 2024 - March 2025	1:1	USD 1 = ZAR 18.91 EUR 1 = ZAR 20.82

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 9 & 18)	3,723.38	21.56	-	April 2024 - September 2025	1:1	USD 1 = ₹ 84.57 ZAR 1 = ₹ 4.45 AUD 1 = ₹ 57.03
Foreign exchange currency options contracts - Sold (refer note 24 & 28)	508.77	-	3.65	April 2024 - July 2025	1:1	USD 1 = ₹ 85.34
Foreign exchange currency options contracts - Bought (refer note 9 & 18)	508.77	4.33	-	April 2024 - July 2025	1:1	USD 1 = ₹ 83.94
Fair value hedge						
Foreign exchange risk						
Foreign exchange currency swap contracts	437.00	2.39	-	March 2029- October 2029	1:1	ZAR 1= ₹ 4.43
Foreign exchange forward contracts (refer note 9 & 18)	2,550.04	6.22	-	April 2024- March 2028	1:1	USD 1 = ₹ 83.93 ZAR 1 = ₹ 4.23

₹ in Crores

Type of hedge and risks	Carrying amount			Maturity date	Hedge ratio*	Weighted average strike price/rate
	Nominal amount	Assets	Liabilities			
31st March, 2023						
Cash flow hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18 & 28)	129.13	1.23	0.23	April 2023 - March 2024	1:1	USD 1 = ZAR 17.95 EUR 1 = ZAR 18.82 GBP 1 = ZAR 21.85
Foreign exchange forward contracts (refer note 28)	2,961.33	-	2.17	April 2023 - March 2024	1:1	USD 1 = ₹ 82.54 ZAR 1 = ₹ 4.80 AUD 1 = ₹ 57.42
Foreign exchange currency options contracts - Sold (refer note 28)	1,092.86	-	16.30	April 2023 - March 2024	1:1	USD 1 = ₹ 83.17
Foreign exchange currency options contracts - Bought (refer note 28)	1,092.86	-	(12.96)	April 2023 - March 2024	1:1	USD 1 = ₹ 82.22
Fair value hedge						
Foreign exchange risk						
Foreign exchange forward contracts (refer note 18)	1,568.99	7.98	-	April 2023 - March 2024	1:1	USD 1 = ₹ 83.80 ZAR 1 = ₹ 4.64 AUD 1 = ₹ 56.80 GBP 1 = ₹ 101.39 EUR 1 = ₹ 90.12

* The foreign currency forward contracts and currency option contracts are denominated in the same currency as the highly probable future sales, therefore hedge ratio of 1:1

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, 2024			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	40.15	-	(36.71)

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, 2023			
Cash flow hedge			
i) Foreign exchange risk contracts (refer note 40)	(48.11)	-	56.97

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	Foreign exchange forward/currency options contracts	
	As at 31st March, 2024	As at 31st March, 2023
Cash flow hedging reserve		
Opening balance	**3.47**	**(3.03)**
Add: Changes in fair value	40.15	(48.11)
Less: Amount reclassified to profit or loss	(36.71)	56.97
Less: Deferred tax relating to above (net)	(1.06)	(2.36)
Closing balance	**5.85**	**3.47**

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 and other liabilities) + Current investments).

Total 'equity' as shown in the balance sheet, including non-controlling interest.

Note 43: Capital Management (Contd..)

₹ in Crores

Particulars	As at 31st March, 2024	As at 31st March, 2023
Total debt	559.41	803.12
Less: Cash and cash equivalent including mutual fund and bank deposit with original maturity between 3 to 12 months	5,604.81	4,643.34
Net debt (A)	**(5,045.40)**	**(3,840.22)**
Total equity (B)	26,802.33	23,713.54
Net debt to equity ratio (A/B)	**(0.19)**	**(0.16)**

(B) Loan covenants

The Group has complied with all the financial covenants throughout the reporting periods.

Notes to the Consolidated Financial Statements

Note 43: Capital Management (Contd..)

(C) Dividend on equity share

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
(a) Dividend on equity shares paid during the year		
Final dividend for the year [FY 2022-23: ₹ 8.50 (FY 2021-22: ₹ 5.00) per equity share of ₹ 2.00 each]	686.17	403.50
	686.17	**403.50**
(b) Proposed dividend on equity share not recognised as liability	**1,049.58**	**686.08**

The Board of Directors of the Company at the meeting held on 10th May, 2024 has recommended a final dividend of ₹ 13 per equity share (face value of ₹ 2.00 each) which is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

Note 44: Income Tax Search and Survey

The Income Tax Department ("the Department") had conducted a Survey & Search under Section 132 of the Income Tax Act ("the Search") on the Holding Company in February 2023. The Holding Company at the time of search and subsequently had co-operated with the department and responded to the clarifications, data and details sought by the Department. No assets of the Holding Company were seized by the Department as part of the Search. During the year ended 31st March, 2024, the Holding Company has received notices under section 148 of the Income Tax Act for Assessment Years 2015-16 to 2019-20 and accordingly returns have been filed for all those years with no additions. The Holding Company has not identified any adjustments to the current or prior period 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, 2024	As at 31st March, 2023
Contingent liabilities		
Claims against the Group not acknowledged as debt [i]	149.35	156.11
Guarantees excluding financial guarantees	190.57	235.68
Letters of credit	14.94	15.84
Income tax on account of disallowances/additions	20.22	20.52
Excise duty/service tax/GST on account of valuation or cenvat credit	257.49	132.02
Sales tax on account of credit/classification	1.39	6.38
	633.96	**566.55**
Commitments		
Estimated amount of contracts unexecuted on capital account	1,997.80	857.71
Uncalled liability on committed investments	59.95	-

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 the 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. The Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

B. Details of other litigations

(i) The National Pharmaceutical Pricing Authority ("NPPA") issued several demand notices on the Company- alleging overcharging regarding scheduled drugs under the Drugs (Prices Control) Orders -1995 & 2013. The NPPA in its public disclosure has stated the total demand amount against the Company to be ₹ 3,707 Crores.

The above includes demand notices raised by the NPPA under the matter filed by the Company challenging inclusion of its 4 bulk drugs viz. Salbutamol, Theophylline, Ciprofloxacin and Norfloxacin ("Subject Drugs") in the First Schedule of Drugs (Prices Control) Order, 1995 ("1995 DPCO"). During the years 1999 and 2000, the Company filed 3 writ petitions before the Hon'ble Bombay High Court ("Bombay HC") challenging inclusion of Subject Drugs in the First Schedule of 1995 DPCO and also challenging the demand notices issued by NPPA demanding payment of purported overcharged amounts. It is the Company's case that the Subject Drugs have been included in the First Schedule of the 1995 DPCO not in conformity with the criteria for inclusion stipulated in the 1994 Drug Policy.

On 31st August, 2001, by way of its common judgment, the Bombay HC decided the writ petitions in favor of the Company, thereby holding that the Subject Drugs do not fall within the purview of DPCO 1995 and also quashed the demand notices raised by NPPA. The said order allowing the writ petitions, was subsequently set aside by Hon'ble Supreme Court (""SC"") on 1st August, 2003 and the writ petitions were restored for being considered afresh by the Bombay HC. Pertinently, the SC, inter alia, imposed the burden on the Company to make out its challenge by furnishing all the relevant material within its reach and knowledge. Further, the SC stayed recovery of 50% of the "overcharged" amounts subject to payment of the remaining 50% of the "overcharged" amounts pending fresh determination by the Bombay HC.

Accordingly, in terms of SC's Judgment the Company paid to the NPPA an amount of ₹ 175.08 Crores, representing 50% of the alleged overcharged amounts in respect of the Subject Drugs against demand notices raised till 2003. Meanwhile, in compliance of directions of SC in the Judgment dated 1st August 2003, the Company also attempted to gather and collect requisite data as directed and sought to place on record the facts and material in relation to such efforts by amending the respective writ petitions through the amendment applications. The proposed amendments also sought to put on record before the Bombay HC demand notices issued subsequent to the Judgment dated 1st August, 2003 and levied challenges on various grounds including inter alia the fact that the quantum of the entire set of demand notices were erroneous, arbitrary and contrary to law.

Further, the Company has received certain communications, relating to few of these cases from the NPPA informing of true-up of alleged overcharge and interest amounting to ₹ 371.21 Crores for the residual periods between the date of the earlier notices till date determined by the NPPA, not being later than the commencement of the new DPCO, 2013. These matters are already sub-judice and subject to the stays issued by the Hon'ble Courts. In 2019, the Company applied to the Bombay HC to amend its pleadings to include: (i) demand notices received by it, after deposit of ₹ 175.08 Crores ("the Subsequent Demands") (ii) deduction of trade margin of 16% from outstanding demands (as having not accrued to the Company, as manufacturer) basis the Allahabad HC's Healthcare judgment (iii) to take on record the Government of India's RTI response on unavailability of any records pertinent to and what should have been the basis for inclusion of the Four Drugs under DPCO, 1995 price control and (iv) re -calculation of interest from date of non-payment of demand as stated in each demand.

The Bombay HC vide order dated 23rd February, 2024 directed that the Company may amend the pleadings as stated above, upon it depositing 50% of the Subsequent Demands. The Company appealed the Bombay HC order in a special leave petition before the SC and on 19th April, 2024 the SC was pleased to issue notice in the said matter. The Company has been legally advised that it has a substantially strong case on the merits of the matter and therefore no provision is considered necessary in respect of the demand notices received till date concerning the said matter.

Further, the Group carries provision of ₹ 145.73 Crores as at 31st March, 2024 (₹ 125.38 Crores as at 31st March, 2023) for products not part of the referenced writ proceedings.

(ii) 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

Notes to the Consolidated Financial Statements

Note 45: Contingent liabilities, commitments and other litigations (to the extent not provided for) (Contd..)

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 Honourable Supreme Court has granted the Special Leave to Appeal to the Subsidiary Company and the interim orders continue till the appeal is finally heard. Vide a GO dated 30th July, 2018, issued by the Goa Government, it was resolved that the lands which were allotted to 7 SEZ land owners (including the Subsidiary Company) would be taken back and their monies refunded. In pursuance of the said GO, the Honourable Supreme Court vide its order dated 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. 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, 2024 (31st March, 2023: ₹ 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 years ended 31st March, 2024 and 31st March, 2023 amounted to ₹ 4,310.04 Crores and ₹ 3,830.08 Crores respectively.

Note 46: Employee Benefits (Contd..)

Disclosure in respect of contributions to provident and other funds as follows-

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Defined contribution plans		
Employees' pension scheme	44.38	46.37
Provident fund	21.08	19.60
Contribution for 401(k) fund*	21.22	18.25
Others - ESIS, Labour welfare fund, etc.	14.14	15.48
	100.82	**99.70**
Defined benefit plans		
Gratuity (refer table 1 below)	20.86	21.13
Provident fund (refer table 2 below)	49.37	42.98
	70.23	**64.11**
Total contribution to provident fund and other fund	**171.05**	**163.81**

*The Group maintains a 401(k) plan, pursuant to which employees may make contributions which are not to exceed statutory limits. Employer matching contribution are equal to 100% of employee contribution.

Disclosure in respect of defined benefit plan :

a. Description of the plans:

Retirement benefit plans of the Group include gratuity for the Holding Company, certain Indian subsidiaries and provident fund for the Holding Company which are funded. Also, in respect of certain Indian subsidiaries, the gratuity liability is unfunded. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Holding Company and certain Indian subsidiaries make contributions to the Gratuity Fund. Provident Fund is managed by the Holding Company through trust Employees Provident Fund (the "Provident Fund").

b. Governance of the plan:

The Holding Company and certain Indian 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.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd..)

c. Investment strategy:

The Holding Company and certain 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	Year ended 31st March, 2024			Year ended 31st March, 2023		
	Gratuity (Funded)	Gratuity (Unfunded)	Total	Gratuity (Funded)	Gratuity (Unfunded)	Total
i. Change in defined benefit obligation						
Opening defined benefit obligation	196.64	1.65	198.29	176.66	1.30	177.96
Liability - transferred in/(out)	0.67	(0.65)	0.02	0.05	-	0.05
Interest cost	14.25	0.08	14.33	12.23	0.09	12.32
Current service cost	20.76	0.18	20.94	21.80	0.28	22.08
Actuarial changes arising from changes in demographic assumptions	13.30	(0.01)	13.29	-	-	-
Actuarial changes arising from changes in financial assumptions	80.94	0.04	80.98	(4.58)	(0.02)	(4.60)
Actuarial changes arising from changes in experience assumptions	21.82	0.05	21.87	14.99	0.05	15.04
Benefits paid	(19.97)	(0.04)	(20.01)	(24.51)	(0.05)	(24.56)
Liability at the end of the year	**328.41**	**1.30**	**329.71**	**196.64**	**1.65**	**198.29**
ii. Change in fair value of assets						
Opening fair value of plan assets	192.60	-	192.60	184.34	-	184.34
Assets transferred out/divestments	-	-	-	0.05	-	0.05
Expected return on plan assets	14.41	-	14.41	13.27	-	13.27
Return on plan assets excluding interest income	4.97	-	4.97	(3.53)	-	(3.53)
Contributions by employer	34.66	-	34.66	23.29	-	23.29
Benefits paid	(20.43)	-	(20.43)	(24.82)	-	(24.82)
Closing fair value of plan assets	**226.21**	**-**	**226.21**	**192.60**	**-**	**192.60**
iii. Amount recognised in balance sheet						
Present value of obligations as at year end	(328.41)	(1.30)	(329.71)	(196.62)	(1.67)	(198.29)
Fair value of plan assets as at year end	226.21	-	226.21	192.60	-	192.60
Net asset/(liability) recognised	**(102.20)**	**(1.30)**	**(103.50)**	**(4.02)**	**(1.67)**	**(5.69)**
iv. Expenses recognised in profit or loss						
Current service cost	20.76	0.18	20.94	21.80	0.28	22.08
Past service cost	-	-	-	-	-	-
Interest on defined benefit obligation	14.25	0.08	14.33	12.23	0.09	12.32
Expected return on plan assets (interest income only)	(14.41)	-	(14.41)	(13.27)	-	(13.27)
Total expense recognised in profit or loss	**20.60**	**0.26**	**20.86**	**20.76**	**0.37**	**21.13**
v. Expenses recognised in other comprehensive income						
Actuarial changes arising from changes in demographic assumptions	13.30	(0.01)	13.29	-	-	-
Actuarial changes arising from changes in financial assumptions	80.94	0.04	80.98	(4.58)	(0.02)	(4.60)
Actuarial changes arising from changes in experience assumptions	21.82	0.05	21.87	14.99	0.05	15.04
Actuarial (gain)/loss return on plan assets, excluding interest income	(4.97)	-	(4.97)	3.53	-	3.53
Net (income)/expense for the period recognised in OCI	**111.09**	**0.08**	**111.17**	**13.94**	**0.03**	**13.97**

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd..)

₹ in Crores

Particulars	Year ended 31st March, 2024			Year ended 31st March, 2023		
	Gratuity (Funded)	Gratuity (Unfunded)	Total	Gratuity (Funded)	Gratuity (Unfunded)	Total
vi. Actual return on plan assets						
Expected return on plan assets	14.41	-	14.41	13.27	-	13.27
Actuarial gain/(loss) on plan assets	4.97	-	4.97	(3.53)	-	(3.53)
Actual return on plan assets	**19.38**	**-**	**19.38**	**9.74**	**-**	**9.74**
vii. Asset information						
Insurer managed funds	100%	-	-	100%	-	-
viii. Expected employer's contribution for the next year	**41.00**	**0.07**	**41.07**	**22.10**	**-**	**22.10**

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, 2024	For the year ended 31st March, 2023
Financial assumptions:		
Discounted rate (per annum)	7.19% to 7.24%	7.46% to 7.60%
Expected rate of return on plan assets	7.19% to 7.24%	7.46% to 7.60%
Expected rate of future salary increase		
- For the next 1 year	7% to 9%	7.00%
- Thereafter starting from the 2nd/3rd year	5% to 9%	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%-20%	15.00%
- For Service 5 years and above	5%-10%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market. Discount rate and expected rate of return are determined by reference to market yields at the end of the reporting period on government bonds.

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, 2024	For the year ended 31st March, 2023
Discount rate (1% movement increase)	(26.07)	(15.71)
Discount rate (1% movement decrease)	23.63	18.35
Future salary growth (1% movement increase)	25.04	19.69
Future salary growth (1% movement decrease)	(26.60)	(16.81)
Attrition rate (1% movement increase)	2.33	3.24
Attrition rate (1% movement decrease)	(2.60)	(3.65)

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.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd..)

Maturity analysis of the benefit payments from the fund:

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2024	As at 31st March, 2023
1st following year	36.60	15.38
2nd following year	29.49	19.74
3rd following year	33.16	15.37
4th following year	31.02	17.95
5th following year	30.42	16.41
Sum of years 6th to 10th	140.13	80.66
Sum of years 11 and above	341.41	278.59

The weighted average duration of the defined plan obligation at the end of the reporting period is 7.47 to 13 years (31st March, 2023: 8 to 12 years)

e. Table 2: The details of the Group's defined benefit plans in respect of the owned provident fund trust for the Holding Company based on actuarial report

₹ in Crores

Particulars	31st March, 2024 Provident Fund (Funded Plan)	31st March, 2023 Provident Fund (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	1,304.82	1,252.79
Interest cost	106.23	100.91
Current service cost	49.37	42.98
Employee contribution	117.07	102.91
Liability transferred in	29.17	34.17
Benefits paid	(198.29)	(193.96)
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	5.13	2.20
Actuarial changes arising from changes in experience assumptions	23.85	(37.18)
Liability at the end of the year	**1,437.35**	**1,304.82**
ii. Change in fair value of assets		
Opening fair value of plan assets	1,307.68	1,279.35
Expected return on plan assets	106.23	100.91
Actuarial (loss)/gain	28.98	(34.98)
Contributions by employer	166.44	145.89
Transfer of plan assets	29.17	34.17
Benefits paid	(198.29)	(193.96)
Other adjustments	1.12	(23.70)
Closing fair value of plan assets	**1,441.33**	**1,307.68**

Note 46: Employee Benefits (Contd..)

₹ in Crores

Particulars	31st March, 2024 Provident Fund (Funded Plan)	31st March, 2023 Provident Fund (Funded Plan)
iii. Amount recognised in balance sheet		
Present value of obligations as at year end	(1,437.35)	(1,304.82)
Fair value of plan assets as at year end	1,441.33	1,307.68
Funded status	(3.98)	(2.86)
Net asset/(liability) recognised	**-**	**-**
iv. Expenses recognised in profit or loss		
Current service cost	49.37	42.98
Past service cost	-	-
Interest cost	106.23	100.91
Expected return on plan assets	(106.23)	(100.91)
Total expense recognised in profit or loss	**49.37**	**42.98**
v. Actual return on plan assets		
Expected return on plan assets	106.23	100.91
Actuarial (loss)/gain on plan assets	28.98	(34.98)
Actual return on plan assets	**135.21**	**65.93**
vi. Asset information		
a. Quoted investments		
Investment in PSU bonds	516.68	493.16
Investment in government securities	680.68	617.14
Equity/insurer managed funds/ mutual funds	176.10	124.86
b. Unquoted investments		
Bank special deposit	15.58	15.58
Investment in other securities	52.28	56.94
Total assets at the end of the year	**1,441.32**	**1,307.68**
vii. Expected employer's contribution for the next year	**52.82**	**45.99**
viii. Principal actuarial assumptions used		
Discounted rate (per annum)	7.20%	7.48%
Expected rate of return on plan assets (per annum)	8.25%	8.15%
Expected rate of future salary increase (per annum)		
- For the next 1 year	9.00%	7.00%
- Thereafter starting from the 2nd year	9.00%	5.00%

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd..)

Demographic assumptions:

Mortality rate	Indian assured lives Mortality (2012-14) Ultimate	Indian assured lives Mortality (2012-14) Ultimate
Retirement age	60 Years	60 years
Attrition rate		
- For Service 2 years and below	25.00%	25.00%
- For Service 3 years to 4 years	20.00%	15.00%
- For Service 5 years and above	10.00%	5.00%

Sensitivity Analysis

₹ in Crores

Particulars	31st March, 2024		31st March, 2023	
Discount rate	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	(46.57)	76.70	(32.04)	68.41
Interest rate guarantee	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(decrease) in the defined benefit liability	71.53	(45.85)	63.39	(32.01)

The sensitivity analysis above has been determined based on reasonable possible changes of the respective assumption occurring at the end of the reporting period while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity analysis of the benefit payments from the fund

₹ in Crores

Projected benefits payable in future years from the date of reporting	As at 31st March, 2024	As at 31st March, 2023
1st following year	102.85	95.41
2nd following year	95.23	88.23
3rd following year	91.50	84.68
4th following year	92.99	85.95
5th following year	101.22	93.45
Sum of years 6th to 10th	515.94	474.57

f. There are no amounts included in the Fair Value of Plan Assets (Gratuity and Provident fund):

- Company's own financial instrument
- Property occupied by or other assets used by the Company

g. Compensated absences note:

The Group provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof as per the Group's policy. The Group records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Group towards this obligation was ₹ 133.31 Crores and ₹ 135.69 Crores as at 31st March, 2024 and 31st March, 2023, respectively.

Notes to the Consolidated Financial Statements

Note 46: Employee Benefits (Contd..)

h. Cash settled share based payment:

Certain employees of the Group are eligible for share based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's share price at the time of vesting. As of 31st March, 2024, there was ₹ 20.05 Crores (31st March, 2023: ₹ 11.68 Crores) of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1 year.
This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

Note 47: Share based payments

1. Parent Company

Cipla Limited

The expense recognised for employee services received during the year is shown in the following table:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Expense arising from equity settled share based payment transactions (ESOS and ESAR)	25.09	23.47

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 years ended 31st March, 2024 and 31st March, 2023 under the Scheme are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Exercise period
ESOS 2013 - A	10th May, 2022	1,18,916	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	10th May, 2022	24,031	2.00	1 Year	Within same calendar year of vesting
ESOS 2013 - A	4th November, 2022	8,613	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	12th May, 2023	1,37,733	2.00	2 Years	5 Years from vesting date
ESOS 2013 - A	12th May, 2023	23,896	2.00	1 Year	Within same calendar year of vesting

The options are granted at an exercise price, which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2 each.

Weighted average share price for options exercised during the year 31st March, 2024:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	1,052.70

Weighted average share price for options exercised during the year 31st March, 2023:

Particulars	ESOS - 2013 - A
Weighted average share price (₹)	1,018.03

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd..)

Stock option activity under the scheme(s) for the year ended 31st March, 2024 is set out below:

ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**4,24,447**	**2.00**	**2.00**	**4.29**
Granted during the year	1,61,629	2.00	2.00	-
Forfeited/cancelled during the year	(18,933)	2.00	2.00	-
Lapsed during the year	-	2.00	2.00	-
Exercised during the year	(1,45,559)	2.00	2.00	-
Outstanding at the end of the year	**4,21,584**	**2.00**	**2.00**	**4.32**
Exercisable at the end of the year	1,54,270	2.00	2.00	2.76

Stock option activity under the scheme(s) for the year ended 31st March, 2023 is set out below:

ESOS 2013 - A

Particulars	No. of options	Weighted average exercise price (₹) per option	Range of exercise price (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**6,13,677**	**2.00**	**2.00**	**4.45**
Granted during the year	1,51,560	2.00	2.00	-
Forfeited/cancelled during the year	(5,435)	2.00	2.00	-
Lapsed during the year	(1,466)	2.00	2.00	-
Exercised during the year	(3,33,889)	2.00	2.00	-
Outstanding at the end of the year	**4,24,447**	**2.00**	**2.00**	**4.29**
Exercisable at the end of the year	1,63,582	2.00	2.00	2.83

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

ESOS 2013 - A	31st March, 2024	31st March, 2023
Expected dividend yield (%)	0.53%	0.52%
Expected volatility	26.46%	27.95%
Risk-free interest rate	6.86%	6.77%
Weighted average share price (₹)	943.60	951.08
Exercise price (₹)	2.00	2.00
Expected life of options granted in years	4.04	4.00
Weighted average fair value of options (₹)	922.12	929.85

B. Employee Stock Appreciation Rights ("ESAR") Scheme

The Company has implemented "Cipla Employee Stock Appreciation Rights Scheme 2021 ('ESAR 2021/the Scheme')" as approved by the shareholders by postal ballot on 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 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.

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd..)

Details of the ESAR granted during the years ended 31st March, 2024 and 31st March, 2023 under the Scheme are given below:

Scheme details	Grant date	No. of options granted	Exercise price (₹) per option	Vesting period	Fair value at grant date	Exercise period
ESAR 2021	10th May, 2022	2,47,126	2.00	3 Years graded vesting	304.80	5 Years from vesting date
ESAR 2021	10th May, 2022	86,277	2.00	1 Year	260.77	5 Years from vesting date
ESAR 2021	4th November, 2022	23,805	2.00	3 Years graded vesting	420.08	5 Years from vesting date
ESAR 2021	12th May, 2023	3,87,836	2.00	3 Years graded vesting	330.42	5 Years from vesting date
ESAR 2021	12th May, 2023	76,821	2.00	1 Year	292.89	5 Years from vesting date

Weighted average share price for ESAR exercised during the year 31st March, 2024:

Particulars	ESAR - 2021
Weighted average share price (₹)	1,221.95

Weighted average share price for ESAR exercised during the year 31st March, 2023:

Particulars	ESAR - 2021
Weighted average share price (₹)	1,133.26

Stock option activity under the scheme(s) for the year ended 31st March, 2024 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	**7,00,755**	**956.17**	**913.38 - 1,139.34**	**5.38**
Granted during the year	4,64,657	918.77	918.77	-
Forfeited/cancelled during the year	(50,285)	937.64	913.38 - 984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(3,65,342)	942.06	913.38 - 984.67	-
Outstanding at the end of the year	**7,49,785**	**941.11**	**913.38 - 1,139.34**	**5.58**
Exercisable at the end of the year	80,824	957.00	913.38-1139.34	3.91

*Number of shares are issued against option exercised based formula as defined in ESAR scheme 2021

Stock option activity under the scheme(s) for the year ended 31st March, 2023 is set out below:

ESAR 2021

Particulars	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**3,98,376**	**916.87**	**913.38 - 933.54**	**5.97**
Granted during the year	3,57,208	994.98	984.67-1,139.34	-
Forfeited/cancelled during the year	(11,247)	939.96	913.38-984.67	-
Lapsed during the year	-	-	-	-
Exercised during the year*	(43,582)	917.82	913.38-933.54	-
Outstanding at the end of the year	**7,00,755**	**956.17**	**913.38-1,139.34**	**5.38**
Exercisable at the end of the year	1,86,157	917.38	913.38-933.54	4.21

*Number of shares are issued against option exercised based formula as defined in ESAR scheme 2021

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd..)

The Black Scholes valuation model has been used for computing weighted average fair value considering the following inputs:

Particulars	31st March, 2024	31st March, 2023
Expected dividend yield (%)	0.53%	0.52%
Expected volatility	27.74%	28.48%
Risk-free interest rate	6.85%	6.89%
Weighted average share price (₹)	943.60	953.02
Exercise price (₹)	918.77	994.98
Expected life of options granted in years	4.34	4.27
Weighted average fair value of options (₹)	324.21	301.85

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, 2024	For the year ended 31st March, 2023
Expense arising from equity settled share based payment transactions (ESAR)	21.07	15.57

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	4th May, 2022	336.00	10.00	1 to 3 Years	8,334.50	At time of liquidity event
ESAR Scheme 2021	29th November, 2022	700.00	10.00	1 to 3 Years	9,521.43	At time of liquidity event
ESAR Scheme 2021	30th November, 2022	46,908.00	10.00	3 to 4 Years	12,344.88	At time of liquidity event

Particulars	As at 31st March, 2024			
	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	**73,875**	**20,044.09**	**20,044.09**	**2.50**
Granted during the year*	-	-	-	-
Forfeited/Cancelled during the year	(1,464)	16,316.00	16,316.00	-
Exercised during the year (settled in cash)	(1,364)	16,316.00	16,316.00	-
Outstanding at the end of the year	**71,047**	**20,192.48**	**20,192.48**	**1.79**
Exercisable at the end of the year	18,025	16,465.56	16,465.56	-

*No ESAR granted in the current period

Notes to the Consolidated Financial Statements

Note 47: Share based payments (Contd..)

Particulars	As at 31st March, 2023			
	No. of options	Weighted average exercise price (base price) (₹) per option	Range of exercise price (base price) (₹) per option	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	**25,931**	**16,316.00**	**16,316.00**	**1.77**
Granted during the year	47,944	22,060.46	22,101.00	-
Forfeited/Cancelled during the year	-	-	-	-
Outstanding at the end of the year	**73,875**	**20,044.09**	**20,044.09**	**2.50**
Exercisable at the end of the year	-	-	-	-

The following table lists the inputs to the models used for the years ended

Particulars	As at 31st March, 2024	As at 31st March, 2023
Expected dividend yield (%)	Not Applicable	0%
Expected volatility (%)		69.89%
Risk free investment rate (%)		6.98%
Exercise price at date of grant		₹ 22,060.46
Share price at date of grant		₹ 12,275.55
Vesting period		3.61 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, 2024	31st March, 2023
Profit after tax as reported (₹ in Crores)	4,121.55	2,801.91
Share based payment expense (₹ in Crores)	46.16	39.04
Earnings per share adjusted		
Basic (₹)	51.63	35.20
Diluted (₹)	51.58	35.18

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, 2024

A. Associates

Stempeutics Research Private Limited

Avenue Therapeutics Inc. (ceased to be an associate w.e.f. 11th October, 2022)

Brandmed (Pty) Limited

AMPSolar Power Systems Private Limited

GoApptiv Private Limited (stake increased from 22.02% to 22.99% w.e.f 02nd February, 2024)

Iconphygital Private Limited (Wholly owned subsidiary of GoApptiv Private Limited)

Pactiv Healthcare Private Limited (Wholly owned subsidiary of GoApptiv Private Limited w.e.f. from 26th July, 2023)

Clean Max Auriga Power LLP

Note 48: Related party disclosures (Contd..)

AMP Energy Green Eleven Private Limited

Achira Labs Private Limited (acquired 21.05% on fully diluted basis w.e.f. 17th August, 2022)

MKC Biotherapeutics Inc. (Incorporated w.e.f. 27th February, 2024)

B. Key Management personnel (KMP)

Samina Hamied - Executive Vice-Chairperson (Resigned w.e.f. close of business hours on 31st March, 2024)

Umang Vohra - Managing Director and Global Chief Executive Officer

Kedar Upadhye - Global Chief Financial Officer (Resigned w.e.f. close of business hours on 3rd May, 2022)

Ashish Adukia - Global Chief Financial Officer (w.e.f. 16th August, 2022)

Dinesh Jain - Interim Global Chief Financial Officer (w.e.f. 10th May, 2022 till 16th August, 2022)

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd..)

C. Non-executive Chairman and Non-executive Vice Chairman

Dr Y K Hamied, Chairman

M K Hamied, Vice Chairman

D. Non executive Directors

Ashok Sinha

Adil Zainulbhai

Punita Lal

Dr Peter Mugyenyi (ceased w.e.f. 13th May, 2023)

S. Radhakrishnan

Robert Stewart

P R Ramesh

Mandar Vaidya (w.e.f. 29th July, 2022)

Samina Hamied (w.e.f. 1st April, 2024)

Dr. Balram Bhargava (w.e.f. 1st April, 2024)

E. Entities over which the Company is able to exercise significant influence/control

Cipla Employees Stock Option Trust (De-registered)

Cipla Health Employees Stock Option Trust

The Cipla Empowerment Trust (w.e.f. 30th June, 2022)

The Cipla Foundation (SA)

F. Entities over which the KMP or their relatives is able to exercise significant influence/control

Chest Research Foundation (formerly known as Hamied Foundation)

Cipla Foundation

Cipla Cancer & AIDS Foundation

Postcard media

G. Post-employment benefit trusts

Cipla Limited Employees Provident Fund

Cipla Limited Employees Gratuity Fund

Cipla Pharma and Life Sciences Limited Employees Gratuity Fund

Goldencross Pharma Limited Employees Group Gratuity Fund

Meditab Specialities Limited Employees Comprehensive Gratuity Scheme

Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme

Sitec Labs Private Limited Employees Group Gratuity Scheme

Cipla Health Limited Employees Gratuity Scheme

Jay Precision Pharmaceuticals Employees Group Gratuity Trust

Note 48: Related party disclosures (Contd..)

Disclosure in respect of related parties

During the year, the following transactions were carried out with the related parties in the ordinary course of business:

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A. Investment in equity shares of Associates		
GoApptiv Private Limited (refer note 6)	7.00	8.25
Achira Labs Private Limited	-	2.00
	7.00	**10.25**
B. Investment in Compulsory Convertible Preference Share of Associates		
GoApptiv Private Limited (refer note 6)	35.00	17.65
Achira Labs Private Limited	-	23.00
	35.00	**40.65**
C. Remuneration to Key Management Personnel and Directors#		
Short-term employee benefits**	44.92	45.04
Post-employment benefits*	2.72	0.81
Other long-term benefits	-	0.65
Employee share based payments	6.50	2.33
	54.14	**48.83**

**Includes remuneration to Non-executive directors amounting to ₹ 15.72 Crores (31st March, 2023: ₹ 12.65 Crores)

* Expenses towards gratuity, compensated absences and premium paid for Group health insurance has not been considered in above information as a separate actuarial valuation/premium paid are not available.

Remuneration reported pertains to the amount paid during the period including variable pay of previous year, ESOP/ESAR exercised during the year ended 31st March, 2024 but does not include provisions towards variable pay, share based payment expenses as per Ind AS 102, etc.

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
D. Contribution to provident fund and other fund		
Cipla Health Limited Employees Gratuity Scheme	2.00	0.08
Cipla Limited Employees Gratuity Fund	32.00	23.50
Cipla Limited Employees Provident Fund	49.37	42.98

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Sitec Labs Private Limited Employees Group Gratuity Scheme	(0.10)	-
Cipla Pharma and Life Sciences Limited Employees Gratuity Fund	0.04	-
Goldencross Pharma Limited Employees Group Gratuity Fund	(0.41)	-
Jay Precision Pharmaceuticals Group Gratuity Fund	0.77	-
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	(0.47)	-
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	(0.16)	-
	83.04	**66.56**
E. Service Charges and reimbursement paid		
GoApptiv Private Limited	30.49	33.59
Stempeutics Research Private Limited	2.55	1.26
	33.04	**34.85**
F. Donations given		
Cipla foundation	61.19	63.22
The Cipla Foundation (SA)	10.54	9.19
	71.73	**72.41**
G. Rent Received		
Dr Y K Hamied (₹ 20,040/- in both the years)	0.00	0.00
	0.00	**0.00**
H. Interest Income		
GoApptiv Private Limited	0.01	-
Brandmed (Pty) Limited	1.38	0.33
	1.39	**0.33**
I. Electricity charges paid		
AMPSolar Power Systems Private Limited	17.88	13.83
AMP Energy Green Eleven Private Limited	9.62	3.67
Clean Max Auriga Power LLP	8.83	5.19
	36.33	**22.69**
J. Payable to Key Management Personnel and Directors (Performance Bonus and Commission)	**12.73**	**9.79**
K. Dividend Paid to Key Management Personnel and Directors	**167.27**	**98.42**
L. Contribution payable to provident/ gratuity fund		
Cipla Limited Employees Provident fund	13.85	12.42
Cipla Health Limited Employees Gratuity Scheme	1.63	1.50

Note 48: Related party disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Cipla Pharma and Life Sciences Limited Employees Gratuity Fund	0.06	-
Jay Precision Pharmaceuticals Group Gratuity Fund	0.02	-
Meditab Specialities Limited Employees Comprehensive Gratuity Scheme	0.85	0.52
Cipla Limited Employees Gratuity fund	86.34	0.32
Sitec Labs Private Limited Employees Group Gratuity Scheme	4.27	0.85
Goldencross Pharma Limited Employees Group Gratuity Fund	2.11	0.46
Medispray Laboratories Private Limited Employees Comprehensive Gratuity Scheme	6.90	0.38
	116.03	**16.45**
M. Advances receivable from gratuity fund		
Cipla Pharma and Life Sciences Limited Employees Gratuity Fund	-	0.01
	-	**0.01**
N. Payable to associates and others		
GoApptiv Private Limited	1.20	3.34
Stempeutics Research Private Limited	2.64	1.25
Clean Max Auriga Power LLP	-	0.84
AMPSolar Power Systems Private Limited	0.63	-
AMP Energy Green Eleven Private Limited	0.60	0.40
Postcard media	0.02	-
	5.09	**5.83**
O. Purchase of goods		
Postcard media	0.04	-
Stempeutics Research Private Limited	2.95	2.33
	2.99	**2.33**
P. Loan given		
Brandmed (Pty) Limited	8.84	4.72
	8.84	**4.72**
Q. Outstanding receivables		
Cipla Foundation	0.15	0.07
The Cipla Foundation (SA)	0.19	0.49
Clean Max Auriga Power LLP	0.01	-
Brandmed (Pty) Limited	-	7.27
	0.35	**7.83**
R. Purchase of Fixed Assets		
Stempeutics Research Private Limited	-	2.00
	-	**2.00**
S. Reimbursement charges received		
The Cipla Foundation (SA)	0.13	-
	0.13	**-**

Notes to the Consolidated Financial Statements

Note 48: Related party disclosures (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
T. Sale of goods or services		
GoApptiv Private Limited	0.67	-
	0.67	**-**
U. Distribution		
The Cipla Foundation (SA)	0.22	-
	0.22	**-**
V. Loan Receivable from Associate		
Brandmed (Pty) Limited	16.98	-
	16.98	**-**

Note:

Amount mentioned as "0.00" denotes value less than ₹ 1 lac.

All related party transactions entered during the year were in ordinary course of the business and on arms length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

Note 49: Corporate social responsibility (CSR) expenditure

The Holding Company and some of its Indian Subsidiaries 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 Holding Company. The Holding Company and some of its Indian Subsidiaries spends in each financial year at least 2% of its average net profit for the immediately preceding three financial years as per provisions of Section 135 of the Act and in compliance of its CSR policy. The funds allocated are utilized through the year on the activities which are specified in Schedule VII of the Act. Key focus areas for CSR activities include Health, Education, Skilling, Environmental Sustainability, Disaster Response, Rural development projects, Research and Development and any other activity permissible under Schedule VII of the Act.

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
A) Amount required to be spent by the Group during the year #	72.58	64.64
B) Amount of expenditure incurred on construction/acquisition of assets	8.66	7.11
C) Amount of expenditure incurred on purposes other than (B) above #	63.83	57.98

Note 49: Corporate social responsibility (CSR) expenditure (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
D) Shortfall at the end of the year	-	-
E) Total of previous years default	-	-
F) Details of related party transactions *	61.19	63.22
G) Balance carry forward:		
Opening balance	0.78	0.33
Addition during the year	72.49	65.09
Utilised during the year (including excess spend of previous year)	(72.58)	(64.64)
Closing balance	**0.69**	**0.78**

*This includes contribution to Cipla Foundation, which is a trust, with focus on thematic areas like Health, Education, Skilling, Environmental Sustainability, Disaster Response, etc .

#Includes interest of ₹ 0.27 Crores (31st March, 2023: ₹ 0.16 Crores) arising out of CSR of the previous financial years.

The Group does not have any ongoing projects as at 31st March, 2024 and 31st March, 2023.

The Group will be setting off the excess spend of ₹ 0.69 Crores (31st March, 2023: ₹ 0.78 Crores) during the year 2023-24 against the next year's CSR obligation.

Note 50: Reclassification note

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

During the current year, the Group has restated the comparative financial information for 31st March 2023 , due to change in classification of accrued expenses (included in other financial liabilities) to trade payables amounting to ₹ 77.47 Crores as required under schedule III. The impact of such reclassification/regrouping is not material to the consolidated financial statements.

Note 51: Subsequent events

There are no other material 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

Notes to the Consolidated Financial Statements

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

Current year:

a) The Board in its meeting held on 6th November, 2023 had approved the transfer of Generics Business Undertaking as a going concern on a slump sale basis to Cipla Pharma and Life Sciences Limited (CPLS), a wholly owned subsidiary of the Holding Company. The Holding Company and CPLS have successfully completed business transfer as agreed under Business Transfer Agreement with closing date of 29th February, 2024.

b) Pursuant to board resolution passed on 22nd March, 2024, Cipla Technologies LLC, a wholly owned step down subsidiary got merged with Cipla USA Inc, another wholly owned step down subsidiary w.e.f closing date of 31st March, 2024.

Previous year:

a) The Holding Company and Cipla Health Limited had successfully completed business transfer in respect of Consumer Business Undertaking, as agreed under BTA with closing date of 31st August, 2022.

b) In respect of transfer of the India based US business undertaking, the Board at its meeting held on 4th November, 2022, decided not to proceed with the proposed transfer, considering various factors including the current operating environment.

   Since the above transactions are with parties under common control, there is no impact on the consolidated financial statement and all the comparative periods presented.

Note 54: Unforeseeable losses

The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long-term contracts (including derivative contracts) for which there were any material foreseeable losses.

Note 55: Additional disclosure with respect to amendment to Schedule III

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 :

   (i) 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

   (ii) provide any guarantee, security or the like to or 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. The Group does not have any 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, 2024 and 31st March 2023.

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, 2024	For the year ended 31st March, 2023
Segment wise revenue and results		
Segment revenues:		
a) Pharmaceuticals	24,842.46	21,999.43
b) New ventures	1,111.72	1,054.84
Total	**25,954.18**	**23,054.27**
Less: Inter segment revenue	180.09	301.15
Total Income from Operations	**25,774.09**	**22,753.12**
Segment results:		
Profit/(loss) before tax and interest from each segment		
a) Pharmaceuticals	6,055.74	4,383.14
b) New ventures	(69.14)	(52.83)

Note 56: Segment Information (Contd..)

₹ in Crores

Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023
Total	**5,986.60**	**4,330.31**
Less: Finance cost	89.88	109.54
Profit (+)/loss (-) before exceptional items and tax	**5,896.72**	**4,220.77**
Less: Exceptional items - New ventures (refer note 39(b))	194.82	-
Less: Exceptional items - Pharmaceuticals (refer note 39(b))	-	182.42
Total profit/(loss) before tax	**5,701.90**	**4,038.35**

Segment assets and liabilities

As certain assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

The Management also evaluates the Group's revenue performance based on geographical segments. The Group's geographical segments are as follows:

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
2024	10,873.21	7,501.55	2,430.62	4,968.71	25,774.09
2023	9,868.67	5,908.66	2,335.07	4,640.72	22,753.12

Analysis of non-current assets (excluding investment in associates, income tax and deferred tax assets, loans and financial assets) (by assets location)

₹ in Crores

Year	India	United States of America	South Africa	Rest of the World	Total
2024	5,196.32	3,320.16	2,068.85	471.86	11,057.19
2023	5,023.37	3,158.86	1,771.43	558.29	10,511.95

Information about major customer

No single external customer represents 10% or more of the Group's total revenue for the years ended 31st March, 2024 and 31st March, 2023, respectively.

Notes to the Consolidated Financial Statements

Note 57: Acquisition of Actor Proprietary Limited

On 4th September, 2023, Cipla Medpro South Africa (Pty) Ltd., a wholly owned subsidiary of the Company, signed a binding term sheet with Actor Holdings (Pty) Ltd. for the acquisition of a 100% equity stake (1000 shares of ZAR 1 each) in Actor Pharma (Pty) Limited ("Actor Pharma"). The acquisition transaction has been completed, upon fulfilment of all closing conditions on 7th February, 2024. Actor Pharma is a privately owned pharmaceutical Company specialising in consumer health and generic medicine. Actor specializes in OTC and generic medicine, where they have established strong consumer brands and identified niche prescription markets in categories of women's health, nasal, cough cold and baby children. The primary reason for the acquisition was to grow product portfolio and strengthen market position in our both, over-the-counter and prescriptions therapeutic area.

A. Consideration transferred

The following table summarises the acquisition date fair value of consideration transferred:

Particulars	₹ in Crores
Amount settled in cash	305.90
Deferred consideration (refer note below)	87.40
Fair value of consideration transferred	**393.30**

Deferred consideration on acquisition of Actor amounting to ₹ 87.40 Crores apportioned as follow:

- ₹ 66.23 Crores to be paid on achievement of milestones as defined in the agreement. These funds are invested in a restricted Escrow account and will be released upon conclusion of the events as set out in the Share Purchase Agreement, to the satisfaction of both parties.

- ₹ 21.17 Crores has been with held for any working capital adjustments which need to be calculated and agreed within 3 months from Closing Date.

  The Group management expects that these amount will be settled within a year.

B. Recognised amounts of identifiable net assets

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	₹ in Crores
Property, plant and equipment	0.08
Other Intangible assets	282.46
Other financial assets	4.51
Inventories	22.72
Trade and other receivables	19.03
Cash and cash equivalents	5.01
Total assets	**333.81**

Note 57: Acquisition of Actor Proprietary Limited (Contd..)

Particulars	₹ in Crores
Deferred tax liability	(75.59)
Trade and other payables	(7.96)
Current tax payable	(4.33)
Total liabilities	**(87.88)**
Net identifiable assets acquired	**245.93**

C. Goodwill

Goodwill arising from the acquisition has been recognised as follows:

Particulars	₹ in Crores
Purchase consideration	393.30
Less: Net identifiable assets acquired	(245.93)
Goodwill	**147.37**

D. Consideration transferred (net)

Particulars	₹ in Crores
Cash paid	305.90
Less: cash and cash equivalents balance acquired	(5.01)
Net cash outflow on acquisition	**300.89**

Impact of acquisition on the results of the Group:

From the date of acquisition, Actor Pharma has contributed ₹ 27.19 Crores to revenue from operations and a loss of ₹ (2.30) Crores to profit before tax.

Had the acquisition been effected at 1st April, 2023, the revenue of the Company would have been higher by ₹ 80.69 Crores and profit would be higher by ₹ 17.25 Crores.

Note 58: Disposal of subsidiaries

(i) Disposal of Cipla Quality Chemical Industries Limited (CQCIL), Uganda

Pursuant to the execution of the Share Purchase Agreement dated 13th March, 2023, between the Company and its wholly owned subsidiaries, Cipla (EU) Limited and Meditab Holdings Limited, the Company has divested its 51.18% stake held in Cipla Quality Chemical Industries Limited (CQCIL), Uganda for a consideration of ₹ 208.46 Crores (USD 25 million). Since CQCIL ceased to be a subsidiary Company, the Group has derecognised all assets and liabilities and non-controlling interest as per Ind AS 110 *"Consolidated Financial Statements"*.

A. Consideration

Particulars	₹ in Crores
Consideration received	208.46

Notes to the Consolidated Financial Statements

Note 58: Disposal of subsidiaries (Contd..)

B. Analysis of asset and liabilities over which control was lost

Particulars	₹ in Crores
Non-current assets (including Goodwill)	166.21
Current assets	250.21
Total Assets	**416.42**
Non-current liabilities	16.45
Current liabilities	127.05
Total liabilities	**143.50**
Net assets disposed of	**272.92**

C. Gain on disposal of a subsidiary

Particulars	₹ in Crores
Consideration	208.46
Net assets disposed of	(272.92)
Non-Controlling Interest	189.99
Gain on sale before reclassification of foreign currency translation reserve	**125.53**
Reclassification of foreign currency translation reserve	(143.81)
Loss on sale	**(18.28)**

D. Net cash inflow on disposal of a subsidiary

Particulars	₹ in Crores
Consideration received in cash and cash equivalents	208.46
Less: cash and cash equivalent balances disposed of	(135.67)
Net cash inflow on disposal of a subsidiary	**72.79**

(ii) Disposal of Saba Investment Limited, UAE ("Saba")

Pursuant to the execution of the Share Purchase Agreement dated 28th September, 2023 between the Company, Saba Investment Limited, UAE ("Saba") and Shibham Group Holding Limited, UAE, the Company has divested its 51% stake held in Saba for a consideration of ₹ 49.82 Crores (USD 6 million). Since, Saba and its subsidiaries ceased to be subsidiary companies with effect from 29th September, 2023, the Group has de-recognised all assets and liabilities and non-controlling interest as per Ind AS 110 *"Consolidated Financial Statements"*.

Note 58: Disposal of subsidiaries (Contd..)

A. Consideration

Particulars	₹ in Crores
Consideration received	49.82

B. Analysis of asset and liabilities over which control was lost

Particulars	₹ in Crores
Non-current assets	56.85
Current assets	32.34
Total assets	**89.19**
Non-current liabilities	-
Current liabilities	35.10
Total liabilities	**35.10**
Net assets disposed of	**54.09**

C. Gain on disposal of a subsidiary

Particulars	₹ in Crores
Consideration	49.82
Net assets disposed of	(54.09)
Non-controlling Interest	44.29
Gain on sale before reclassification of foreign currency translation reserve	**40.02**
Reclassification of foreign currency translation reserve	(20.80)
Profit on sale	**19.22**

D. Net cash inflow on disposal of a subsidiary

Particulars	₹ in Crores
Consideration received in cash and cash equivalents	49.82
Less: cash and cash equivalent balances disposed of	(2.21)
Net cash inflow on disposal of a subsidiary	**47.61**

Notes to the Consolidated Financial Statements

Note 59: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates

For the year ended 31st March, 2024

₹ 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	104.75%	27,973.92	98.93%	4,077.25	64.89%	(80.36)	99.98%	3,996.89
Subsidiaries								
Indian								
Goldencross Pharma Limited	0.55%	146.15	0.34%	14.17	12.58%	(15.58)	(0.04%)	(1.41)
Meditab Specialities Limited	1.70%	453.09	9.14%	376.70	0.08%	(0.10)	9.42%	376.60
Jay Precision Pharmaceuticals Private Limited	0.68%	180.90	1.10%	45.43	0.02%	(0.03)	1.14%	45.40
Medispray Laboratories Private Limited	0.53%	142.77	1.40%	57.79	3.42%	(4.24)	1.34%	53.55
Sitec Labs Limited	0.51%	135.80	0.36%	14.65	1.68%	(2.08)	0.31%	12.57
Cipla Pharma and Life Sciences Limited	0.51%	136.12	0.93%	38.53	0.06%	(0.08)	0.96%	38.45
Cipla Health Limited	1.02%	272.34	2.10%	86.36	0.90%	(1.11)	2.13%	85.25
Cipla Digital Health Limited	0.02%	5.84	(0.34%)	(14.11)	0.04%	(0.05)	(0.35%)	(14.16)
Cipla Pharmaceuticals Limited	0.30%	80.94	0.01%	0.30	0.03%	(0.04)	0.01%	0.26
Foreign								
Cipla Medpro South Africa (Pty) Limited	1.86%	496.67	10.67%	439.60	(0.31%)	0.39	11.01%	439.99
Cipla Kenya Limited	0.01%	2.49	(0.01%)	(0.26)	0.00%	-	(0.01%)	(0.26)
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla-Medpro (Pty) Limited	0.24%	63.02	0.07%	2.96	0.00%	-	0.07%	2.96
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(2.79)	(0.01%)	(0.23)	0.00%	-	(0.01%)	(0.23)
Cipla Medpro Botswana (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Select (Pty) Limited	(0.01%)	(1.86)	(0.03%)	(1.06)	0.00%	-	(0.03%)	(1.06)
Medpro Pharmaceutica (Pty) Limited	1.05%	279.72	0.01%	0.32	0.00%	-	0.01%	0.32
Mirren (Pty) Ltd.	0.09%	23.83	0.04%	1.47	0.00%	-	0.04%	1.47
Cipla Medpro Manufacturing (Pty) Limited	0.70%	186.61	0.84%	34.54	0.00%	-	0.86%	34.54
Actor Pharma (Pty) Limited	0.14%	37.46	(0.06%)	(2.30)	0.00%	-	(0.06%)	(2.30)
Cipla Holding BV	0.37%	97.52	0.04%	1.58	0.00%	-	0.04%	1.58
Cipla (EU) Limited	23.82%	6,362.79	0.34%	13.92	0.00%	-	0.35%	13.92
Saba Investment Limited	0.00%	-	0.65%	26.96	0.00%	-	0.67%	26.96

Notes to the Consolidated Financial Statements

Note 59: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Cipla Australia Pty Ltd	0.16%	41.94	(0.02%)	(0.80)	0.00%	-	(0.02%)	(0.80)
Meditab Holdings Limited	1.37%	364.81	1.39%	57.27	(36.18%)	44.81	2.55%	102.08
Cipla USA Inc.	3.25%	867.61	7.88%	324.58	0.00%	-	8.12%	324.58
Aspergen Inc	0.07%	19.73	(1.71%)	(70.66)	0.00%	-	(1.77%)	(70.66)
Cipla Malaysia Sdn. Bhd.	0.02%	4.52	0.01%	0.29	0.00%	-	0.01%	0.29
Cipla Europe NV	0.16%	43.28	(0.52%)	(21.57)	0.00%	-	(0.54%)	(21.57)
Cipla Quality Chemical Industries Limited	0.00%	-	0.71%	29.20	0.00%	-	0.73%	29.20
Breathe Free Lanka (Private) Limited	0.08%	20.21	0.15%	6.31	0.00%	-	0.16%	6.31
Cipla Medica Pharmaceutical and Chemical Industries Limited	0.00%	-	(0.15%)	(6.18)	0.00%	-	(0.15%)	(6.18)
Cipla Gulf FZ-LLC	0.13%	34.54	(0.25%)	(10.33)	0.00%	-	(0.26%)	(10.33)
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.07%	17.69	(0.07%)	(2.95)	0.00%	-	(0.07%)	(2.95)
Cipla Maroc SA	0.30%	80.03	0.11%	4.73	0.00%	-	0.12%	4.73
InvaGen Pharmaceuticals Inc.	11.19%	2,989.69	(10.08%)	(415.63)	0.00%	-	(10.40%)	(415.63)
Cipla Middle East Pharmaceuticals FZ-LLC	0.00%	-	0.58%	23.92	0.00%	-	0.60%	23.92
Cipla Philippines Inc.	0.00%	0.30	(0.00%)	(0.09)	0.00%	-	(0.00%)	(0.09)
Cipla Algérie	(0.00%)	(0.01)	0.00%	-	0.00%	-	0.00%	-
Cipla Colombia SAS	0.02%	6.02	0.01%	0.42	0.00%	-	0.01%	0.42
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.83%	221.15	(1.41%)	(57.96)	0.00%	-	(1.45%)	(57.96)
Cipla (China) Pharmaceutical Co., Ltd	0.05%	13.83	0.02%	0.64	0.00%	-	0.02%	0.64
Exelan Pharmaceuticals Inc.	1.40%	373.10	3.91%	161.01	0.00%	-	4.03%	161.01
Cipla Technologies LLC	0.00%	-	(4.32%)	(177.98)	0.00%	-	(4.45%)	(177.98)
Madison Pharmaceuticals Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Therapeutics Inc.	0.12%	32.72	(0.76%)	(31.35)	0.00%	-	(0.78%)	(31.35)
Mexicip S.A. de C.V	(0.00%)	(0.08)	(0.00%)	(0.08)	0.00%	-	(0.00%)	(0.08)
Cipla Health Employees Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
The Cipla Empowerment Trust	(0.01%)	(2.85)	(0.04%)	(1.85)	0.00%	-	(0.05%)	(1.85)
Subtotal		**42,201.56**		**5,025.51**		**(58.47)**		**4,967.04**
Inter-Company Elimination and Consolidation Adjustments	(58.15%)	(15,529.28)	(21.11%)	(870.20)	50.15%	(62.11)	(23.32%)	(932.31)

Notes to the Consolidated Financial Statements

Note 59: 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
Non-controlling Interest in Subsidiaries	(0.36%)	(95.90)	(0.78%)	(32.17)	2.63%	(3.26)	(0.89%)	(35.43)
Associates								
AMPSolar Power Systems Private Limited	0.00%	1.00	0.00%	-	0.00%	-	0.00%	-
Brandmed (Pty) Limited	0.07%	19.83	(0.03%)	(1.09)	0.00%	-	(0.03%)	(1.09)
GoApptiv Private Limited	0.30%	79.95	0.03%	1.16	0.00%	-	0.03%	1.16
AMP Energy Green Eleven Private Limited	0.00%	0.76	0.00%	-	0.00%	-	0.00%	-
Achira Labs Private Limited	0.08%	22.37	(0.04%)	(1.66)	0.00%	-	(0.04%)	(1.66)
Clean Max Auriga Power LLP	0.02%	6.14	0.00%	-	0.00%	-	0.00%	-
MKC Biotherapeutics Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Stempeutics Research Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Grand Total		**26,706.43**		**4,121.55**		**(123.84)**		**3,997.71**

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.

For the year ended 31st March, 2023

₹ 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	105.26%	24,638.09	89.71%	2,513.47	(6.98%)	(8.97)	85.46%	2,504.50
Subsidiaries								
Indian								
Goldencross Pharma Limited	0.80%	187.24	0.44%	12.36	(0.12%)	(0.16)	0.42%	12.20
Meditab Specialities Limited	1.65%	386.14	0.11%	3.10	(0.02%)	(0.03)	0.10%	3.07
Jay Precision Pharmaceuticals Private Limited	0.70%	163.57	1.39%	38.87	(0.02%)	(0.03)	1.33%	38.84
Medispray Laboratories Private Limited	1.01%	236.77	1.66%	46.56	0.20%	0.26	1.60%	46.82
Sitec Labs Limited	0.53%	123.23	0.48%	13.47	(0.10%)	(0.13)	0.46%	13.34
Cipla Pharma and Life Sciences Limited	0.42%	97.67	(2.52%)	(70.71)	0.01%	0.01	(2.41%)	(70.70)
Cipla Health Limited	0.71%	167.33	3.02%	84.59	(0.19%)	(0.25)	2.88%	84.34

Notes to the Consolidated Financial Statements

Note 59: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Cipla Digital Health Limited	0.01%	3.49	(0.35%)	(9.81)	0.00%	-	(0.33%)	(9.81)
Cipla Pharmaceuticals Limited	0.34%	80.68	(0.03%)	(0.92)	0.00%	-	(0.03%)	(0.92)
Foreign								
Cipla Medpro South Africa (Pty) Limited	0.28%	65.61	6.45%	180.68	4.08%	5.24	6.34%	185.92
Cipla Kenya Limited	0.01%	2.71	0.01%	0.30	0.00%	-	0.01%	0.30
Cipla Dibcare (Pty) Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla-Medpro (Pty) Limited	1.85%	432.90	0.17%	4.82	0.00%	-	0.16%	4.82
Cipla-Medpro Distribution Centre (Pty) Limited	(0.01%)	(2.71)	(0.01%)	(0.23)	0.00%	-	(0.01%)	(0.23)
Cipla Medpro Botswana (Pty) Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Cipla Select (Pty) Limited	(0.00%)	(0.86)	0.28%	7.71	0.00%	-	0.26%	7.71
Medpro Pharmaceutica (Pty) Limited	1.26%	295.23	1.24%	34.87	0.00%	-	1.19%	34.87
Mirren (Pty) Ltd.	0.10%	23.64	0.19%	5.24	0.00%	-	0.18%	5.24
Cipla Medpro Manufacturing (Pty) Limited	0.89%	207.51	(0.16%)	(4.57)	0.00%	-	(0.16%)	(4.57)
Cipla Holding BV	0.41%	95.45	0.06%	1.72	0.00%	-	0.06%	1.72
Cipla (EU) Limited	25.61%	5,994.44	1.51%	42.40	0.00%	-	1.45%	42.40
Saba Investment Limited	1.24%	289.15	(0.02%)	(0.54)	0.00%	-	(0.02%)	(0.54)
Cipla Australia Pty Ltd	0.11%	26.38	(0.51%)	(14.39)	0.00%	-	(0.49%)	(14.39)
Meditab Holdings Limited	2.38%	557.89	0.35%	9.93	10.17%	13.08	0.79%	23.01
Cipla USA Inc.	2.56%	600.08	10.46%	293.21	0.00%	-	10.01%	293.21
Aspergen Inc	(0.00%)	(0.91)	(1.20%)	(33.66)	0.00%	-	(1.15%)	(33.66)
Cipla Malaysia Sdn. Bhd.	0.02%	4.47	0.01%	0.27	0.00%	-	0.01%	0.27
Cipla Europe NV	0.27%	64.32	(0.27%)	(7.69)	0.00%	-	(0.26%)	(7.69)
Cipla Quality Chemical Industries Limited	1.58%	368.83	1.42%	39.84	0.00%	-	1.36%	39.84
Breathe Free Lanka (Private) Limited	0.05%	12.26	0.12%	3.32	0.00%	-	0.11%	3.32
Cipla Medica Pharmaceutical and Chemical Industries Limited	(0.11%)	(25.10)	(0.44%)	(12.20)	0.00%	-	(0.42%)	(12.20)
Cipla Gulf FZ-LLC	0.10%	23.71	(0.08%)	(2.36)	0.00%	-	(0.08%)	(2.36)
Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	0.09%	20.10	0.03%	0.88	0.00%	-	0.03%	0.88
Cipla Maroc SA	0.36%	83.31	0.59%	16.46	0.00%	-	0.56%	16.46
InvaGen Pharmaceuticals Inc.	14.08%	3,295.91	(3.65%)	(102.22)	0.00%	-	(3.49%)	(102.22)
Cipla Middle East Pharmaceuticals FZ-LLC	0.09%	21.27	0.54%	15.20	0.00%	-	0.52%	15.20

Notes to the Consolidated Financial Statements

Note 59: Additional information as required, pursuant to Para 2 under Schedule III of the Companies Act, 2013 of the enterprises consolidated as Subsidiaries/Associates (Contd..)

₹ in Crores

Name of the entity	Net Assets (Total Assets less Total Liabilities)		Owners' share in profit or loss		Owners' share in other comprehensive income		Owners' share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Cipla Philippines Inc.	0.00%	0.41	(0.00%)	(0.12)	0.00%	-	(0.00%)	(0.12)
Cipla Algérie	(0.00%)	(0.01)	(0.00%)	(0.01)	0.00%	-	(0.00%)	(0.01)
Cipla Colombia SAS	0.02%	4.65	(0.04%)	(1.09)	0.00%	-	(0.04%)	(1.09)
Cipla (Jiangsu) Pharmaceutical Co., Ltd	0.65%	151.20	(1.75%)	(49.16)	0.00%	-	(1.68%)	(49.16)
Cipla (China) Pharmaceutical Co., Ltd	0.06%	13.71	0.01%	0.19	0.00%	-	0.01%	0.19
Exelan Pharmaceuticals Inc.	0.88%	207.06	2.79%	78.22	0.00%	-	2.67%	78.22
Cipla Technologies LLC	0.90%	210.75	(1.27%)	(35.72)	0.00%	-	(1.22%)	(35.72)
Madison Pharmaceuticals Inc.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Cipla Therapeutics Inc.	0.04%	9.94	(0.96%)	(27.01)	0.00%	-	(0.92%)	(27.01)
Cipla Health Employees Stock Option Trust	0.00%	-	0.00%	-	0.00%	-	0.00%	-
The Cipla Empowerment Trust	(0.00%)	(1.09)	(0.04%)	(1.12)	0.00%	-	(0.04%)	(1.12)
Subtotal		**39,136.42**		**3,074.15**		**9.02**		**3,083.17**
Inter-Company Elimination and Consolidation Adjustments	(66.28%)	(15,513.77)	(8.52%)	(238.66)	100.03%	128.61	(3.76%)	(110.05)
Non-controlling Interest in Subsidiaries	(1.31%)	(305.76)	(1.11%)	(30.98)	(7.05%)	(9.06)	(1.37%)	(40.04)
Associates				-				
AMPSolar Power Systems Private Limited	0.00%	0.90	0.00%	-	0.00%	-	0.00%	-
Brandmed (Pty) Limited	0.09%	22.09	(0.06%)	(1.77)	0.00%	-	(0.06%)	(1.77)
GoApptiv Private Limited	0.16%	36.79	0.01%	0.15	0.00%	-	0.01%	0.15
AMP Energy Green Eleven Private Limited	0.00%	0.69	0.00%	-	0.00%	-	0.00%	-
Achira Labs Private Limited	0.10%	24.02	(0.03%)	(0.98)	0.00%	-	(0.03%)	(0.98)
Clean Max Auriga Power LLP	0.03%	6.40	0.00%	-	0.00%	-	0.00%	-
Stempeutics Research Private Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Grand Total		**23,407.78**		**2,801.91**		**128.57**		**2,930.48**

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 60: Authorisation of financial statements

The Consolidated financial statements for the year ended 31st March, 2024 were approved by the Board of Directors on 10th May, 2024.

As per our report of even date attached

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

Gautam Wadhera
Partner
Membership No.: 508835
Mumbai, 10th May, 2024

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

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

Salient Features of Financial Statements of Subsidiaries and Associates[1]

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (A) : Information on Subsidiaries

₹ in crores

Sr. No.	Name of the subsidiary Company	Date since when subsidiary was acquired	Reporting currency	Reporting period	Exchange rate as on 31st March, 2024	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than Investment in subsidiary	Turnover*	Profit before Taxation*	Provision for Taxation*	Profit after Taxation*	Proposed Dividend	% of Share Holding	Country of Incorporation
1	Jay Precision Pharmaceuticals Private Limited	26th February, 2015	INR	April - March	1.0000	4.01	176.89	199.13	18.22	37.91	161.36	61.00	15.57	45.43	-	60%	India
2	Meditab Specialities Limited	01st October, 2010	INR	April - March	1.0000	0.71	452.38	545.30	92.21	182.73	25.99	380.47	3.77	376.70	-	100%	India
3	Medispray Laboratories Private Limited	01st October, 2010	INR	April - March	1.0000	0.05	142.72	238.08	95.31	2.65	407.87	81.08	23.29	57.79	-	100%	India
4	Goldencross Pharma Limited	14th May, 2010	INR	April - March	1.0000	0.05	146.10	167.59	21.44	38.74	139.40	16.55	2.38	14.17	-	100%	India
5	Sitec Labs Limited	01st October, 2010	INR	April - March	1.0000	0.02	135.78	158.86	23.07	-	134.27	20.10	5.45	14.65	-	100%	India
6	Cipla Health Limited	27th August, 2015	INR	April - March	1.0000	2.33	270.02	537.52	265.18	85.77	1,045.29	115.70	29.35	86.36	-	100%	India
7	Cipla Pharma and Life Sciences Limited	24th July, 2014	INR	April - March	1.0000	258.71	(122.59)	576.29	440.18	60.51	138.87	47.72	9.20	38.53	-	100%	India
8	Cipla Pharmaceuticals Limited	19th November, 2019	INR	April - March	1.0000	60.81	20.13	94.71	13.77	6.16	-	1.11	0.82	0.30	-	100%	India
9	Cipla Digital Health Limited	25th February, 2022	INR	April - March	1.0000	30.00	(24.16)	11.02	5.18	8.95	0.02	(14.11)	-	(14.11)	-	100%	India
10	Cipla Medpro South Africa (Pty) Ltd	15th July, 2013	ZAR	April - March	4.3700	0.20	496.48	1,837.39	1,340.72	-	304.25	455.11	15.51	439.60	-	100%	South Africa
11	Cipla Quality Chemical Industries Limited	20th November, 2013	USH	April - March	0.0215	-	-	-	-	-	336.50	44.26	15.06	29.20	-	-	Uganda
12	Meditab Holdings Limited	01st October, 2010	USD	April - March	83.4050	137.82	226.98	364.84	0.03	341.85	-	57.27	-	57.27	-	100%	Mauritius
13	Cipla Algérie	06th June, 2016	DZD	January - December	0.6175	0.06	(0.07)	0.07	0.08	-	-	(0.00)	0.00	(0.00)	-	40%	Algeria
14	Cipla Europe NV	30th September, 2013	EUR	April - March	89.8775	47.70	(4.42)	350.20	306.92	-	197.34	(11.44)	10.13	(21.57)	-	100%	Belgium
15	Cipla Holding BV	28th August, 2013	EUR	April - March	89.8775	49.52	48.00	101.72	4.19	-	20.78	1.86	0.28	1.58	-	100%	Netherlands
16	Saba Investment Limited	02nd October, 2014	USD	April - March	83.4050	-	-	-	-	-	-	26.96	-	26.96	-	-	UAE
17	Cipla Medica Pharmaceutical and Chemical Industries Limited	02nd October, 2014	USD	April - March	83.4050	-	-	-	-	-	7.14	(6.18)	-	(6.18)	-	-	Yemen
18	Cipla Middle East Pharmaceuticals FZ-LLC	31st May, 2015	USD	April - March	83.4050	-	-	-	-	-	22.32	23.92	-	23.92	-	-	UAE
19	Cipla Gulf FZ-LLC	10th October, 2018	USD	April - March	83.4050	57.55	(23.01)	142.97	108.43	-	160.62	(10.33)	-	(10.33)	-	100%	UAE
20	Cipla Malaysia Sdn. Bhd.	20th March, 2013	MYR	April - March	17.6225	0.98	3.54	5.00	0.48	-	7.94	0.38	0.09	0.29	-	100%	Malaysia
21	Breathe Free Lanka (Pvt) Ltd	16th June, 2014	LKR	April - March	0.2774	6.07	14.14	120.52	100.30	-	194.69	4.29	(2.02)	6.31	-	100%	Sri Lanka
22	Cipla Maroc SA	08th May, 2015	MAD	April - March	8.2634	100.82	(20.79)	112.72	32.69	-	171.39	18.26	13.53	4.73	-	75.10%	Morocco
23	Cipla Australia Pty Ltd	04th March, 2011	AUD	April - March	54.1125	108.39	(66.45)	129.17	87.23	-	128.89	(1.17)	(0.37)	(0.80)	-	100%	Australia
24	Cipla Brasil Importadora e Distribuidora de Medicamentos Ltda.	11th May, 2015	BRL	January - December	16.6182	25.13	(7.44)	21.08	3.39	-	1.15	(5.71)	(2.76)	(2.95)	-	100%	Brazil
25	Cipla (EU) Limited	27th January, 2011	USD	April - March	83.4050	6,280.34	82.45	6,597.86	235.07	134.26	208.03	16.55	2.63	13.92	-	100%	United Kingdom
26	Cipla Philippines Inc.#	06th January, 2016	PHP	April - March	1.4828	1.23	(0.92)	0.34	0.03	-	-	(0.09)	-	(0.09)	-	100%	Philippines
27	Cipla Colombia SAS	25th April, 2019	COP	January - December	0.0216	13.56	(7.54)	48.69	42.67	-	62.14	2.19	1.77	0.42	-	100%	Colombia
28	Cipla (Jiangsu) Pharmaceutical Co., Ltd	08th August, 2019	CNY	January - December	11.4825	336.48	(115.33)	371.37	150.23	-	0.00	(57.96)	-	(57.96)	-	93.10%	China
29	Cipla (China) Pharmaceutical Co., Ltd	20th May, 2019	CNY	January - December	11.4825	11.26	2.57	14.76	0.93	-	5.99	0.68	0.03	0.64	-	100%	China
30	Cipla USA Inc.	12th September, 2012	USD	April - March	83.4050	15.87	851.75	3,641.12	2,773.50	-	5,778.61	425.44	100.85	324.58	-	100%	USA
31	InvaGen Pharmaceuticals Inc.	17th February, 2016	USD	April - March	83.4050	4,389.78	(1,400.08)	3,735.38	745.68	-	1,151.58	(482.01)	(66.38)	(415.63)	-	100%	USA
32	Exelan Pharmaceuticals Inc.	17th February, 2016	USD	April - March	83.4050	3.31	369.79	788.01	414.90	-	1,367.09	211.18	50.17	161.01	-	100%	USA

[1]Information in line with BRSR question no. 23 of Section A

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (A) : Information on Subsidiaries (Contd..)

₹ in crores

Sr. No.	Name of the subsidiary Company	Date since when subsidiary was acquired	Reporting currency	Reporting period	Exchange rate as on 31st March, 2024	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than Investment in subsidiary	Turnover*	Profit before Taxation*	Provision for Taxation*	Profit after Taxation*	Proposed Dividend	% of Share Holding	Country of Incorporation
33	Cipla Technologies LLC	13th November, 2017	USD	April - March	83.4050	-	-	-	-	-	0.82	(231.46)	(53.48)	(177.98)	-	-	USA
34	Madison Pharmaceuticals Inc.	26th October, 2018	USD	April - March	83.4050	-	-	-	-	-	-	-	-	-	-	-	USA
35	Cipla Kenya Limited	08th October, 2012	KES	April - March	0.6343	0.01	2.49	62.82	60.33	-	52.12	0.70	0.95	(0.26)	-	100%	Kenya
36	Cipla Therapeutics Inc.	15th May, 2020	USD	April - March	83.4050	121.19	(88.47)	54.40	21.68	-	-	(39.77)	(8.42)	(31.35)	-	100%	USA
37	Cipla Dibcare (Pty) Limited	15th July, 2013	ZAR	April - March	4.3700	0.00	(0.00)	-	-	-	-	-	-	-	-	100%	South Africa
38	Cipla Medpro Manufacturing (Pty) Limited (formerly known as Cipla Life Sciences (Pty) Limited)	15th July, 2013	ZAR	April - March	4.3700	0.00	186.61	417.61	230.99	-	507.56	49.79	15.25	34.54	-	100%	South Africa
39	Cipla-Medpro (Pty) Limited	15th July, 2013	ZAR	April - March	4.3700	0.00	63.02	71.03	8.00	-	19.35	4.29	1.33	2.96	-	100%	South Africa
40	Cipla-Medpro Distribution Centre (Pty) Limited	15th July, 2013	ZAR	April - March	4.3700	0.00	(2.79)	69.87	72.65	-	61.93	(0.08)	0.14	(0.23)	-	100%	South Africa
41	Cipla Medpro Botswana (Pty) Limited	15th July, 2013	ZAR	April - March	4.3700	0.00	-	0.00	-	-	-	-	-	-	-	100%	Botswana
42	Cipla Select (Pty) Limited (Formerly known as Cipla OLTP Proprietary Limited)	15th July, 2013	ZAR	April - March	4.3700	0.00	(1.86)	39.27	41.13	-	71.78	(1.30)	(0.25)	(1.06)	-	100%	South Africa
43	Medpro Pharmaceutica (Pty) Limited	15th July, 2013	ZAR	April - March	4.3700	0.00	279.72	1,737.85	1,458.13	-	1,875.70	0.85	0.53	0.32	-	100%	South Africa
44	Mirren (Pty) Ltd	22nd October, 2018	ZAR	April - March	4.3700	0.00	23.83	83.62	59.80	-	104.21	2.16	0.69	1.47	-	100%	South Africa
45	Actor Pharma (Pty) Limited	7th February, 2024	ZAR	March - February	4.3700	0.00	37.46	47.32	9.86	-	27.19	(3.15)	(0.85)	(2.30)	-	100%	South Africa
46	Aspergen Inc.	30th August, 2022	USD	April - March	83.4050	124.61	(104.89)	51.94	32.22	-	-	(70.66)	0.01	(70.66)	-	60%	USA
47	Mexicip S.A. de C.V.	22nd January, 2024	MXN	April - March	4.5400	-	(0.08)	-	0.08	-	-	(0.08)	-	(0.08)	-	100%	Mexico
48	Cipla Health Employees Stock Option Trust	14th March, 2016	INR	April - March	1.0000	-	-	-	-	-	-	-	-	-	-	100%	India
49	The Cipla Empowerment Trust	30th June, 2022	ZAR	April - March	4.3700	0.00	(2.85)	0.00	2.85	-	0.22	(1.85)	-	(1.85)	-	100%	South Africa

* Converted using average rate

\# Entities under Liquidation

Subsidiaries which are yet to commence operations:

Cipla Pharmaceuticals Limited

Cipla Medpro Botswana (Pty) Limited

Aspergen Inc.

Mexicip S.A. de C.V. (Wholly owned subsidiary incorporated w.e.f. 22nd January, 2024)

Subsidiaries which have been liquidated or sold during the year:

Madison Pharmaceuticals Inc. (Dissolved w.e.f. 28th April, 2023)

Cipla Quality Chemical Industries Limited (Ceased to be a subsidiary w.e.f. 14th November, 2023)

Saba Investment Limited (Ceased to be subsidiary w.e.f. 29th September, 2023)

Cipla Medica Pharmaceutical and Chemical Industries Limited (Ceased to be subsidiary w.e.f. 29th September, 2023)

Cipla Middle East Pharmaceuticals FZ-LLC (Ceased to be subsidiary w.e.f. 29th September, 2023)

Salient Features of Financial Statements of Subsidiaries and Associates

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014 in form AOC-1 related to Subsidiaries and Associate Companies

Part (B) : Associates

Sr No.	Name of the associate	Latest Audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	Shares of Associate held by the Company on 31st March, 2024				Profit/Loss for the year ended 31st March, 2024			
				No. of shares	Amount of Investment in Associate (In crores)	Extent of Holding %	Net worth attributable to Shareholding (In crores)	Considered in Consolidation (In crores)	Not Considered in Consolidation	Description of how there is significant influence	Reason why the associate is not considered
1	Stempeutics Research Private Limited	31st March, 2024	01st October, 2010	2,05,02,525	69.97	33.18%	-	-	(3.39)	-	-
2	Brandmed (Pty) Limited	31st March, 2024	24th April, 2019	375	31.62	30.00%	19.84	(1.09)	-	-	-
3	AMPSolar Power Systems Private Limited	31st March, 2024	12th June, 2019	1,01,800	9.00	26.00%	1.05	-	-	-	-
4	GoApptiv Private Limited#	31st March, 2024	27th July, 2020	60,570	76.90	22.99%	79.95	1.16	-	-	-
5	AMP Energy Green Eleven Private Limited	31st March, 2024	08th February, 2022	7,50,000	7.50	32.49%	0.71	-	-	-	-
6	Clean Max Auriga Power LLP$	31st March, 2024	14th December, 2021	NA	6.75	33.00%	6.13	-	-	-	-
7	Achira Labs Pvt Ltd*	31st March, 2024	17th August, 2022	11,37,023	25.00	21.05%	22.37	(1.66)	-	-	-
8	MKC Biotherapeutics Inc.	31st March, 2024	27th February, 2024	-	-	-	-	-	-	-	-

#The figures of Goapptiv Private Limited is after consolidating its subsidiary - Iconphygital Private Limited and Pactiv Healthcare Private Limited. No. of shares include 47,121 Compulsory Convertible Preference Shares and 13,449 equity shares.

$There are no shares as the entity is a LLP

*No. of shares include 10,32,949 Compulsory Convertible Preference Shares and 1,04,074 equity shares.

Note: For details on date of acquisition of associates, refer annexure A to note 1 ' Material accounting policies and key accounting estimates and judgements' of consolidated financials statements.

For and on behalf of the Board of Directors

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

M K Hamied
Vice-Chairman
DIN: 00029084

Ashish Adukia
Global Chief Financial Officer

Rajendra Chopra
Company Secretary

Mumbai, 10th May, 2024

INDEPENDENT ASSURANCE STATEMENT*

Introduction

DNV Business Assurance India Private Limited ('DNV'), has been commissioned by Cipla Limited (Corporate Identity Number L24239MH1935PLC002380, hereafter referred to as 'Cipla' or 'the Company') to undertake an independent assurance of the Company's sustainability/non-financial disclosures in its Integrated Report (hereafter referred as 'Report').

The disclosures have been prepared by Cipla:

- "in accordance" to requirements of Global Reporting Initiative (GRI) sustainability reporting standards 2021
- Integrated Reporting (<IR>) framework of the International Integrated Reporting Council (IIRC)
- United Nations Sustainable Development Goals (SDGs)
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

DNV carried out assurance engagement in accordance with DNV's VeriSustainTM protocol, V6.0, which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits. DNV's VerisustainTM Protocol has been developed in accordance with the most widely accepted reporting and assurance standards.

Apart from DNV's VeriSustainTM protocol, DNV team has also followed ISO 14064-3 - Specification with guidance for the verification and validation of greenhouse gas statements and ISO 14046 - Environmental management - Water footprint - Principles, requirements, and guidelines to evaluate indicators wrt. Greenhouse gases and water disclosures respectively.

The intended user of this assurance statement is the Management of Cipla Limited ('the Management').

As per agreed scope of work, DNV performed limited level of assurance of GRI disclosure in IR. Details of Scope are mentioned in the section 'Scope, Boundary and Limitations'. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/ or on Company's website for the current reporting period.

Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole responsibility for the preparation of the Report and is responsible for all information disclosed in the Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and also, ensuring the quality and consistency of the information presented in the Report. Cipla is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

Scope, Boundary and Limitations

While the scope of work as agreed is Limited assurance of the GRI disclosures in the IR report as mentioned in Annexure I, a reasonable level of assurance was carried out for GRI 302: Energy 2016 – 302-1, 302-3; GRI 303: Water and Effluents 2018 – 303-3, 303-4, 303-5; GRI 305: Emissions 2016 – 305-1, 305-2; GRI 306: Waste 2020 – 306-3; 306-4; 306-5 and GRI 418: Customer Privacy 2016 – 418-1 disclosures as a part of the BRSR assessment for the reporting period 01/04/2023 to 31/03/2024. The reported topic boundaries of non-financial performance are based on the internal and external materiality assessment covering Company's operations as brought out in the section 'About the Report' of the report.

Boundary covers the performance of Cipla's worldwide operations across the globe that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary covers the worldwide operations of Cipla.

Inherent Limitation(s):

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and is free from material misstatements.

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV opinion on financial disclosures relies on the third party audited financial reports of the Company. DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.
- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.
- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.
- The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.

* GRI 2-5

- The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.
- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.
- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Assurance process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Cipla. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. We carried out the following activities:

1. Reviewed the disclosures in the report. Our focus included general disclosures, management processes, principle wise performance (essential indicators, and leadership indicators) and any other key metrics specified under the reporting framework.
2. Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.
3. Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.
4. Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.
5. Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected GRI disclosures.
6. DNV audit team conducted on-site audits for corporate offices and sites (mentioned in Annexure II). Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
7. Reviewed the process of reporting as defined in the assessment criteria.

Conclusion

Limited Level of Assurance

On the basis of the assessment undertaken, for GRI disclosures as mentioned in Annexure I, nothing has come to our attention to suggest that the disclosures are not fairly stated and are not prepared, in all material aspects, in accordance with the reporting criteria.

1. Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report explains out the materiality assessment process carried out by the Company which has considered concerns of internal and external stakeholders, and inputs from peers and the industry, as well as issues of relevance in terms of impact for Cipla's business. The list of topics has been prioritized, reviewed and validated, and the Company has indicated that there is no significant change in material topics from the previous reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

2. Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report adequately brings out the Company's policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

3. Reliability/Accuracy

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the systems and processes that the Company has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our assessments with Cipla's management teams and process owners at the Corporate Office and sampled sites within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed post correction.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.

4. **Completeness**

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The Report brings out the Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of Principle of Completeness.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

5. **Neutrality/Balance**

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the disclosures related to Cipla's performance during the reporting period in a neutral tone in terms of content and presentation, while considering the overall macroeconomic and industry environment.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct during the assurance engagement. DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement for internal use of Cipla Limited.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this report.

For DNV Business Assurance India Private Limited

Ankita Parab
Lead Verifier,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Karthik Ramaswamy
Assurance Reviewer,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Assurance Team:
Anjana Sharma, Roshni Sarage, Varsha Bohiya, Sameeksha Patil
23/07/2024, Mumbai, India.

[1] DNV Corporate Governance & Code of Conduct - https://www.dnv.com/about/in-brief/corporate-governance.html

Annexure I

Disclosures assured for Reasonable level of assurance as a part of the BRSR assessment:

- GRI 302: Energy 2016 – 302-1, 302-3;
- GRI 303: Water and Effluents 2018 – 303-3, 303-4, 303-5;
- GRI 305: Emissions 2016* – 305-1, 305-2;
- GRI 306: Waste 2020 – 306-3; 306-4; 306-5
- GRI 418: Customer Privacy 2016 – 418-1.

Disclosures assured for Limited level of assurance:

- GRI 2: General Disclosures 2021 – 2-7, 2-8;
- GRI 204: Procurement Practices 2016- 204-1;
- GRI 205: Anti-corruption 2016 – 205-1, 205-2, 205-3;
- GRI 206: Anti-competitive Behavior 2016 – 206-1;
- GRI 302: Energy 2016 – 302-4, 302-5;
- GRI 303: Water and Effluents 2018 – 303-1, 303-2;
- GRI 304: Biodiversity 2016 - 304 - 1
- GRI 305: Emissions 2016 –305-3**, 305-4, 305-5, 305-6, 305-7;
- GRI 306: Waste 2020 – 306-1, 306-2;
- GRI 308: Supplier Environmental Assessment 2016 – 308-1, 308-2;
- GRI 401: Employment 2016 – 401-1, 401-2, 401-3;
- GRI 402: Labor/Management Relations 2016 – 402-1;
- GRI 403: Occupational Health & Safety 2018 – 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10;
- GRI 404: Training and Education 2016 – 404-1, 404-2, 404-3;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1, 405-2;
- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1
- GRI 408: Child Labor 2016 - 408-1;
- GRI 409: Forced or Compulsory Labor 2016 – 409-1;
- GRI 410: Security Practices 2016 – 410-1;
- GRI 413: Local Communities 2016 – 413-1;
- GRI 414: Supplier Social Assessment 2016 - 414-1, 414-2;
- GRI 416: Customer Health and Safety 2016 – 416-1, 416-2;
- GRI 417: Marketing and Labeling 2016 – 417-1, 417-2, 417-3.

*Scope 1 GHG emissions are calculated based on 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC fifth assessment report. Scope 2 GHG emissions for Indian operations are calculated based on the Grid Electricity EF - Central Electricity Authority, Govt. of India, CO2 baseline database for Indian Power Sector, version 19, December 2023; Standardized baseline: Grid emission factor for the national power grid of Uganda, version 1.0; US EPA Emission Factors for Greenhouse Gas Inventories, June 2024; Harmonized IFI Default Grid Factors 2021, UNFCC, version 3.2.

** In Scope 3 GHG emissions is calculated for Category 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13 and 15 as per GHG Protocol.

Annexure II

Sites selected for On-site audits

Sr. no.	Site	Location
1.	Corporate office of Cipla	Mumbai
2.	On-site Audits	Manufacturing plants- Patalganga, Maharashtra Bommasandra, Karnataka Goa 1, 2, 3 Baddi, Himachal Pradesh R&D Centre and office at Vikhroli, Mumbai, Maharashtra 3 Warehouses at Bhiwandi, Maharashtra
3.	Remote Audits	Sikkim- Unit 1 Indore, Madhya Pradesh Boston, US Long Island, NY, US

INDEPENDENT ASSURANCE STATEMENT*

Introduction

DNV Business Assurance India Private Limited ('DNV'), has been commissioned by Cipla Limited (Corporate Identity Number L24239MH1935PLC002380, hereafter referred to as 'Cipla' or 'the Company') to undertake an independent assurance of the Company's disclosures in Business Responsibility and Sustainability Report (hereafter referred as 'BRSR'). The disclosures include 9 Core attributes of BRSR as per Annexure I of SEBI circular dated 12 July 2023 and rest non-financial quantitative disclosures in BRSR (Annexure II of SEBI circular dated 12 July 2023).

Reporting standard/framework

The disclosures have been prepared by Cipla in reference to:

- BRSR Core – Framework for assurance and ESG disclosures for value chain as per SEBI (Securities and Exchange Board of India) Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July12, 2023.
- BRSR reporting guidelines (Annexure II) as per SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021, and incorporated Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023.
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Assurance Methodology/Standard

This assurance engagement has been carried out in accordance with DNV's VeriSustainTM protocol (v6.0), which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information. DNV's VerisustainTM Protocol has been developed in accordance with the most widely accepted reporting and assurance standards.

Apart from DNV's VerisustainTM protocol, DNV team has also followed ISO 14064-3 - Specification with guidance for the verification and validation of greenhouse gas statements; ISO 14046 - Environmental management - Water footprint - Principles, requirements, and guidelines to evaluate indicators wrt. Greenhouse gases and water disclosures.

Intended User

The intended user of this assurance statement is the Management of Cipla Limited ('the Management').

Level of Assurance

- Reasonable Level of assurance for 9 Core Attributes of BRSR (Ref: Annexure I of SEBI circular)
- Limited Level of assurance for rest non-financial quantitative disclosures in BRSR report (Ref: Annexure II of SEBI circular)

Responsibilities of the Management of Cipla and of the Assurance Provider

The Management of Cipla has the sole responsibility for the preparation of the BRSR and is responsible for all information disclosed in the BRSR Core and BRSR Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and also ensuring the quality and consistency of the information presented in the Report. Cipla is also responsible for ensuring the maintenance and integrity of its website and any referenced BRSR disclosures on their website.

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

Scope, Boundary and Limitations

Scope

The scope of our engagement includes independent reasonable level of assurance of '9 Core Attributes of BRSR' (Ref: Annexure I of SEBI Circular) and Limited level of assurance for the rest non-financial quantitative disclosures in BRSR (Ref: Annexure II of SEBI circular) for Financial Year (FY) 2023-24 as listed for Financial Year (FY) 2023-24 as listed in Annexure I.

Boundary of our assurance work:

Boundary covers the performance of Cipla's worldwide operations that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary of verification covers the worldwide operations of Cipla.

Limitation(s):

We performed a reasonable level of assurance for the BRSR Core and limited level of assurance for the rest non-financial quantitative BRSR reporting based on our assurance methodology DNV's VeriSustainTM protocol (v6.0).

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.
- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV opinion on specific BRSR Core indicators (ref- for total revenue from operations; Principle 3, Question 1(c) of Essential Indicators for Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company; Principle 8, Question 4 of Essential Indicators, Principle 1, Question 8 of Essential Indicators and Principle 1, Question 9 of Essential Indicators) relies on the third party audited data.

*GRI 2-5

DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.

- The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.
- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.
- The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.
- The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.
- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.
- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.
- The assurance engagement is based on the assumption that the data and information provided by the Company are complete, sufficient and authentic.

Assurance process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Cipla. For limited level of verification, we adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. We carried out the following activities:

BRSR Core Indicators – Reasonable level of Assurance	Rest non-financial quantitative disclosures in BRSR Report – Limited Level of Assurance
Reviewed the disclosures under BRSR Core, encompassing the framework for assurance consisting of a set of Key Performance Indicators (KPIs) under 9 ESG attributes. The format of BRSR Core used a basis of reasonable level of assurance	Reviewed the disclosures under BRSR reporting guidelines. Our focus included general disclosures, management processes, principle wise performance (essential indicators, and leadership indicators) and any other key metrics specified under the reporting framework. The BRSR reporting format used a basis of limited level of assurance.
Evaluation of the design and implementation of key systems, processes and controls for collecting, managing and reporting the BRSR Core indicators	Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial quantitative disclosures in BRSR report.
Assessment of operational control and reporting boundaries	Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.
Seek extensive evidence across all relevant areas, ensuring a detailed examination of BRSR Core indicators. Engaged directly with stakeholders to gather insights and corroborative evidence for each disclosed indicator.	Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.
Interviews with selected senior managers responsible for management of disclosures and review of selected evidence to support environmental KPIs and metrics disclosed the Report. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected indicators.	Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected indicators.
DNV audit team conducted on-site audits for data testing and also, to assess the uniformity in reporting processes and also, quality checks at different locations of the Company. Sites for data testing and reporting system checks were selected based on the %age contribution each site makes to the reported indicator, complexity of operations at each location (high/low/medium) and reporting system within the organization. Sites selected for audits are listed in Annexure-II.	DNV audit team conducted on-site audits for corporate offices and sites. Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment.
Conduct a comprehensive examination of key material aspects within the BRSR Core framework supporting adherence to the assurance based on applicable principles plus specified data and information.	Reviewed the process of reporting as defined in the assessment criteria.

In both the cases, DNV teams conducted the:

- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness.
- Verification of the consolidated reported performance disclosures in context to the Principle of Completeness as per DNV's VeriSustainTM protocol (v6.0) for reasonable level verification for the disclosures.

Conclusion

Reasonable level of Assurance- BRSR 9 Core Attributes

Based on our review and procedures followed for reasonable level of assurance, DNV is of the opinion that, in all material aspects, the 9 Core Attributes of BRSR (as listed section 'Scope' & 'Annexure I' of this statement) for FY 2023-24 are reported in accordance with reporting requirements outlined in BRSR Core (Annexure I of SEBI Circular dated 12 July 2023).

Limited Level of Assurance- BRSR Reporting Format

On the basis of the assessment undertaken, nothing has come to our attention to suggest that the BRSR disclosures of Cipla as mentioned under section 'Scope' & 'Annexure I' do not properly adhere to the reporting requirements as per BRSR reporting guidelines (Annexure II of SEBI Circular) for FY 2023-24.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct during the assurance engagement and maintain independence wherever required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. During the reporting period i.e. FY 2023-24, DNV, to the best of its knowledge, was not involved in any non-audit/non-assurance work with the Company and its Group entities which could lead to any Conflict of Interest. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement for internal use of Cipla Limited. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. To the best of our knowledge, we did not provide any services to Cipla Limited in the scope of assurance for the reporting period that could compromise the independence or impartiality of our work.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the exclusive use and benefit of management of the Company and solely for the purpose for which it is provided. To the fullest extent permitted by law, DNV does not assume responsibility to anyone other than the Company for DNV's work or this assurance statement. The usage of this assurance statement shall be governed by the terms and conditions of the contract between DNV and Cipla and DNV does not accept any liability if this assurance statement is used for an alternative purpose from which it is intended, nor to any third party in respect of this assurance statement. No part of this assurance statement shall be reproduced, distributed or communicated to a third party without prior written consent.

For DNV Business Assurance India Private Limited

Ankita Parab
Lead Verifier,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Karthik Ramaswamy
Assurance Reviewer,
Sustainability Services,
DNV Business Assurance India Private Limited, India.

Assurance Team:
Anjana Sharma, Roshni Sarage, Varsha Bohiya, Sameeksha Patil
23/07/2024, Mumbai, India.

[1] DNV Corporate Governance & Code of Conduct - https://www.dnv.com/about/in-brief/corporate-governance.html

Annexure I

Reasonable level of assurance provided for following Indicators included in '9 Core Attributes of BRSR'-

- Section C: Principle 1- Essential Indicator 8, 9
- Section C: Principle 3- Essential Indicator 1-c, 11
- Section C: Principle 5- Essential Indicator 3-b, 7
- Section C: Principle 6- Essential Indicator 1, 3, 4, 7*, 9
- Section C: Principle 8- Essential Indicator 4, 5
- Section C: Principle 9- Essential Indicator 7

Limited level of assurance provided for following non-financial quantitative indicators-

- Section A: General Disclosures- 20-a, b, 21, 22, 25
- Section C: Principle Wise Performance Disclosure-
- Principle 1: Essential Indicator 1, Leadership Indicator 1
- Principle 2: Leadership Indicator 4, 5
- Principle 3: Essential Indicator 1-a, b, 2, 5, 7, 8, 9, 13, 14; Leadership Indicator 3, 5
- Principle 5: Essential Indicator 1, 2, 6, 10; Leadership Indicator 4
- Principle 6: Essential Indicator 6, Leadership Indicator 1, 2**, 7
- Principle 8: Essential Indicator 4, Leadership Indicator 6
- Principle 9: Essential Indicator 2, 3, 4

*Scope 1 GHG emissions are calculated based on 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC fifth assessment report. Scope 2 GHG emissions for Indian operations are calculated based on the Grid Electricity EF - Central Electricity Authority, Govt. of India, CO2 baseline database for Indian Power Sector, version 19, December 2023; Standardized baseline: Grid emission factor for the national power grid of Uganda, version 1.0; US EPA Emission Factors for Greenhouse Gas Inventories, June 2024; Harmonized IFI Default Grid Factors 2021, UNFCC, version 3.2.

** In Scope 3 GHG emissions is calculated for Category 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13 and 15 as per GHG Protocol.

Annexure II

Sites selected for On-site audits

Sr. no.	Site	Location
1.	Corporate office of Cipla	Mumbai
2.	On-site Audits	Manufacturing plants- Patalganga, Maharashtra Bommasandra, Karnataka Goa 1, 2, 3 Baddi, Himachal Pradesh R&D Centre and office at Vikhroli, Mumbai, Maharashtra 3 Warehouses at Bhiwandi, Maharashtra
3.	Remote Audits	Sikkim- Unit 1 Indore, Madhya Pradesh Boston, US Long Island, NY, US

GRI Content Index

Statement of use	**Cipla Limited has reported in accordance with the GRI Standards for the period 1st April, 2023 to 31st March, 2024.**
GRI 1 used	GRI 1: Foundation 2021

GRI standard/ other source	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	About Cipla (Page no. 03) Global Reach (Page no. 06) Corporate Information (Page no. 11) BRSR (Page no. 166, 167)
	2-2 Entities included in the organisation's sustainability reporting	About this Report (Page no. 02)
	2-3 Reporting period, frequency and contact point	About this Report (Page no. 02)
	2-4 Restatements of information	Natural Capital (Page no. 115, 116) Financial Capital and Management Discussion and Analysis (Page no. 129) BRSR (Page no. 180)
	2-5 External assurance	About this Report (Page no. 02) Independent Assurance Statement (Page no. 422, 427)
	2-6 Activities, value chain and other business relationships	About Cipla (Page no. 03) Global Reach (Page no. 06) Value Creation Model (Page no. 22) Manufactured Capital (Page no. 56) Relationship Capital (Page no. 94, 98) BRSR (Page no. 166, 167) Ten-Year Highlights (Page no. 10)
	2-7 Employees	Human Capital (Page no. 72, 73)
	2-8 Workers who are not employees	Human Capital (Page no. 72)
	2-9 Governance structure and composition	Board of Directors (Page no. 08) Report on Corporate Governance (Page no. 188, 189, 219)
	2-10 Nomination and selection of the highest governance body	Report on Corporate Governance (Page no. 191)
	2-11 Chair of the highest governance body	Not applicable as Dr Y K Hamied is Non-Executive Chairman of the Company
	2-12 Role of the highest governance body in overseeing the management of impacts	Building a Sustainable Future (Page no. 35) BRSR (Page no. 171, 176) Report on Corporate Governance (Page no 188)
	2-13 Delegation of responsibility for managing impacts	Building a Sustainable Future (Page no. 35) Report on Corporate Governance (Page no. 188, 189)
	2-14 Role of the highest governance body in sustainability reporting	Building a Sustainable Future (Page no. 35) Materiality Assessment (Page no. 44) About this Report (Page no. 02)
	2-15 Conflicts of interest	BRSR (Page no. 173) Report on Corporate Governance (Page no. 216, 219)
	2-16 Communication of critical concerns	Report on Corporate Governance (Page no. 207) Stakeholder Engagement (Page no. 38)
	2-17 Collective knowledge of the highest governance body	BRSR (Page no. 172) Report on Corporate Governance (Page no. 190)

GRI standard/ other source	Disclosure	Location
	2-18 Evaluation of the performance of the highest governance body	Report on Corporate Governance (Page no. 193)
	2-19 Remuneration policies	Report on Corporate Governance (Page no. 196) Nomination, Remuneration and Board Diversity Policy (Web link: https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf)
	2-20 Process to determine remuneration	Report on Corporate Governance (Page no. 196) Nomination, Remuneration and Board Diversity Policy (Web link: https://www.cipla.com/sites/default/files/2021-06/Nomination-Remuneration-and-Board-Diversity-Policy.pdf)
	2-21 Annual total compensation ratio	Ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees - 233:1 Ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees - 11:1
	2-22 Statement on sustainable development strategy	MD & GCEO's Message (Page no. 14)
	2-23 Policy commitments	Human Capital (Page no. 83) BRSR (Page no. 170, 178) Report on Corporate Governance (Page no. 206)
	2-24 Embedding policy commitments	Human Capital (Page no. 76,84) BRSR (Page no. 168, 170, 172, 173, 177)
	2-25 Processes to remediate negative impacts	Stakeholder Engagement (Page no. 38) BRSR (Page no. 168, 173, 176, 178, 184) Code of Conduct (https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf)
	2-26 Mechanisms for seeking advice and raising concerns	Report on Corporate Governance (Page no. 207) Code of Conduct (https://www.cipla.com/sites/default/files/1530274684_Cipla---Code-of-Conduct-FC.PDF.pdf)
	2-27 Compliance with laws and regulations	Natural Capital (Page no. 111) BRSR (Page no. 172, 182)
	2-28 Membership associations	Relationship Capital (Page no. 96)
	2-29 Approach to stakeholder engagement	Stakeholder Engagement (Page no. 38)
	2-30 Collective bargaining agreements	Human Capital (Page no. 84)
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment (Page no. 44)
	3-2 List of material topics	Materiality Assessment (Page no. 44)
Availability and Affordability of medicines		
GRI 3: Material Topics 2021	3-3 Management of material topics	Relationship Capital (Page no. 91, 92) Social Capital (Page no. 103)
Product Quality and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Manufactured Capital (Page no. 55, 58)
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Relationship Capital (Page no. 95)
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Manufactured Capital (Page no. 59)

GRI standard/ other source	Disclosure	Location
Data Integrity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Manufactured Capital (Page no 61)
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Manufactured Capital (Page no. 61)
Innovation and Investment in R&D		
GRI 3: Material Topics 2021	3-3 Management of material topics	Intellectual Capital (Page no. 63, 64, 69)
Sustainable Supply Chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	Relationship Capital (Page no. 91, 98)
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Relationship Capital (Page no. 99)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Relationship Capital (Page no. 99)
	308-2 Negative environmental impacts in the supply chain and actions taken	Relationship Capital (Page no. 99)
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Relationship Capital (Page no. 99) Human Capital (Page no. 88)
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Relationship Capital (Page no. 99)
	414-2 Negative social impacts in the supply chain and actions taken	Relationship Capital (Page no. 99)
Corporate Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Report on Corporate Governance (Page no.188)
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Enterprise Risk Management (Page no. 51) Natural Capital (Page no. 117)
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	BRSR (Page no. 172)
	205-2 Communication and training about anti-corruption policies and procedures	BRSR (Page no. 172)
	205-3 Confirmed incidents of corruption and actions taken	BRSR (Page no. 173)
Capital Allocation and Productivity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital (Page no. 132)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital (Page no. 128)
Promotion of Diversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 71, 81)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (Page no. 72) Report on Corporate Governance (Page no.189)
	405-2 Ratio of basic salary and remuneration of women to men	The ratio of basic salary and remuneration of women to men stands at 1.78:1. This ratio is calculated based on the FTE's of Cipla across the globe
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Human Capital (Page no. 84)
Employee Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 71, 85)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital (Page no. 86)
	403-2 Hazard identification, risk assessment, and incident investigation	Human Capital (Page no. 84, 87, 89)

GRI standard/ other source	Disclosure	Location
	403-3 Occupational health services	Human Capital (Page no. 89)
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (Page no. 86)
	403-5 Worker training on occupational health and safety	Human Capital (Page no. 89)
	403-6 Promotion of worker health	Human Capital (Page no. 89)
	403-8 Workers covered by an occupational health and safety management system	Human Capital (Page no. 86)
	403-9 Work-related injuries	Human Capital (Page no. 87, 88)
	403-10 Work-related ill health	Human Capital (Page no. 87, 88)
Human Resource Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital (Page no. 71, 73)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital (Page no. 74, 82)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human Capital (Page no. 79, 80, 81)
	401-3 Parental leave	Human Capital (Page no. 80)
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Human Capital (Page no. 85)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (Page no. 76)
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (Page no. 75)
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital (Page no. 78)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Capital (Page no. 84) Relationship Capital (Page no. 99)
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (Page no. 84) Relationship Capital (Page no. 99)
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Capital (Page no. 84) Relationship Capital (Page no. 99)
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Human Capital (Page no. 84)
Environmental sustainability		
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital (Page no. 111)
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Natural Capital (Page no. 113)
	302-3 Energy intensity	Natural Capital (Page no. 113)
	302-4 Reduction of energy consumption	Natural Capital (Page no. 114)
	302-5 Reductions in energy requirements of products and services	Not applicable. Being in the pharmaceutical sector, our products do not require energy consumption in the use phase.
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Natural Capital (Page no. 118)
	303-2 Management of water discharge-related impacts	Natural Capital (Page no. 119) Building a Sustainable Future (Page no. 34)
	303-3 Water withdrawal	Natural Capital (Page no. 118)
	303-4 Water discharge	Natural Capital (Page no. 118, 119)
	303-5 Water consumption	Natural Capital (Page no. 118)
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	BRSR (Page no. 181)

GRI standard/ other source	Disclosure	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital (Page no. 115)
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital (Page no. 115)
	305-3 Other indirect (Scope 3) GHG emissions	Natural Capital (Page no. 117)
	305-4 GHG emissions intensity	Natural Capital (Page no. 116, 117)
	305-5 Reduction of GHG emissions	Natural Capital (Page no. 115)
	305-6 Emissions of ozone-depleting substances (ODS)	Natural Capital (Page no. 117)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	BRSR (Page no. 180)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital (Page no. 120)
	306-2 Management of significant waste-related impacts	Natural Capital (Page no. 120)
	306-3 Waste generated	Natural Capital (Page no. 120)
	306-4 Waste diverted from disposal	Natural Capital (Page no.121)
	306-5 Waste directed to disposal	Natural Capital (Page no. 121)
Digital Business Model and Digitisation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Manufactured Capital (Page no. 55, 56, 60)
Patient Experience and Health Awareness		
GRI 3: Material Topics 2021	3-3 Management of material topics	Relationship Capital (Page no. 92)
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Relationship Capital (Page no. 95)
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Relationship Capital (Page no. 95)
	417-2 Incidents of non-compliance concerning product and service information and labeling	Relationship Capital (Page no. 95)
	417-3 Incidents of non-compliance concerning marketing communications	Relationship Capital (Page no. 95)
Community Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital (Page no. 103)
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital (Page no. 104,109)
	413-2 Operations with significant actual and potential negative impacts on local communities	BRSR (Page no. 184)
Business Continuity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management (Page no. 46) BRSR (Page no. 183)

Glossary of Abbreviations

Abbreviation	Full Form
<IR>	Integrated Reporting
AAM	Association of Accessible Medicines
ADRs	American Depository Receipts
AFR	Alternative Fuels and Raw Materials
AGM	Annual General Meeting
AHU	Air Handling Unit
AI	Artificial Intelligence
AIDS	Acquired Immuno Deficiency Syndrome
ALIVE	Aspire,Learn,Innovate,Voice and Engage
AMR	Anti-Microbial Resistance
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
APS	Announced Pledges Scenario
ARV	Anti Retro Viral
AS	Accounting Standards
ATFD	Agitated Thin Film Dryer
AVD	Alternate Vendor Development
B2B	Business-to-business
BCP	Business Continuity Planning
Bps	Basis points
BRSR	Business Responsibility and Sustainability Report
BTA	Business Transfer Agreement
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Actions
CDRI	Central Drug Research Institute
CDSCO	Central Drugs Standard Control Organisation
CGA	Cipla Global Access
CGU	Cash Generating Unit
CHL	Cipla Health Limited
CII	Confederation of Indian Industry
CIN	Corporate Identity Number
CMF	Ciplamed Flix
CMO	Contract Manufacturing Organisations
CNS	Central Nervous System
CO_2	Carbon Dioxide
COA	Community Oncology Alliance
CODM	Chief Operating Decision Maker
COE	Centre of Excellence
COGS	Cost of Goods Sold
COPD	Chronic Obstructive Pulmonary Disease
COSO	Committee of Sponsoring Organizations
COVID	Coronavirus disease
CPC	Care and Training Centre
CQA	Corporate Quality Assurance
CQCIL	Cipla Quality Chemicals Industries Limited
CSIR	Council of Scientific & Industrial Research
CSR	Corporate Social Responsibility
CTO	Chief Technology Officer
CU	Cipla University
DAA	Digital, Analytics, and Automation
DCGI	Drug Controller General of India
DIN	Directors Identification Number
DJSI	Dow Jones Sustainability Index
DMF	Drug Master Files
DNDi	Drugs for Neglected Diseases initiative
DNZ	Divergent Net Zero
DPCO	Drugs Prices Control Orders
DPI	Dry Powder Inhaler
DPs	Designated Persons
DPs	Drug Products
DSD	Drug Safety Department
DTM	Direct-to-Market
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EC	Electronically Commutated
ECL	Expected Credit Loss
EDQM	European Directorate for the Quality of Medicines & Healthcare
EHS	Environment Health and Safety
EIR	Effective interest rate
EM	Emerging Markets
EMEU	Emerging Markets & Europe
EML	Essential Medicine List
EPR	Extended producer responsibility
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ESAR	Employee Stock Appreciation Rights
ESG	Environment,Social and Governance
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
ETP	Effluent Treatment Plant
EVP	Employee Value Proposition
FDA	Food and Drug Administration
FICCI	Federation of Indian Chambers of Commerce & Industry
FIEO	Federation of Indian Export Organisations
FMIIP	Fédération Marocaine de l'Industrie et de l'Innovation Pharmaceutiques
FOPE	Federation of Pharma Entrepreneurs
FPSM	Fluticasone Propionate Salmeterol
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY	Financial Year
GAAP	Generally accepted accounting principles
GBKS	Gaas, Baas, Kapas Ra Saas
GBMSA	Generics & Biosimilars Medicines of South Africa
GBP	Great Britain Pound
GCEO	Global Chief Executive Officer
GCFO	Global Chief Financial Officer
GDRs	Global Depository Receipts
GHGs	Greenhouse Gas
GIDC	Goa Industrial Development Corporation
GMP	Good Manufacturing Practices
GRC	Global Respiratory Connect

Abbreviation	Full Form
GRI	Global Reporting Initiative
GST	Goods and Services Tax
HAP	Hazardous Air Pollutants
HAZID	Hazard Identification
HAZOP	Hazard Operability
HCP	Healthcare Professionals
HDA	Healthcare Distribution Alliance
HIV	Human Immunodeficiency Virus
HLPC	High- Performance Liquid Chromatography
HSS	Healthcare Superstars
HVAC	Heating, Ventilation, and Air Conditioning
I&D	Inclusion and Diversity
IA	Internal Audit
IBBI	India Business & Biodiversity Initiative
IBP	Integrated Business Planning
ICAI	Institute of Chartered Accountants of India
IEPF	Investors Education and Protection fund
IFC	Internal Financial Controls
IGBA	International Generic and Biosimilar Medicines Association
IIRC	International Integrated Reporting Council
IIS	Investigator-Initiated Studies
ILBS	Institute of Liver and Biliary Sciences
IND AS	Indian Accounting Standards
INR	Indian Rupee
IoT	Internet of Things
IP	Intellectual Property
IPA	Indian Pharmaceutical Association
IPA	Iso-propyl Alcohol
IPD	Integrated Product Development
IPM	Indian Pharma Market
IPR&D	In-Process Research and Development Assets
IR	Infrared Spectroscopy
IRMC	Investment and Risk Management Committee
ISC	Investor Service Center
ISCR	Indian Society of Clinical Research
ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technology
JIBAR	Johannesburg Interbank Average Rate
JVC	Joint Venture Company
KL	Kilo Liter
KMP	Key Managerial Persons
KPI	Key Performance Indicators
KW	Kilo Watt
LCA	Life Cycle Assessments
LCMS	Liquid Chromatography-Mass Spectrometry
LLP	Limited Liability Partnership
LMS	Learning Management System
LODR	Listing Obligations and Disclosure Requirements
LTIFR	Lost Time Injury Frequency Rate
M&S	Modelling and Simulation
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MD	Managing Director
MDI	Metered Dose Inhaler
MEE	Multiple Effect Evaporator

Abbreviation	Full Form
MEIS	Merchandise Exports From India Scheme
MHRA	Medicines and Healthcare Products Regulatory Agency, UK
MHU	Mobile Health Units
MI	Machine Learning
MT	Metric Tonnes
MVRE	Mechanical Vapour Recompression Evaporator
MW	Megawatt
NCD	Non Communicable Diseases
NDA	New Drug Applications
NGO	Non-Governmental Organisation
NIST	National Institute of Standards and Technology
NLEM	National List of Essential Medicines
NMPA	National Medical Products Administration, China
NOx	Nitrogen Oxides
NPPA	National Pharmaceutical Pricing Authority
NRC	Nomination and Remuneration Committee
NSQ	Not of Standard Quality
OASIS	OneHealth Antimicrobial Stewardship for Informal Health Systems
OAVM	Other Audio-Visual Means
OCI	Other Comprehensive Income
ODS	Ozone Depleting Substances
OECD	The Organization for Economic Cooperation and Development
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OPR&D	Organic Process Research and Development
OSD	Oral Solid Dosage
OTC	Over The Counter
P.a.	Per annum
PAT	Profit After Tax
PCF	Product Carbon Footprint
PDA	Photodiode Array
PDE	Procurement Digital Employee
PHARMEXCIL	Pharmaceutical Export Promotion Council
PIT	Prohibition of Insider Trading
PM	Particulate matter
pMDI	Pressured Metered Dose Inhaler
POC	Point of Care
POP	Persistent Organic Pollutants
POSH	Prevention of Sexual Harassment
PPP	Purchasing Power Parity
PSCI	Pharmaceutical Supply Chain Initiative
PVOI	Pharmacovigilance Officer in charge
Q1	Quarter 1
Q2	Quarter 2
Q3	Quarter 3
Q4	Quarter 4
QC	Quality Control
QMS	Quality Management System
QRM	Quality Risk Management
R&D	Research and Development
R&R	Rehabilitation and Resettlement

Abbreviation	Full Form
RE	Renewable Energy
RFQ	Request for Quote
RO	Reverse Osmosis
RoE	Return on Equity
RoIC	Return on Invested Capital
ROU	Right-of-Use
RPA	Robotic Process Automation
RPT	Related Party Transactions
RPT Policy	Policy on Related Party Transactions
SAGA	South Africa, Sub-Saharan Africa, Global Access
SAHPRA	South African Health Products Regulatory Authority
SBO	Strategic Business Objectives
SBTi	Science-Based Targets initiative
SC	Supreme Court
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SDD	Structured Digital Database
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
SIA	Social Impact Assessments
SMEs	Subject Matter Experts
SMP	Senior Management Personnel
SOP	Standard Operating Procedure
SOx	Sulfur Oxides
SPA	Share Purchase Agreement
SPOT	Single Point of Truth
SSA	Sub-Saharan Africa
TA	Tentative Approval

Abbreviation	Full Form
TAF	Tenfovir Alfenamide
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	tonnes of CO_2 equivalent
TGA	Therapeutic Goods Administration
TIJ	Thermal Inkjet
TJ	Tera Joules
TLD	Tenofovir-Lamivudine-Dolutegravir
TMS	Transportation Management System
TNFD	Task Force on Nature-related Financial Disclosures
TRUST	Towards a Robust, Unified and Sustainable (quality) Transformation
TSDF	Treatment, Storage and Disposal Facilities
UNSDG	United Nations Sustainable Development Goals
UPSI	Unpublished Price Sensitive Information
USD	US Dollar
USFDA	United States Food and Drug Administration
VC	Video Conferencing
VFD	Variable Frequency Drive
VOC	Volatile Organic Compounds
VTFD	Vertical Thin Film Dryer
WACC	Weighted Average Cost of Capital
WEF	World Economic Forum
WHO	World Health Organisation
WMS	Warehouse Management System
ZAR	South African Rand
ZLD	Zero Liquid Discharge

Notes

Notes

Disclaimer

Except for the historical information contained herein, statements in this annual report and the subsequent discussions may constitute "forward-looking statements". These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, fluctuation in earnings, foreign exchange rates, our ability to manage international operations and exports, our exposure to market risks, impact of pandemic as well as other risks that could cause actual results to differ materially from those suggested by the forward-looking statements.

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