

5<sup>th</sup> February, 2020

(1) BSE Limited  
Listing Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 001

(2) National Stock Exchange of India Limited  
Listing Department  
Exchange Plaza, 5<sup>th</sup> floor,  
Plot no. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

**Scrip Code: 500087**

**Scrip Code: CIPLA**

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

**Sub: Outcome of the Board meeting**

Dear Sir/Madam,

Pursuant to Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing herewith:

- i. Unaudited financial results (standalone and consolidated) for the quarter and nine months ended 31<sup>st</sup> December, 2019, approved at the meeting of the Board of Directors of the Company held today i.e. 5<sup>th</sup> February, 2020;
- ii. Limited review report (standalone and consolidated) signed by Walker Chandiook & Co LLP, statutory auditor of the Company, for the quarter and nine months ended 31<sup>st</sup> December, 2019; and
- iii. Press release and Investor presentation dated 5<sup>th</sup> February, 2020.

The meeting of the Board of Directors of the Company commenced at 10.00 a.m. and concluded at 3.00 p.m.

Thanking you,

Yours faithfully,  
For Cipla Limited



**Rajendra Chopra**  
**Company Secretary**

Encl.: as above



Prepared by: Juzer Masta

**Cipla Ltd.**

Regd. Office - Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013, India.

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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2019

(₹ in Crores)

Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Revenue from operations</b>						
a) Net sales/income from operations	4,234.55	4,264.24	3,906.20	12,393.25	11,699.97	15,970.97
b) Other operating revenue	136.45	131.54	101.34	362.55	258.46	391.44
<b>Total revenue from operations</b>	<b>4,371.00</b>	<b>4,395.78</b>	<b>4,007.54</b>	<b>12,755.80</b>	<b>11,958.43</b>	<b>16,362.41</b>
<b>2. Other income</b>	<b>72.13</b>	100.52	78.53	<b>251.02</b>	381.21	476.57
<b>3. Total income (1+2)</b>	<b>4,443.13</b>	<b>4,496.30</b>	<b>4,086.07</b>	<b>13,006.82</b>	<b>12,339.64</b>	<b>16,838.98</b>
<b>4. Expenses</b>						
a) Cost of materials consumed	1,034.39	1,125.69	1,077.05	3,264.56	3,115.04	4,285.04
b) Purchases of stock-in-trade	571.87	368.70	404.43	1,309.23	1,135.28	1,452.41
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	38.71	(33.16)	(18.81)	(271.27)	48.40	47.04
d) Employee benefits expense	745.51	761.63	717.87	2,263.27	2,144.06	2,856.53
e) Finance costs	46.17	46.07	44.19	144.36	123.65	168.43
f) Depreciation, impairment and amortisation expense	277.89	282.96	293.13	828.85	816.03	1,326.31
g) Other expenses	1,222.19	1,263.42	1,119.33	3,617.54	3,379.39	4,624.08
<b>Total expenses</b>	<b>3,936.73</b>	<b>3,815.31</b>	<b>3,637.19</b>	<b>11,156.54</b>	<b>10,761.85</b>	<b>14,759.84</b>
<b>5. Profit (+)/loss (-) before tax (3-4)</b>	<b>506.40</b>	<b>680.99</b>	<b>448.88</b>	<b>1,850.28</b>	<b>1,577.79</b>	<b>2,079.14</b>
<b>6. Tax expense (net)</b>						
a) Current tax	114.21	184.32	134.20	589.32	460.01	747.70
b) Deferred tax (Refer note 5)	38.61	16.23	(8.52)	(43.71)	(18.23)	(178.17)
<b>Total tax expense</b>	<b>152.82</b>	<b>200.55</b>	<b>125.68</b>	<b>545.61</b>	<b>441.78</b>	<b>569.53</b>
<b>7. Net profit (+)/loss (-) after tax before share of associates (5-6)</b>	<b>353.58</b>	480.44	323.20	<b>1,304.67</b>	1,136.01	1,509.61
<b>8. Share of profit (+)/ loss (-) of associates</b>	<b>(14.20)</b>	(5.94)	(0.96)	<b>(43.64)</b>	(1.25)	(17.17)
<b>9. Net profit (+)/ loss (-) for the period/year (7+8)</b>	<b>339.38</b>	<b>474.50</b>	<b>322.24</b>	<b>1,261.03</b>	<b>1,134.76</b>	<b>1,492.44</b>
<b>10. Profit for the period attributable to</b>						
a) Shareholders of the company	351.03	471.35	332.20	1,300.57	1,160.50	1,527.70
b) Non- controlling interest	(11.65)	3.15	(9.96)	(39.54)	(25.74)	(35.26)
<b>11. Other comprehensive income/(loss) for the period/year</b>						
a) (i) Items that will not be reclassified to profit or loss	(7.30)	(3.84)	(5.00)	(20.78)	7.78	42.51
(ii) Income tax on items that will not be reclassified to profit or loss	1.84	1.50	1.64	6.73	(2.75)	(7.60)
b) (i) Items that will be reclassified to profit or loss	202.59	(95.82)	(65.99)	100.44	(281.48)	(312.63)
(ii) Income tax on items that will be reclassified to profit or loss	7.72	6.14	(30.80)	26.16	(10.04)	(12.22)
<b>Other comprehensive income/(loss) for the period/year</b>	<b>204.85</b>	(92.02)	(100.15)	<b>112.55</b>	(286.49)	(289.94)
<b>12. Total comprehensive income/(loss) for the period/year (9+11)</b>	<b>544.23</b>	382.48	222.09	<b>1,373.58</b>	848.27	1,202.50
<b>13. Total comprehensive income attributable to</b>						
a) Shareholders of the company	555.67	372.81	230.16	1,406.72	853.48	1,220.23
b) Non - controlling interest	(11.44)	9.67	(8.07)	(33.14)	(5.21)	(17.73)
<b>14. Paid-up equity share capital (face value ₹2/- each) (Refer note 4)</b>	<b>161.25</b>	161.22	161.13	<b>161.25</b>	161.13	161.14
<b>15. Other equity</b>						14,851.14
<b>16. Earnings per share (face value ₹2/- each)</b>						
a) Basic (₹)	*4.35	*5.85	*4.12	*16.14	*14.41	18.97
b) Diluted (₹)	*4.35	*5.84	*4.12	*16.12	*14.38	18.93
*Not Annualised						



## Segment information

Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Segment wise revenue and results</b>						
<b>Segment revenue:</b>						
a) Pharmaceuticals	4,321.47	4,357.16	3,970.79	12,638.56	11,862.95	16,231.21
b) New ventures	61.84	46.99	43.38	145.07	114.89	160.45
<b>Total segment revenue</b>	<b>4,383.31</b>	<b>4,404.15</b>	<b>4,014.17</b>	<b>12,783.63</b>	<b>11,977.84</b>	<b>16,391.66</b>
Less : Inter segment revenue	12.31	8.37	6.63	27.83	19.41	29.25
<b>Total revenue from operations</b>	<b>4,371.00</b>	<b>4,395.78</b>	<b>4,007.54</b>	<b>12,755.80</b>	<b>11,958.43</b>	<b>16,362.41</b>
<b>Segment result:</b>						
<b>Profit/(loss) before tax and interest from each segment</b>						
a) Pharmaceuticals	595.33	784.42	512.74	2,113.91	1,676.32	2,254.24
b) New ventures	(42.76)	(57.36)	(19.67)	(119.27)	25.12	(6.67)
<b>Total segment result</b>	<b>552.57</b>	<b>727.06</b>	<b>493.07</b>	<b>1,994.64</b>	<b>1,701.44</b>	<b>2,247.57</b>
Less: Finance costs	46.17	46.07	44.19	144.36	123.65	168.43
<b>Total Profit (+)/loss (-) before tax</b>	<b>506.40</b>	<b>680.99</b>	<b>448.88</b>	<b>1,850.28</b>	<b>1,577.79</b>	<b>2,079.14</b>

## Segment assets and liabilities

As certain assets and liabilities are deployed interchangeably across segments, it is not practically possible to allocate those assets and liabilities to each segment. Hence, the details of assets and liabilities have not been disclosed in the above table.

## Notes:

1. The financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5<sup>th</sup> July, 2016.

2. Effective 1<sup>st</sup> April, 2019, the Group has adopted Ind AS 116 "Leases" using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, previous period information has not been restated.

On 1<sup>st</sup> April, 2019, the Group has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Also, the Group has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value. Accordingly, on transition to Ind AS 116, the Group recognised lease liabilities and corresponding equivalent ROU assets.

In the statement of profit and loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the period and earnings per share.

3. The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,655.13 Crore.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Hon'ble Supreme Court of India. The Supreme Court in its judgment of 1<sup>st</sup> August, 2003 restored the said writ petitions to the Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Supreme Court in its judgment. On the Union of India filing transfer petitions, the Supreme Court ordered transfer of the said petitions to the Bombay High Court to it for being heard with the appeal filed against the Allahabad High Court order. Subsequently, in its order of 20<sup>th</sup> July, 2016 the Supreme Court recalled its transfer order and remanded the petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1<sup>st</sup> August, 2003 which at that point of time was ₹ 350.15 Crore. Complying with the directions passed by the Hon'ble Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble Supreme Court of India vide its Order and Judgment dated 21<sup>st</sup> October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court.

The Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Hon'ble Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5<sup>th</sup> June, 2019, but the same was not listed on that date.

Further during the current quarter, the Company filed amendment applications before the Hon'ble Bombay High Court to incorporate the effect of a ruling by the Hon'ble Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. Hon'ble Bombay High Court issued notice to Union of India and NPPA on the amendment applications and has set 17<sup>th</sup> February, 2020 for further hearing.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,272.32 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

In addition, Company had made provision of ₹ 102.20 Crore as of 31<sup>st</sup> December, 2019 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹ 90.26 Crore received recently, were challenged before the Hon'ble Bombay High Court and the Hon'ble Delhi High Court, however the recovery proceedings remain in abeyance in pursuance of the same and the next date is awaited from the Court.

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4. The paid-up equity share capital stands increased to ₹ 161.25 Crore (80,62,27,596 equity shares of ₹ 2 each) upon allotment of 1,50,099 equity shares of ₹ 2 each pursuant to "ESOS 2013-A" during the quarter ended 31<sup>st</sup> December, 2019.

5. The Government of India, on 20<sup>th</sup> September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Indian companies for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, certain Indian components of the Group expects to avail lower tax rate only from a later financial year (31<sup>st</sup> March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Group expects to be subject to lower tax rate. To the extent deferred tax assets/ liabilities are expected to be realised/ settled during the year ending 31<sup>st</sup> March, 2020, the normal tax rate of 34.994% or lower tax rate of 25.17%, as applicable, has been applied. Consequently, deferred tax liabilities (net) reversed by the Group as at 31<sup>st</sup> December, 2019 is not significant.


6. The Unaudited standalone financial results for the quarter and nine months ended 31<sup>st</sup> December, 2019 are available on the Company's website i.e. www.cipla.com under Investor Information section and on the stock exchange websites i.e. www.bseindia.com and www.nseindia.com. The key standalone financial information is as under:

Particulars	(₹ in Crores)					
	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Total revenue from operations	2,926.20	3,370.18	2,835.20	9,525.71	8,917.48	12,374.01
Profit before tax	357.53	919.90	411.51	2,255.76	1,659.87	2,492.83
Profit after tax	282.22	737.38	295.32	1,713.60	1,254.34	1,888.41

7. The figures of the previous year/period have been regrouped/recast to render them comparable with the figures of the current period.

8. The above results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 5<sup>th</sup> February, 2020. These results have been subjected to limited review by the statutory auditor.

By order of the Board  
For CIPLA LIMITED

  
Umang Vohra  
Managing Director and Global Chief Executive Officer

Mumbai  
5<sup>th</sup> February, 2020



# Walker Chandlok & Co LLP

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## **Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

### **To the Board of Directors of Cipla Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results ('the Statement') of Cipla Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates (refer Annexure A for the list of subsidiaries and associates included in the Statement) for the quarter ended 31 December 2019 and the consolidated year to date results for the period 1 April 2019 to 31 December 2019, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019 issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandlok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

# Walker Chandiook & Co LLP

Cipla Limited

**Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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4. Based on our review conducted and procedures performed as stated in paragraph 3 above and upon consideration of the review reports of other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circulars and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the interim financial results of 16 subsidiaries included in the Statement, whose financial information reflects total revenues of ₹ 706.09 crore and ₹ 1,950.03 crore, total net profit after tax of ₹ 25.28 crore and ₹ 81.38 crore, total comprehensive income of ₹ 17.08 crore and ₹ 75.60 crore, for the quarter and year-to-date period ended on 31 December 2019, respectively, as considered in the Statement. The Statement also includes the Group's share of net loss after tax of ₹ 0.63 crore and ₹ 1.68 crore for the quarter and nine-months period ended on 31 December 2019, respectively, as considered in the Statement, in respect of an associate, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose review reports have been furnished to us by the management, and our conclusion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on the review reports of such other auditors and the procedures performed by us as stated in paragraph 3 above.

Further, these subsidiaries and associate are located outside India, whose interim financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under International Standard on Review Engagement (ISRE) applicable in their respective countries. The Holding Company's management has converted the financial results of such subsidiaries and associates from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates is based on the review report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Our conclusion is not modified in respect of this matter.

**For Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No: 001076N/N500013

  
**Ashish Gupta**  
Partner  
Membership No. 504662

UDIN No: 20504662 AAAAX7463

Place: New Delhi  
Date: 5 February 2020

# Walker Chandiook & Co LLP

## Cipla Limited

### Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

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#### Annexure A

##### List of entities included in the statement

##### 1) Subsidiaries:

1. Goldencross Pharma Limited, India (formerly known as Goldencross Pharma Private Limited)
2. Meditab Specialities Limited, India (formerly known as Meditab Specialities Private Limited)
3. Cipla BioTec Limited, India (formerly known as Cipla BioTec Private Limited)
4. Jay Precision Pharmaceuticals Private Limited, India
5. Cipla Health Limited, India
6. Medispray Laboratories Private Limited, India
7. Sitec Labs Limited, India (formerly known as Sitec Labs Private Limited)
8. Cipla Medpro South Africa (Proprietary) Limited, South Africa
9. Cipla Holding B.V., Netherlands
10. Cipla (EU) Limited, United Kingdom
11. Saba Investment Limited, United Arab Emirates
12. Cipla (UK) Limited, United Kingdom
13. Cipla Australia Pty. Limited, Australia
14. Meditab Holdings Limited, Mauritius
15. Tasfiye Halinde Cipla Ilac Ticarret Anonim Şirketi. Turkey (formerly known as Cipla Ilac Ticaret Anonim Şirketi) (liquidated w.e.f 7 October 2019)
16. Cipla USA, Inc., United States of America
17. Cipla Kenya Limited, Kenya
18. Cipla Malaysia Sdn. Bhd., Malaysia
19. Cipla Europe NV, Belgium
20. Cipla Quality Chemical Industries Limited, Uganda
21. Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda., Brazil
22. Galilee Marketing Proprietary Limited, South Africa (liquidated on 11 October 2018)
23. Inyanga Trading 386 Proprietary Limited, South Africa
24. Xeragen Laboratories Proprietary Limited, South Africa (liquidated on 7 September 2018)
25. Cipla Medpro Holdings Proprietary Limited, South Africa
26. Cape to Cairo Exports Proprietary Limited, South Africa
27. Cipla Dibcafre Proprietary Limited, South Africa
28. Cipla Life Sciences Proprietary Limited, South Africa
29. Cipla-Medpro Proprietary Limited, South Africa
30. Cipla-Medpro Distribution Centre Proprietary Limited, South Africa
31. Cipla Medpro Botswana Proprietary Limited, South Africa
32. Cipla Algerie, Algeria
33. Cipla Biotec South Africa (Pty) Limited, South Africa
34. Cipla Nutrition Proprietary Limited, South Africa
35. Medpro Pharmaceutica Proprietary Limited, South Africa
36. Med Man Care Proprietary Limited, South Africa (liquidated on 15 October 2018)
37. Breathe Free Lanka (Private) Limited, Sri Lanka
38. Medica Pharmaceutical Industries Company Limited, Yemen
39. Cipla (Mauritius) Limited, Mauritius (in the process of liquidation)
40. Cipla FZE, United Arab Emirates (liquidated on 11 February 2019)
41. Cipla Pharma Lanka (Private) Limited, Sri Lanka
42. Cipla Maroc SA, Morocco
43. Cipla Middle East Pharmaceuticals FZ-LLC, United Arab Emirates
44. Quality Chemicals Limited, Uganda
45. Cipla Philippines, Inc., Philippines
46. Invagen Pharmaceuticals, Inc., United States of America



# Walker ChandioK & Co LLP

## Cipla Limited

**Independent Auditor's Review Report on Consolidated Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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### Annexure A (Contd.)

47. Exelan Pharmaceuticals, Inc., United States of America
48. Anmarate Proprietary Limited, South Africa
49. Cipla Technologies LLC, United States of America
50. Cipla Gulf FZ-LLC, United Arab Emirates (incorporated on 10 October 2018)
51. Mirren (Pty) Ltd, South Africa (acquired on 22 October 2018)
52. Madison Pharmaceuticals Inc. United States of America (incorporated on 26 October 2018)
53. Cipla (Colombia) SAS, Colombia (incorporated on 25 April 2019)
54. Cipla (China) Pharmaceutical Co., Ltd., China (incorporated on 20 May 2019)
55. Cipla Health Employees Stock Option Trust, India
56. Cipla Employee Stock Option Trust, India
57. Cipla (Jiangsu) Pharmaceutical Co., Ltd. (incorporated on 8 August 2019)
58. Cipla Pharmaceuticals Limited, India (incorporated on 19 November 2019)

### II) Associates:

1. Stempeutics Research Private Limited, India (w.e.f. 8 November 2019 stake is changed from 43.64% to 40.78%)
2. Avenue Therapeutics Inc. United States of America (acquired 33.33% stake on 8 February 2019)
3. Brandmed (Pty) Limited, South Africa (acquired 30% stake on 24 April 2019)





STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER, 2019

(₹ in Crores)

Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>1. Revenue from operations</b>						
a) Net sales/income from operations	2,821.92	3,230.08	2,754.08	9,178.21	8,692.37	11,968.44
b) Other operating revenue	104.28	140.10	81.12	347.50	225.11	405.57
<b>Total revenue from operations</b>	<b>2,926.20</b>	<b>3,370.18</b>	<b>2,835.20</b>	<b>9,525.71</b>	<b>8,917.48</b>	<b>12,374.01</b>
<b>2. Other income</b>	<b>73.28</b>	<b>312.75</b>	<b>76.95</b>	<b>479.44</b>	<b>483.13</b>	<b>577.52</b>
<b>3. Total income (1+2)</b>	<b>2,999.48</b>	<b>3,682.93</b>	<b>2,912.15</b>	<b>10,005.15</b>	<b>9,400.61</b>	<b>12,951.53</b>
<b>4. Expenses</b>						
a) Cost of materials consumed	695.30	769.62	771.48	2,232.81	2,301.74	3,112.25
b) Purchases of stock-in-trade	370.34	320.06	348.19	1,018.42	973.46	1,259.21
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.48	35.04	(94.64)	(149.64)	64.04	136.70
d) Employee benefits expense	474.11	479.54	466.90	1,433.80	1,380.98	1,839.84
e) Finance costs	9.55	9.87	2.94	26.81	12.98	16.97
f) Depreciation, impairment and amortisation expense	143.14	150.93	148.58	439.36	425.10	569.72
g) Other expenses	928.03	997.97	857.19	2,747.83	2,582.44	3,524.01
<b>Total expenses</b>	<b>2,641.95</b>	<b>2,763.03</b>	<b>2,500.64</b>	<b>7,749.39</b>	<b>7,740.74</b>	<b>10,458.70</b>
<b>5. Profit (+)/loss (-) before tax (3-4)</b>	<b>357.53</b>	<b>919.90</b>	<b>411.51</b>	<b>2,255.76</b>	<b>1,659.87</b>	<b>2,492.83</b>
<b>6. Tax expense (net)</b>						
a) Current tax	61.10	144.04	107.58	462.40	352.00	576.43
b) Deferred tax (Refer note 5)	14.21	38.48	8.61	79.76	53.53	27.99
<b>Total tax expense</b>	<b>75.31</b>	<b>182.52</b>	<b>116.19</b>	<b>542.16</b>	<b>405.53</b>	<b>604.42</b>
<b>7. Net profit (+)/loss (-) after tax for the period/year (5-6)</b>	<b>282.22</b>	<b>737.38</b>	<b>295.32</b>	<b>1,713.60</b>	<b>1,254.34</b>	<b>1,888.41</b>
<b>8. Other comprehensive income/(loss) for the period/year</b>						
a) (i) Items that will not be reclassified to profit or loss	(7.99)	(3.33)	(3.88)	(20.71)	6.72	12.00
(ii) Income tax on items that will not be reclassified to profit or loss	2.01	1.35	1.35	6.64	(2.35)	(4.19)
b) (i) Items that will be reclassified to profit or loss	(3.48)	(18.76)	86.76	(52.52)	21.33	48.81
(ii) Income tax on items that will be reclassified to profit or loss	0.88	6.60	(30.31)	18.06	(7.45)	(17.06)
<b>Other comprehensive income/(loss) for the period/year</b>	<b>(8.58)</b>	<b>(14.14)</b>	<b>53.92</b>	<b>(48.53)</b>	<b>18.25</b>	<b>39.56</b>
<b>9. Total comprehensive income/(loss) for the period/year (7+8)</b>	<b>273.64</b>	<b>723.24</b>	<b>349.24</b>	<b>1,665.07</b>	<b>1,272.59</b>	<b>1,927.97</b>
<b>10. Paid-up equity share capital (face value ₹ 2/- each) (Refer note 4)</b>	<b>161.25</b>	<b>161.22</b>	<b>161.13</b>	<b>161.25</b>	<b>161.13</b>	<b>161.14</b>
<b>11. Other equity</b>						<b>15,620.77</b>
<b>12. Earnings per share (face value ₹ 2/- each)</b>						
a) Basic (₹)	*3.50	*9.15	*3.67	*21.26	*15.58	23.45
b) Diluted (₹)	*3.50	*9.14	*3.66	*21.23	*15.54	23.41
*Not Annualised						

## Notes:

1. The financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and SEBI circular dated 5<sup>th</sup> July, 2016.

2. Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1<sup>st</sup> April, 2019). Accordingly, previous period information has not been restated.

On 1<sup>st</sup> April, 2019, the Company has recognised a lease liability measured at the present value of the remaining lease payments, and right-of-use (ROU) asset at an amount equal to lease liability (adjusted for any related prepayments). Also, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases and certain leases for which the underlying asset is of low value. Accordingly, on transition to Ind AS 116, the Company recognised lease liabilities and corresponding equivalent ROU assets.

In the statement of profit and loss for the current period, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset and finance cost for imputed interest on lease liability. The adoption of this standard did not have any significant impact on the profit for the period and earnings per share.

3. The Company had received various notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Orders. The total demand against the Company as stated in NPPA public disclosure amounts to ₹ 2,655.13 Crore.

Out of the above, demand notices pertaining to a set of products being Norfloxacin, Ciprofloxacin, Salbutamol and Theophylline were challenged by the Company (i) in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, as they cannot be included in the ambit of price control based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and (ii) in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in appeal by the Union of India to the Hon'ble Supreme Court of India. The Supreme Court in its judgment of 1<sup>st</sup> August, 2003 restored the said writ petitions to the Bombay High Court with directions that the Court will have to consider the petitions afresh, having due regard to the observations made by the Supreme Court in its judgment. On the Union of India filing transfer petitions, the Supreme Court ordered transfer of the said petitions to the Bombay High Court to it for being heard with the appeal filed against the Allahabad High Court order. Subsequently, in its order of 20<sup>th</sup> July, 2016 the Supreme Court recalled its transfer order and remanded the petitions to Bombay High Court for hearing. While remanding the matter to Bombay High Court, the Hon'ble Supreme Court directed Cipla to deposit 50% of the overcharged amount with the NPPA as stated in its order of 1<sup>st</sup> August, 2003 which at that point of time was ₹ 350.15 Crore. Complying with the directions passed by the Hon'ble Supreme Court, Cipla has deposited an amount of ₹ 175.08 Crore which has been received and acknowledged by NPPA. Furthermore, the Company has not received any further notices post such transfer of cases to Bombay High Court. Meanwhile, the Hon'ble Supreme Court of India vide its Order and Judgment dated 21<sup>st</sup> October, 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding basis of fixation of retail prices. The said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. However, the grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court.

The Bombay High Court had, in expectation of NPPA filing its counter-statement on status of each petitioner's compliance with the 2003 and 2016 Hon'ble Supreme Court orders (on deposit 50% of amount demanded), re-scheduled the hearing for 5<sup>th</sup> June, 2019, but the same was not listed on that date.

Further during the current quarter, the Company filed amendment applications before the Hon'ble Bombay High Court to incorporate the effect of a ruling by the Hon'ble Supreme Court of India to adjust trade margins of 16% from outstanding demands as not accrued to the manufacturers and to re-calculate interest from date of non-payment of demand within the time period stated in each demand. Hon'ble Bombay High Court issued notice to Union of India and NPPA on the amendment applications and has set 17<sup>th</sup> February, 2020 for further hearing.

The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the decision of Hon'ble Supreme Court dated 21<sup>st</sup> October, 2016 referred above was in favour of Union of India with respect to the appeals preferred by the Government challenging the Hon'ble Allahabad High Court order, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹ 1,736.00 Crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company in relation to the above said molecules to be ₹ 2,272.32 Crore (after adjusting deposit of ₹ 175.08 Crore), however, the Company has not received any further notices beyond an aggregate amount of ₹ 1,736.00 Crore.

In addition, Company had made provision of ₹ 102.20 Crore as of 31<sup>st</sup> December, 2019 for products not part of the referenced writ proceedings. Few demands for these products aggregating ₹ 90.26 Crore received recently, were challenged before the Hon'ble Bombay High Court and the Hon'ble Delhi High Court, however the recovery proceedings remain in abeyance in pursuance of the same and the next date is awaited from the Court.

4. The paid-up equity share capital stands increased to ₹ 161.25 Crore (80,62,27,596 equity shares of ₹ 2 each) upon allotment of 1,50,099 equity shares of ₹ 2 each pursuant to "ESOS 2013-A" during the quarter ended 31<sup>st</sup> December, 2019.
5. The Government of India, on 20<sup>th</sup> September, 2019 vide the Taxation Laws (Amendment) Ordinance, 2019, inserted a new Section 115 BAA in the Income Tax Act, 1961, which provides an option to the Company for paying tax at reduced rates (lower tax rate) as per the provisions/ conditions defined in the said section. Based on its evaluation, the Company expects to avail lower tax rate only from a later financial year (31<sup>st</sup> March, 2021) and therefore has applied the lower tax rate of 25.17% in measurement of deferred taxes only to the extent that such deferred tax assets/ liabilities are expected to be realised/ settled in the periods during which the Company expects to be subject to lower tax rate. To the extent deferred tax assets/ liabilities are expected to be realised/ settled during the year ending 31<sup>st</sup> March, 2020, the normal tax rate of 34.994% or lower tax rate of 25.17%, as applicable, has been applied. Consequently, deferred tax liabilities (net) reversed by the Company as at 31<sup>st</sup> December, 2019 is not significant.
6. The figures of the previous year/period have been regrouped/recast to render them comparable with the figures of the current period.
7. The above results have been reviewed and recommended to the Board of Directors by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 5<sup>th</sup> February, 2020. These results have been subjected to limited review by statutory auditors.

Mumbai  
5<sup>th</sup> February, 2020



By order of the Board  
For CIPLA LIMITED  
  
Umang Vohra  
Managing Director and Global Chief Executive Officer

# Walker Chandlok & Co LLP

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## **Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

### **To the Board of Directors of Cipla Limited**

1. We have reviewed the accompanying statement of standalone unaudited financial results ('the Statement') of Cipla Limited ('the Company') for the quarter ended 31 December 2019 and the year to date results for the period 1 April 2019 to 31 December 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act'), and as per the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandlok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

# Walker Chandiook & Co LLP

Cipla Limited

**Independent Auditor's Review Report on Standalone Unaudited Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

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4. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, and as per the presentation requirements of the SEBI Circular, and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

  
Ashish Gupta

Partner

Membership No. 504662

UDIN No: 20504662 AAAAW5021

Place: New Delhi

Date: 5 February 2020

**Cipla announces Q3 FY20 results**  
**Continued momentum across businesses drives revenue growth of 9%**

	Income from Operations	Adjusted EBITDA <sup>1</sup>	PAT
<b>Q3:</b>	<b>INR 4371 Cr</b>	<b>18.5% to Sales</b>	<b>INR 351 Cr</b>

*1. Adjusted for overhead charge on FG inventory movement in Q3 - ~120bps*

**Mumbai, February 05, 2020:** Cipla Limited (BSE: 500087, NSE: CIPLA) today announced its unaudited consolidated financial results for quarter ended December 31<sup>st</sup>, 2019.

**Key highlights of the quarter**

- **Growth and Profitability:** Growth across key business drives overall revenue growth of 9% on a year on year basis with adjusted EBITDA at 18.5% and reported EBITDA at 17.3%
- **India:** Strong growth across both prescription and trade generic businesses with overall business growing 13% year on year; prescription business grew 14% year on year while the trade generics business recorded growth of 7% over previous year
- **South Africa private business** continued the strong growth momentum to deliver growth of 20% on a year on year basis in local currency; continues to outpace the market significantly
- **US business** delivers \$133mn to grow at 13% on a year on year basis
- **R&D investments** stand at INR 308 crores or ~7% of sales
- Focus on cash generation drives continued improvement in balance sheet health

*"I am happy to report that we have had yet another good quarter:- India business continued its momentum with strong double digit growth in the prescription business; growth coming back in the trade generics business, South Africa's private market franchise continued to outperform the market significantly and the US generics business retained a healthy share in key assets despite multiple competitive entries. Under our One India vision, we have integrated our formidable prescription & trade generics franchise along with our progressive wellness portfolio of Cipla Health. We have already taken initial actions on portfolio and our leadership structure to leverage the synergies which in the coming quarters will evolve significantly"*

**Umang Vohra**  
**MD and Global CEO, Cipla Ltd**

**For Queries Contact:**

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**Investor Relations**  
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 Peninsula Business Park,  
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 Lower Parel, Mumbai-400013

## India

- The branded business grew 14% on a YoY basis driven by performance across both chronic and acute therapies
- Trade generics business delivered growth of 7% on a year on year basis
- Continued growth investments: Acquired Vysov and in-licensed Elores brands, Berok Zindagi 2 on-going
- Cipla continued to perform well across key therapeutic areas.
  - Chronic therapies continue to drive a significant share of growth for us and grew 13% as per IQVIA MAT Dec'19 vs 11% market growth
  - Amongst our key therapies, in Respiratory, Cipla grew by 13% vs market growth of 11%, in Cardiology, Cipla grew 14% vs market growth of 11%.
  - Continued to maintain leadership position across Respiratory and Urology.

## SAGA - SOUTH AFRICA, SUB-SAHARAN AFRICA AND GLOBAL ACCESS

- South Africa private business continued the growth momentum and reported 20% growth on a year on year basis in local currency
- Cipla continues to rank as the 3rd largest pharmaceutical corporation within the South African private market, in both volume and value
- Sub-Saharan Africa business grew by 12% on a year on year basis and the CGA business also delivered a growth of 7% over last year

## NORTH AMERICA

- Continue to retain share in key product categories despite multiple competitors entering the market; contribution from Cinacalcet in value terms largely normalized now
- During Q3, the gross margin expanded by over ~350bps vs the same quarter last year. On a YTD basis, the gross margin expansion is ~750bps.

### Pipeline Update:

- Progressing well on trials for Advair
- R&D spends to come off the peak as the Advair generic trial gets over; focused portfolio investments going forward

### US Specialty:

- As per plan, NDA for IV Tramadol NDA submitted in Dec via Avenue Therapeutics
- Investments focused towards Institutional business; out-licensing opportunities being explored for CNS assets

## EUROPE & EMERGING MARKETS

- **Strengthening portfolio offering in key markets:**
  - The quarter saw the commercialization of products in the market for our partnership with Novartis in Australia and Sri Lanka
  - Progress on the Biosimilar pipeline on target

## CONSOLIDATED PROFIT & LOSS STATEMENT

In INR Cr	Q3FY20	Q3FY19	Y-o-Y Growth	Q2FY20	Q-o-Q Growth
<b>Total Revenue from Operations</b>	<b>4,371</b>	<b>4,008</b>	9%	<b>4,396</b>	-1%
<b>EBITDA</b>	<b>758</b>	<b>720</b>	5%	<b>909</b>	-17%
% of Income from Operations	17.3%	18.0%		20.7%	
<b>PAT</b>	<b>351</b>	<b>332</b>	6%	<b>471</b>	-26%
% of Income from Operations	8.0%	8.3%		10.7%	

## BUSINESS-WISE SALES PERFORMANCE<sup>§</sup>

Business (In INR Cr.)	Q3FY20	Q3FY19	Y-o-Y Growth	Q2FY20	Q-o-Q Growth
<b>India (Rx + Gx)</b>	1,777	1,577	13%	1,730	3%
<b>North America</b>	946	849	11%	953	-1%
<b>SAGA<sup>#</sup></b>	831	782	6%	740	12%
<b>South Africa<sup>^</sup></b>	594	565	5%	546	9%
<b>Emerging Markets</b>	323	393	-18%	451	-28%
<b>Europe</b>	190	191	-1%	190	0%
<b>API</b>	165	155	6%	157	5%
<b>Others<sup>*</sup></b>	140	60	133%	174	-20%
<b>Total</b>	<b>4,371</b>	<b>4,008</b>	<b>9%</b>	<b>4,396</b>	<b>-1%</b>

<sup>§</sup> Financials are rounded-off

<sup>#</sup> Includes South Africa, Sub-Saharan and Cipla Global Access business, excludes SA Animal Health

<sup>^</sup> Excluding SA Animal Health

<sup>\*</sup> Includes CNV business, Vet (India and SA Animal Health) and other elements of Revenue

## BALANCE SHEET:

Key Balance Sheet Items (In INR Cr.)	Dec-19	Sept-19
<b>Equity</b>	16,467	15,910
<b>Total Debt</b>	3,552	3,557
<b>Inventory</b>	4,456	4,486
<b>Cash and Cash Equivalents<sup>*</sup></b>	2,957	2,217
<b>Trade Receivables</b>	3,775	3,920
<b>Net Tangible Assets</b>	5,753	5,668
<b>Goodwill &amp; Intangibles</b>	5,035	4,921

<sup>\*</sup> Includes current investment and excluding unclaimed dividend balances



## EARNINGS CONFERENCE CALL

The Company will host an Earnings conference call at 1700 hrs IST (1930 hrs SST/HKT, 1130 hrs BST, 0630 hrs US ET), during which the leadership team will discuss the financial performance and take questions. A transcript of the conference call will be available at [www.cipla.com](http://www.cipla.com).

<b>Earnings Conference Call Dial-in Information Date and Time</b>	<b>February 5, 2020 at</b> 1700 – 1800 hrs IST 1930 – 2030 hrs SST/HKT 1130 – 1230 hrs BST 0630 – 0730 hrs US ET
<b>Dial-in Numbers</b>	
Universal Access	Primary Access: (+91 22 6280 1214) (+91 22 7115 8115)
Local Access	Available all over India: <b>(+91 7045671221)</b>
Toll-free Number	USA: <b>1 866 746 2133</b> UK: <b>0 808 101 1573</b> Hong Kong: <b>800 964 448</b> Singapore: <b>800 101 2045</b>

## ABOUT CIPLA LTD

Established in 1935, Cipla is a global pharmaceutical company focused on agile and sustainable growth, complex generics, and deepening portfolio in our home markets of India, South Africa, North America, and key regulated and emerging markets. Our strengths in the respiratory, anti-retroviral, urology, cardiology, anti-infective and CNS segments are well-known. Our 46 manufacturing sites around the world produce 50+ dosage forms and 1,500+ products using cutting-edge technology platforms to cater to our 80+ markets. Cipla is ranked 3rd largest in pharma in India (IQVIA MAT Dec'19), 3rd largest in the pharma private market in South Africa (IQVIA MAT Dec'19), and is among the most dispensed generic players in the U.S. For over eight decades, making a difference to patients has inspired every aspect of Cipla's work. Our paradigm-changing offer of a triple anti-retroviral therapy in HIV/AIDS at less than a dollar a day in Africa in 2001 is widely acknowledged as having contributed to bringing inclusiveness, accessibility and affordability to the centre of the HIV movement. A responsible corporate citizen, Cipla's humanitarian approach to healthcare in pursuit of its purpose of 'Caring for Life' and deep-rooted community links wherever it is present make it a partner of choice to global health bodies, peers and all stakeholders. For more, please visit [www.cipla.com](http://www.cipla.com), or click on [Twitter](#), [Facebook](#), [LinkedIn](#).

**Disclaimer:** Except for the historical information contained herein, statements in this document may constitute "forward looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, cash flow projections, our exposure to market risks as well as other risks. Cipla Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



# Investor Presentation Q3FY20

05-02-2020

# Disclaimer



*Except for the historical information contained herein, statements in this presentation and the subsequent discussions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, fluctuation in earnings, foreign exchange rates, our ability to manage international operations and exports, our exposure to market risks as well as other risks. Cipla Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

Information relating to any medical products or medical devices contained herein is provided by Cipla for general information purposes only. Information on any of the medical products or medical devices may vary from country-to-country. A reference to a medical product or a medical device does not imply that such medical product or medical device is available in your country. The commercial availability of the medical products or medical devices listed herein in your country is dependent on the validity and status of existing patents and/or marketing authorizations related to each. An independent enquiry regarding the availability of each medical products or medical device should be made for each individual country.

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

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

# We are structuring our businesses for long-term sustainable growth and see strong growth opportunities across our key markets



1

## 'One-India'

*Bringing together the might of 3 businesses*

- Leveraging strengths across India prescription, Trade generics and Consumer health businesses
- Strong synergies across portfolio, distribution and consumer focused initiatives

2

## South Africa and Emerging Markets

*Private market execution in SA; consolidated presence in EMs*

- Strong private market franchise in South Africa; continue to strengthen market leadership in the OTC space as tender business normalizes across the region
- EM: Focused execution in fewer, bigger markets

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## US Generics and Specialty

*Focused and moderated investments across Gx R&D and Specialty built-up*

- Gx R&D investments to be focused towards select value accretive assets
- Specialty: Focused investments towards Institutional business; CNS assets to be out-licensed

4

## Lung Leadership across markets

*Leveraging Cipla's drug-device capabilities to establish a global franchise*

- Establish Cipla as leaders in Lung delivery across key markets (including US and EU)
- Global co-development and exclusive marketing rights for anti-fungal Inhaled Itraconazole (Pulmazole)

# Key highlights:

## Continued growth momentum across key businesses



1

Strong Financial Performance

Overall  
Revenues: 9%  
(Q3 YoY Growth)

Adj. EBITDA: ~18.5%  
(Adjusted for overhead charge on FG inventory movement in Q3 - ~120bps)

13%  
Q3 YoY Growth

2

Continued growth across key markets

India Rx  
 14%  
(Q3 YoY Growth)

India Gx  
 7%  
(Q3 YoY Growth)

South Africa  
 20%  
(Private Market, Q3 YoY Growth; ZAR)

3

Momentum continues in the US business

US\$133mn  
Q3 Revenues

13%  
Q3 YoY Growth

Retained share in key product categories

4

R&D and Pipeline Progress

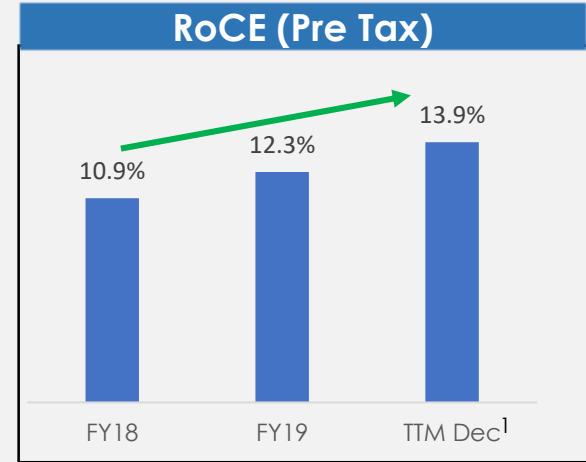
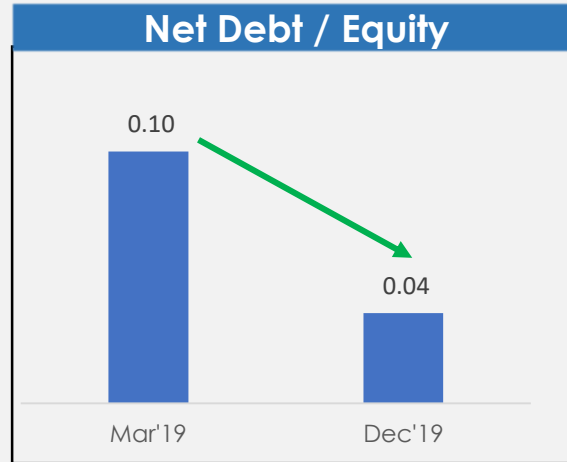
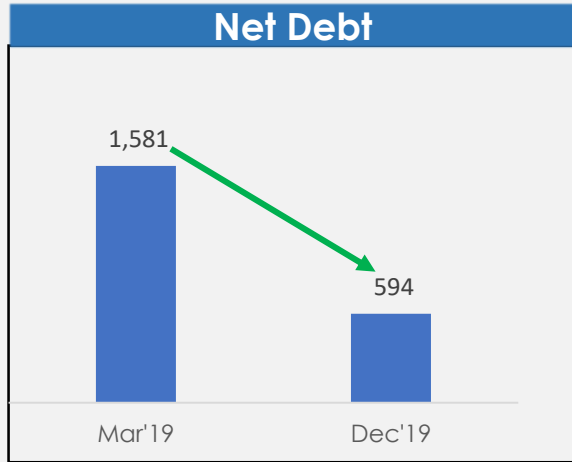
- Q3 R&D at INR 308cr or ~7% to sales;
- Respiratory trials well on-track for Advair

5

Quality and Compliance

- Establishment Inspection Report (EIR) received for Invagen and Patalganga indicating closure of inspection
- US FDA audit at Bangalore API facility ended with procedural observations
- Closely working with US FDA to comprehensively address Goa observations

# Expanding RoCE profile; Continued focus on maintaining balance sheet health with strong cash flow generation



- Focused efforts on working capital management and cash generation initiatives
- Reduction in Net Debt/Equity despite continued growth and strategic investments

<sup>1</sup> Trailing Twelve Months

# Financial Performance – Q3FY20

Revenues

INR 4,371 Cr ↑ 9%

EBITDA

INR 758 Cr / 17.3% ↑ 5%

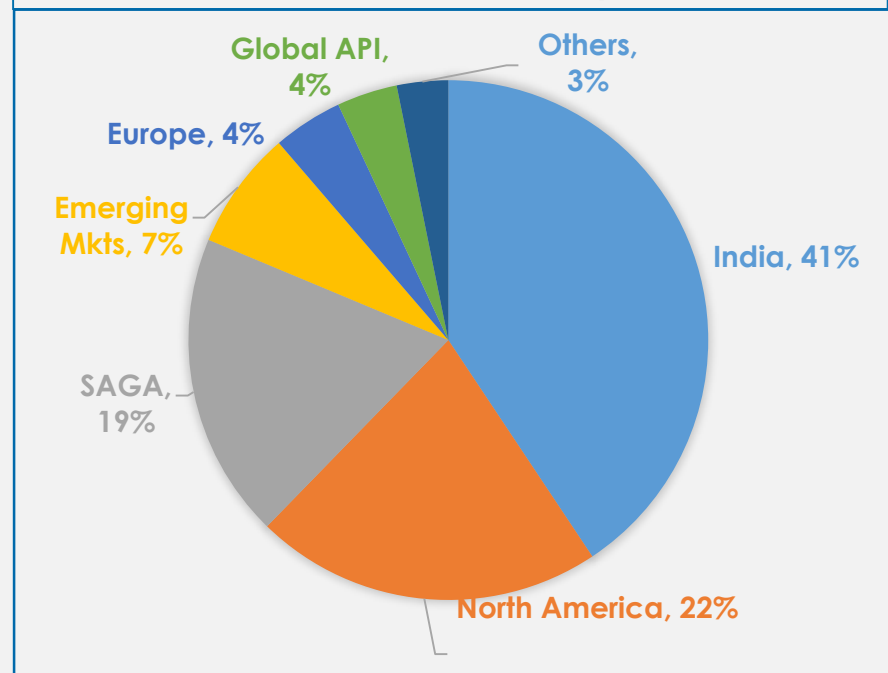
Adj. EBITDA<sup>1</sup>

18.5% ↑ 13%

## Q3 FY20 (Consolidated)

	Actuals (Rs Cr)	vs Q3 FY 19
<b>Total Revenue from Operations</b>	<b>4,371</b>	<b>9%</b>
a) Domestic Sales	1,841	15%
b) Int'l Sales	2,394	4%
c) Other Operating Income	136	35%
EBITDA	758	5%
<b>EBITDA %</b>	<b>17.3%</b>	
PAT	351	6%
PAT %	8%	

## Revenue<sup>2</sup> Break-up



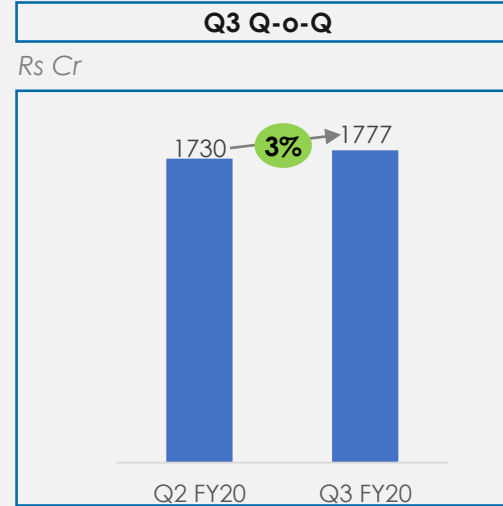
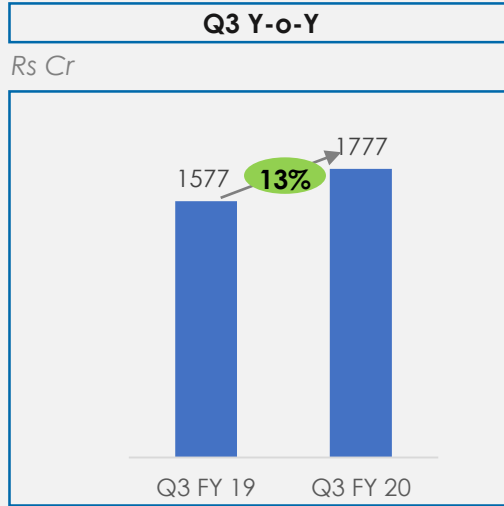
<sup>1</sup> Adjusted for overhead charge on FG inventory movement in Q3 - ~120bps

<sup>2</sup> Others: Includes CNV business, Vet and others; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Percentages have been rounded-off

# India (Rx + Gx) : Second consecutive quarter of 13%+ growth in India prescription; Trade Gx comes back to YoY growth

India prescription  
 14% YoY

India Trade Gx  
 7% YoY



## Key Business Highlights<sup>1</sup>

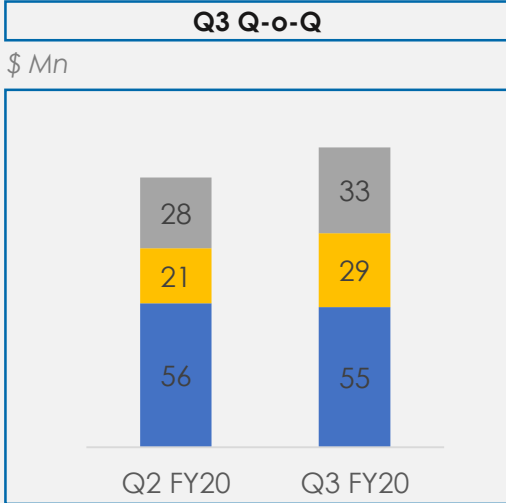
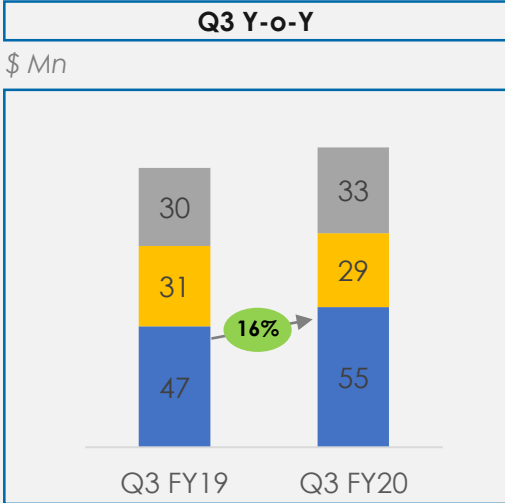
- Trade generics business delivered **growth of 7%** on a year on year basis
- The **prescription business grew 14%** on a YoY basis driven by performance across both chronic and acute therapies.
- Continued growth investments: Acquired Vysov and in-licensed Elores brands, Berok Zindagi 2 on-going

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
<b>Overall Chronic</b>	<b>2</b>	<b>7.85%</b>	<b>13%</b>	<b>11%</b>
Respiratory Inhalation	1	68%	14%	12%
Urology	1	14.5%	12%	14%
Cardiology	4	5.6%	14%	11%



**SA Private Market**  
 ↑ **20% YoY**  
 ZAR Terms

- South Africa Private
- South Africa Tender
- Others (SSA & CGA)



### Key Business Highlights

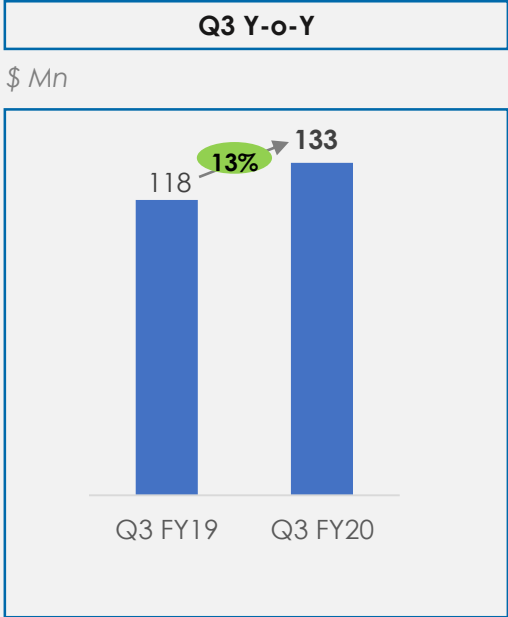
- South Africa private market continued the momentum growing over 2 times the market at 6.5% as per IQVIA MAT Dec '19
- Cipla continues to rank as the 3rd largest pharmaceutical corporation within the South African private market, in both volume and value
- Sub-Saharan Africa business grew by 12% on a year on year basis and the CGA business also delivered a growth of 7% over last year

1. Financial numbers are rounded off

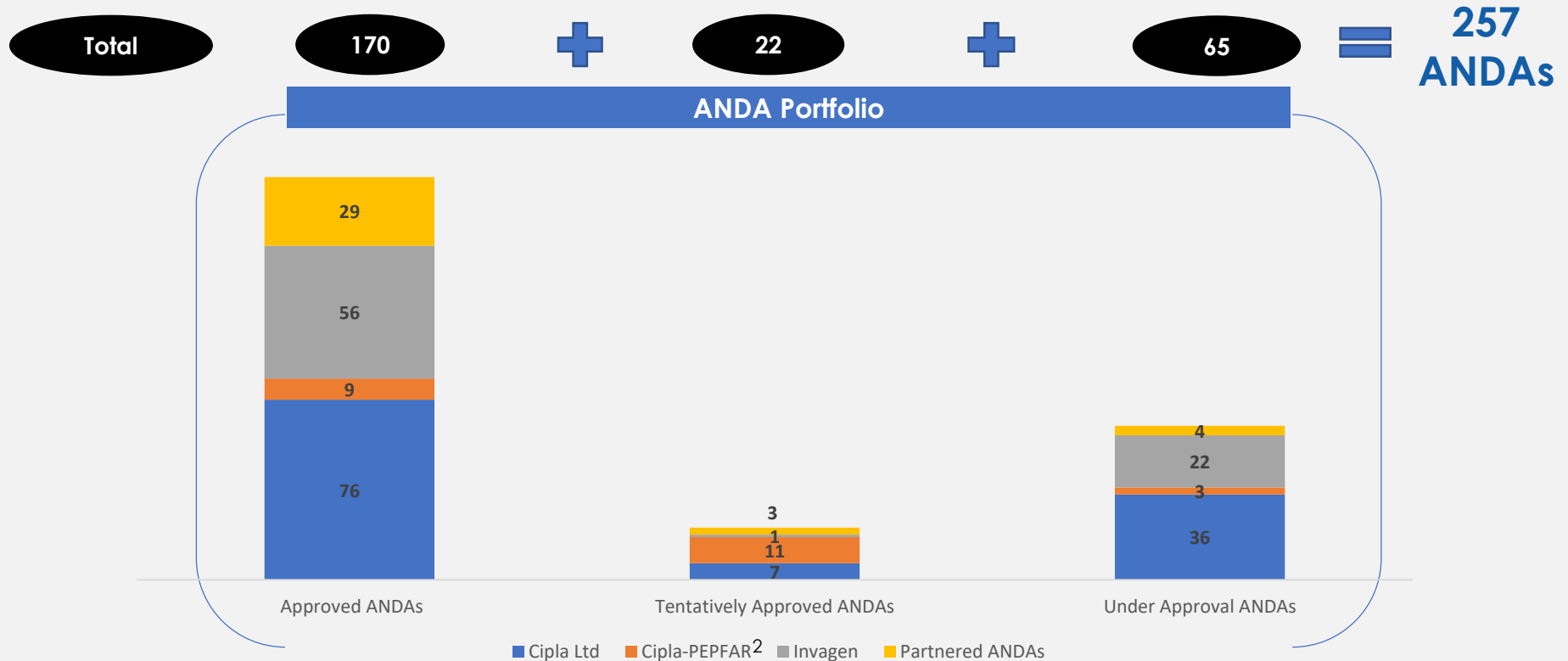
# North America: Momentum continues behind retained share on key assets and new launches

## Key Business Highlights

- Continue to retain share in key product categories despite multiple competitors entering the market; contribution from Cinacalcet in value terms largely normalized now
- During Q3, the gross margin expanded by over ~350bps vs the same quarter last year. On a YTD basis, the gross margin expansion is ~750bps.
- **Pipeline Update:**
  - Progressing well on trials for Advair
  - R&D spends to come off the peak as the Advair generic trial gets over; focused portfolio investments going forward
- **US Specialty:**
  - As per plan, NDA for IV Tramadol submitted in Dec via Avenue Therapeutics
  - Investments focused towards Institutional business; out-licensing opportunities being explored for CNS assets



# ANDA<sup>1</sup> Portfolio & Pipeline (As on 31<sup>st</sup> Dec 2019)

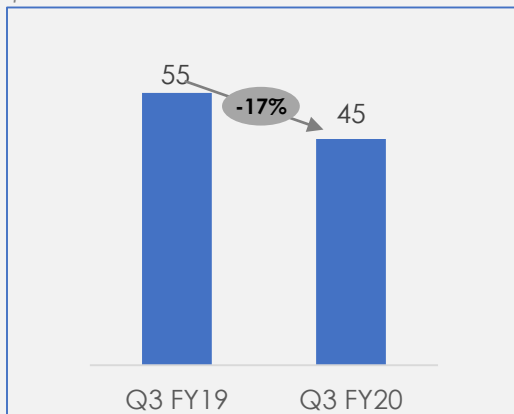


<sup>1</sup> Does not include Vet product ANDAs

<sup>2</sup> PEPFAR approved ANDAs can be commercialised in US

## Emerging Markets

\$ Mn

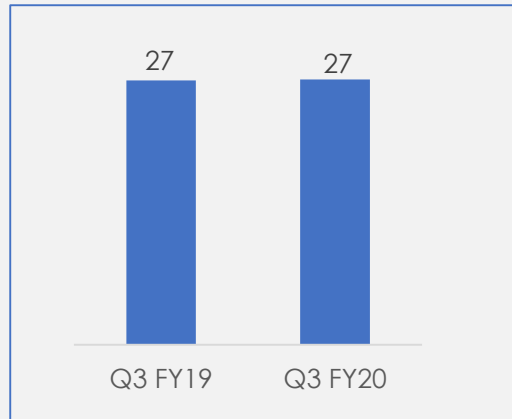


Strengthening portfolio offering in key markets:

- The quarter saw the commercialization of products in the market for our partnership with Novartis in Australia and Sri Lanka
- Progress on the Biosimilar pipeline on target

## Europe

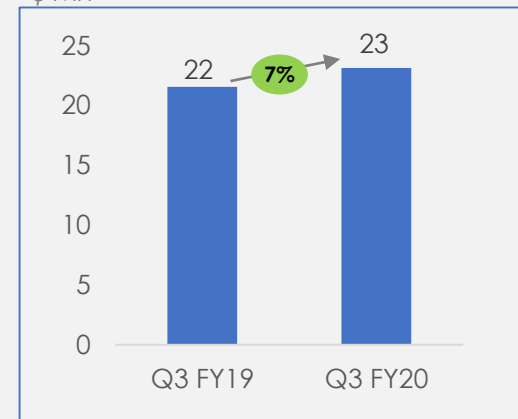
\$ Mn



- Strong performance in key DTM<sup>1</sup> markets
- Overall FPSM UK market share at 15% as per ePACT Oct data

## API

\$ Mn



- Performance in key accounts drives overall growth for the quarter
- Momentum continues in Seedings & Lock-ins world wide to build future pipeline

1. Direct-to-Market

# Key priorities for the upcoming quarters:

1

## India

- Leverage on the momentum and continue to drive performance across both prescription and generics
- Execute on the One-India strategy leveraging synergies across the 3 businesses

2

## South Africa

- Continue growth momentum in the private market portfolio to deliver growth in the overall business
- Continue to be a dominant player in the OTC space and drive further growth in the Mirren portfolio

3

## US:

- Focus on maximizing value opportunity in key commercial assets
- Continue to track Respiratory filings closely; focused investments going forward
- Finalize out-licensing for CNS Specialty assets

4

## Quality and Compliance

- Work with US FDA to comprehensively address the observations in Goa
- Continue to operate our facilities globally with the highest level of compliance and control

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# Thank you

## **Registered Office :**

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