

BOARD'S REPORT

To,
The Members,
Emcure Pharmaceuticals Limited

Your Directors hereby present the 42nd Board's Report on the business, operations and state of affairs of the Company together with the audited financial statements for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

The brief highlights of the standalone and consolidated financial statements of the Company for the financial year 2022-23 are as under:

| Particulars | (Rs. in million) | | | |
|---|------------------|-----------|------------|----------|
| | Consolidated | | Standalone | |
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Revenue from Operations | 59,858.11 | 58,553.87 | 31070.86 | 33872.42 |
| Other Income | 459.05 | 634.73 | 1253.49 | 1326.81 |
| Total Revenue | 60,317.16 | 59,188.60 | 32324.35 | 35199.23 |
| Less: Total Expenses | 48,046.29 | 45,254.79 | 26685.94 | 25925.71 |
| Profit before Interest, Taxation, Depreciation, and Amortization (EBITDA) | 12,270.87 | 13,933.81 | 5638.41 | 9273.52 |
| Less: Finance Costs | 2,136.08 | 1,759.78 | 1668.33 | 1451.37 |
| Less: Depreciation and amortization expense | 2,601.18 | 2,448.55 | 1785.24 | 1657.92 |
| Profit before Exceptional Item and Taxation | 7,533.61 | 9,725.48 | 2184.84 | 6164.23 |
| Less: Exceptional Item | 61.46 | - | 61.46 | - |
| Less: Taxation | 1,853.70 | 2,699.92 | 522.76 | 1696.12 |
| Profit for the year | 5,618.45 | 7,025.56 | 1600.62 | 4468.11 |
| Total comprehensive income for the year | 5,782.51 | 6,935.22 | 1641.24 | 4460.21 |

STATE OF AFFAIRS

During the financial year under review, the Company continued its operations in its ordinary course. The operational and financial performance, amongst others is given in the Management Discussion and Analysis Report, forming part of the Annual Report.

The time period allowed by the Securities and Exchange Board of India vide its letter dated December 08, 2021, for opening the public issue for subscription of the equity shares of the Company expired on December 07, 2022.

Emcure Pharmaceuticals Limited

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SHARE CAPITAL & RESERVES

During the year under review, there was no change in the authorised or paid up share capital of the Company. The Board of Directors has decided not to transfer any amount to General Reserves.

DIVIDEND

During the financial year 2022-23, the following dividends were declared on the Equity shares of face value of Rs. 10/- each:

| Sr. No. | Particulars | Date of Declaration | Amount of dividend per equity share | Dividend Amount (Rs. in million) |
|---------|---------------------------------|---------------------|-------------------------------------|----------------------------------|
| 1. | Final Dividend (for FY 2021-22) | June 01, 2022 | Re. 1/- | 180.85 |
| 2. | Interim Dividend | October 20, 2022 | Re. 1/- | 180.85 |

Your Directors have recommended a final dividend of Re. 1/- per Equity Share on the face value of Rs. 10/- each for the financial year ended March 31, 2023. The payment of final dividend is subject to declaration by the Members at the ensuing Annual General Meeting ("AGM").

EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Company had granted 2,80,000 stock options to the employees under the Emcure Employee Stock Option Scheme 2013 ("Emcure ESOS 2013") and 4,35,000 stock options were cancelled. As on March 31, 2023, total 16,60,000 stock options were outstanding.

The disclosures in compliance with Section 62 of the Companies Act, 2013 (the "Act") read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 (including amendments thereto) in relation to Emcure ESOS 2013 are set out in 'Annexure - I' to this Report.

SUBSIDIARIES AND ASSOCIATES

During the year under review, the following companies were incorporated as subsidiaries of the Company:

- Tillomed Malta Ltd.
- Emcure Pharma Panama Inc.

Further, during the year under review, Tillomed Laboratories BV ceased to be a subsidiary with effect from March 29, 2023 consequent to its dissolution.

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The salient features of the financial statements of each of the Subsidiaries and the Associate Companies as required under the Act is provided in 'Annexure - II' (Form AOC - 1).

FINANCE

Your Company continues to avail financial assistance from Banks and other financial institutions by way of loans and other credit facilities in compliance with applicable laws/ Section 180 of the Act read with Rules made thereunder.

LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans given, guarantees given, investments made and securities provided, if any, under Section 186 of the Act are reported in the financial statements.

RELATED PARTY TRANSACTIONS

Particulars of contracts or arrangements with the related parties as referred to in sub-section (1) of Section 188 of the Act is forming part of this Report as 'Annexure - III' (Form AOC-2). All the Related Party Transactions as required under Ind AS-24 are reported in the Notes to the financial statements. All the Related Party Transactions as entered during the financial year were on arm's length.

CORPORATE GOVERNANCE

A report on the Corporate Governance of the Company prepared on a voluntary basis is enclosed as 'Annexure - IV' to this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Independent Directors

During the financial year under review, Mr. Hitesh Jain (DIN: 00130023) resigned as an Independent Director of the Company w.e.f. July 04, 2022 due to other professional commitments.

Due to completion of two consecutive terms as Independent Director, Mr. Shreekanth Bapat (DIN: 00621568) and Mr. Berjis Desai (DIN: 00153675), ceased to be Independent Directors of the Company w.e.f. July 27, 2022. The Board placed on record its appreciation for the valuable contribution and the services rendered by the Independent Directors during their tenure on the Board.

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In the opinion of the Board of Directors, the Independent Directors are persons of integrity and possess relevant expertise and experience. The Board of Directors further confirmed that all the Independent Directors had registered themselves with the Independent Directors Databank maintained by the Indian Institute of Corporate Affairs and are in compliance with Rule 6(4) of the Companies (Appointment and Qualification of Directors) Rules, 2014. In accordance with the provisions of Section 149 of the Act, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section.

Executive Directors

Based on the recommendation of the Nomination & Remuneration Committee, the following persons were appointed/re-appointed as Whole-time Directors of the Company during the year under review:

| Sr. No. | Name and DIN of Director | Appointment/ Re-appointment | Effective date | Tenure | Date of General Meeting |
|----------------|-------------------------------------|------------------------------------|-----------------------|---------------|--------------------------------|
| 1. | Mr. Samit Mehta (DIN: 00332562) | Appointment | July 28, 2022 | 5 years | August 22, 2022 |
| 2. | Dr. Mukund Gurjar (DIN:00026843) | Re-appointment | August 28, 2022 | 3 years | August 22, 2022 |
| 3. | Mr. Sunil Mehta (DIN: 00118469) | Re-appointment | June 05, 2023 | 5 years | March 10, 2023 |

Other Directors

Mr. Berjis Desai (DIN: 00153675) was appointed as a Non-Executive Non-Independent Director of the Company w.e.f July 28, 2022 and the Members approved his appointment at the Extra - ordinary General Meeting held on August 22, 2022.

Mrs. Namita Thapar (DIN: 05318899) appointed as Whole-time Director retires by rotation at the ensuing AGM and being eligible, offers herself for re-appointment.

Key Managerial Personnel

Mr. B. Renganathan tendered his resignation as the Company Secretary of the Company w.e.f. the end of working hours of March 31, 2023. The Board placed on record its appreciation for the valuable contribution made by Mr. B. Renganathan to the Company during his tenure as Company Secretary of the Company.

NUMBER OF BOARD MEETINGS HELD

During the financial year ended March 31, 2023, the Board met 4 times.

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REMUNERATION POLICY

The Company has formulated a Remuneration Policy pursuant to Section 178 of the Act. The policy is available on the website of the Company at: <https://www.emcure.com/share-governance-and-investor-services/>.

EVALUATION OF THE PERFORMANCE OF THE BOARD

The performance evaluation was carried out based on the Board effectiveness, quality of discussion, contribution at the meetings, business acumen, strategic thinking, time commitment, relationship with the stakeholders, corporate governance practices, review of the terms of reference of the Committees and the contribution of the Committees to the Board in discharging its functions, etc. A separate meeting of the Independent Directors was held wherein the performance of the Non- Independent Directors, performance of the Board as a whole (including the Committees) and also that of the Chairman was carried out in terms of the provisions of the Act. Performance evaluation of independent directors was carried out by the entire Board of Directors, excluding the director being evaluated.

AUDIT COMMITTEE

The Board re-constituted the Audit Committee w.e.f. July 27, 2022 and presently comprises of:

| Name | Designation |
|--------------------------------|--|
| Mr. P. S. Jayakumar (Chairman) | Independent Director |
| Mr. Vijay Gokhale | Independent Director |
| Mr. Berjis Desai | Non-executive Non-Independent Director |

All the recommendations of Audit Committee were accepted by the Board of Directors.

VIGIL MECHANISM

The Company has adopted a Vigil Mechanism Policy (the “Policy”) for the stakeholders to report genuine concerns/grievances. The Policy is available on the website of the Company at: <https://www.emcure.com/share-governance-and-investor-services/>. The Policy provides for adequate safeguards against the victimisation of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year under review, a case was reported. Necessary actions were taken in this regard and the case was disposed-off as false complaint.

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CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board re-constituted the Corporate Social Responsibility ("CSR") Committee w.e.f. July 27, 2022 and presently comprises of:

| Name | Designation |
|----------------------------|----------------------|
| Mr. Sunil Mehta (Chairman) | Whole-time Director |
| Mrs. Namita Thapar | Whole-time Director |
| Mr. Vijay Gokhale | Independent Director |

The Company undertakes the CSR activities as per the CSR Policy and the Annual Action Plan as approved by the Board of Directors in compliance with Section 135 of the Act and rules made thereunder read with Schedule VII.

CSR REPORT

The CSR Report on the activities undertaken during the year is provided as 'Annexure - V' to this Report. The CSR Policy is available on the website of the Company at: <https://www.emcure.com/share-governance-and-investor-services/>.

DISCLOSURE UNDER SECTION 197 OF THE ACT

Any member interested in obtaining a copy of information under Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings/outgo as stipulated under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as 'Annexure - VI' to this Report.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants (FRN 101248-W/W-100022) ("BSR") completed their first term as Auditors of the Company on June 1, 2022 i.e. the date of 41st Annual General Meeting ("41st AGM"). The Members at the 41st AGM appointed BSR as Auditors of the Company for another term of 5 years from the conclusion of the 41st AGM till the conclusion of 46th Annual General Meeting of the Company to be held in the year 2027.

The Auditors' Report on the financial statements for the year ended March 31, 2023, does not contain any qualification, reservation, adverse remark or disclaimer.

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BSR has confirmed the Company that their continued appointment for the Financial Year 2023-24 is within the limits prescribed under Section 141 of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. SVD & Associates, Company Secretaries, (Firm Reg. no. P2013MH075200) were appointed as the Secretarial Auditors of the Company, to conduct the Secretarial Audit for the financial year ended March 31, 2023. The Report of the Secretarial Auditor is provided as 'Annexure - VII' to this Report. The Secretarial Auditors' Report for the year under review does not contain any qualification, reservation, adverse remark or disclaimer.

COST AUDIT

As per Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly, such accounts and records are maintained by the Company. The Board of Directors, on the recommendation of the Audit Committee, had appointed M/s. B. M. Sharma & Co. (Firm Registration no. 000219), Cost Accountants as Cost Auditor to conduct the audit of Company's cost records for the financial year ended March 31, 2023.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration to be paid to the Cost Auditor for FY 2023-24 is required to be ratified by the Members. The Board of Directors has recommended the same for approval by the Members at the ensuing AGM.

ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, a copy of the Annual Return of the Company is placed on the website of the Company and is accessible at: www.emcure.com.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Act, the Directors confirm that -

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) appropriate accounting policies have been selected and applied them consistently and had made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at March 31, 2023 and of the profit of the Company for the financial year ended on that date;

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- c) proper and sufficient care had been taken 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;
- d) the annual accounts have been prepared on a going concern basis; and
- e) proper systems had been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

INDUSTRIAL RELATIONS

Industrial Relations for the period under review continued to be cordial.

OTHERS

1. The Company has in place adequate internal financial controls with reference to the financial statements.
2. No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Act, as the Company has not accepted any deposit.
3. There was no significant or material order passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the operations in future.
4. The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENTS

The Board of Directors acknowledge the valuable guidance and continued support extended by the government and other regulatory authorities, Company's customers, business partners, distributors, suppliers, medical professionals, Banks, financial institutions and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED

Place: Pune

Date : June 01, 2023




BERJIS DESAI
CHAIRMAN
DIN: 00153675

Emcure Pharmaceuticals Limited

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Annexure - I to Board's Report

| Disclosure u/s 62 of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. | | |
|--|---|--------------------------------|
| Options granted under the Scheme till date | 63,60,000 | |
| Options granted during the year | 2,80,000 | |
| Options vested (not lapsed) | 10,59,000 | |
| Options Exercised | NIL | |
| Total no. of shares arising as a result of exercise of option | NIL | |
| Options lapsed/ cancelled till date | 47,00,000 | |
| Exercise Price | Options granted in | Exercise Price (in Rs.) |
| | October, 2013 | 165.07* |
| | March, 2016 | 452.57* |
| | October, 2018 and February, 2019 | 465.82* |
| | November 2019 and February 2020 | 523.82* |
| | July 2020 and November 2020 | 563.82* |
| | May 28, 2021 | 862.07* |
| | February 22, 2022 | 1000.05 |
| | October 20, 2022 and February 13, 2023 | 1,008.21 |
| Variation of terms of options | NIL | |
| Money realised by exercise of options | NIL | |
| Total no. of options in force | 16,60,000 | |
| Employee wise details of options granted during the year to | | |
| Key Managerial Personnel | NIL | |
| Other employees who were granted options amounting to 5% or more of total options granted during the year | a) Rajan Mahendru b) Onkar Swami c) Jatin Nayyar d) Kuber Jagdale e) Praveen Arora f) Shailendra Tyagi g) Anil Kothiyal h) Mahesh Amdekar i) Rakesh Mehta j) Saurabh Gambhir | |

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| | |
|--|-----|
| Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; | NIL |
|--|-----|

**NOTE: The exercise price of Options have been adjusted to give effect to the Composite Scheme of Demerger between Avet Lifesciences Limited and the Company.*

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED




BERJIS DESAI
CHAIRMAN
DIN: 00153675

Place: Pune

Date: June 01, 2023

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Annexure - II to Board's Report**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013
read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**Part A - Subsidiaries**

| Sl. No. | Name of the subsidiary | Date since when subsidiary was acquired | Reporting period for the subsidiary concerned | Reporting Currency | Exchange Rate | Share capital | Reserves and Surplus | Total assets | Total Liabilities | Investments | Turnover | Profit/ (Loss) before tax | Provision on taxation | Profit/ (Loss) after tax | Proposed Dividend (%) | Extent of share holding (%) |
|---------|---|---|---|--------------------|---------------|---------------|----------------------|--------------|-------------------|-------------|----------|---------------------------|-----------------------|--------------------------|-----------------------|-----------------------------|
| 1. | Genova Biopharmaceuticals Limited | June 19, 2001 | March 31, 2023 | INR | 1.00 | 55.11 | 2,126.93 | 6,355.40 | 4,173.36 | - | 3,730.15 | 431.69 | 124.59 | 307.10 | - | 87.95 |
| 2. | Zuventus Healthcare Limited | May 27, 2002 | March 31, 2023 | INR | 1.00 | 200.55 | 5,923.31 | 8,612.50 | 2,488.64 | - | 9,971.94 | 1,741.22 | 461.72 | 1,279.50 | 50 | 79.58 |
| 3. | Emcure Nigeria Limited | July 2, 2007 | March 31, 2023 | NAIRA | 0.18 | 1.89 | (142.35) | 22.95 | 163.41 | - | - | (26.61) | - | (26.61) | - | 100 |
| 4. | Emcure Pharmaceuticals Mena FZ-LLC | June 16, 2010 | March 31, 2023 | AED | 22.37 | 322.39 | (197.02) | 910.31 | 784.94 | - | 1,763.98 | 98.28 | - | 98.28 | - | 100 |
| 5. | Emcure Pharmaceuticals South Africa (Pty) Limited | July 19, 2010 | March 31, 2023 | ZAR | 4.62 | 178.76 | (31.58) | 179.20 | 32.02 | - | 178.80 | 13.37 | 3.50 | 9.87 | - | 100 |
| 6. | Emcure Brazil Farmaceutica Ltda | January 21, 2011 | March 31, 2023 | BRL | 16.20 | 122.55 | (300.35) | 16.20 | 194.00 | - | - | (33.45) | - | (33.45) | - | 100 |
| 7. | Emcure Pharma Philippines Inc. | May 7, 2021 | March 31, 2023 | Philippine peso | 1.51 | 15.11 | (0.13) | 62.65 | 47.67 | - | 38.86 | 1.38 | 1.13 | 0.24 | - | 100 |
| 8. | Emcure Pharma UK Ltd | November 6, 2012 | March 31, 2023 | GBP | 101.34 | 3,110.06 | 427.06 | 5,062.78 | 1,525.66 | 1,902.76 | 101.88 | 2.10 | 2.36 | (0.26) | - | 100 |

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| | | | | | | | | | | | | | | |
|-----|-----------------------------------|--------------------|----------------|--------------------|--------|----------|----------|----------|----------|---|----------|----------|---------|-----|
| 9. | Emcure Pharma Peru S.A.C | May 14, 2014 | March 31, 2023 | SOL | 21.82 | 41.07 | (80.16) | 1,856.55 | 1,895.64 | - | 37.02 | (37.82) | - | 100 |
| 10. | Emcure Pharma Mexico S.A. DE C.V. | September 23, 2014 | March 31, 2023 | MXN | 4.56 | 0.21 | (112.49) | 21.03 | 133.31 | - | - | (6.66) | - | 100 |
| 11. | Marcan Pharmaceuticals Inc. | November 9, 2015 | March 31, 2023 | CAD | 60.68 | 2,483.54 | (323.56) | 7,289.94 | 5,129.96 | - | 6,872.76 | 659.77 | 192.35 | 100 |
| 12. | Emcure Pharmaceuticals Pty Ltd | June 17, 2015 | March 31, 2023 | AUD | 54.88 | 48.72 | (29.66) | 19.32 | 0.26 | - | - | 0.78 | 0.10 | 100 |
| 13. | Emcure Pharma Chile SpA | October 2, 2020 | March 31, 2023 | Chilean Peso | 0.10 | 35.62 | 9.43 | 114.82 | 69.77 | - | 72.82 | 1.00 | (0.24) | 100 |
| 14. | Lazor Pharmaceuticals Ltd. | February 4, 2021 | March 31, 2023 | Shilling | 0.62 | 52.85 | (8.98) | 167.16 | 123.29 | - | 207.09 | (16.36) | (2.57) | 100 |
| 15. | Emcure Pharma Panama Inc. | December 01, 2022 | March 31, 2023 | Panamani an Balboa | 82.40 | - | - | - | - | - | - | - | - | 100 |
| 16. | Tillomed Pharma GmbH | January 12, 2016 | March 31, 2023 | EURO | 89.20 | 532.52 | (323.11) | 1,039.08 | 829.67 | - | 1,076.40 | (28.05) | 4.58 | 100 |
| 17. | Tillomed Laboratories Ltd | April 16, 2014 | March 31, 2023 | GBP | 101.34 | 2,001.39 | 3,795.98 | 8,069.26 | 2,271.89 | - | 9,336.80 | 2,162.04 | 414.17 | 100 |
| 18. | Laboratorios Tillomed Spain SLU | September 29, 2016 | March 31, 2023 | EURO | 89.20 | 40.71 | 9.24 | 522.88 | 472.93 | - | 624.44 | 3.66 | 1.19 | 100 |
| 19. | Tillomed Italia SRL | January 11, 2017 | March 31, 2023 | EURO | 89.20 | 441.70 | (416.49) | 1,705.79 | 1,680.58 | - | 1,694.33 | (140.10) | (31.27) | 100 |
| 20. | Tillomed France SAS | May 30, 2018 | March 31, 2023 | EURO | 89.20 | 18.61 | 62.19 | 593.99 | 513.19 | - | 539.34 | 24.56 | 6.25 | 100 |
| 21. | Tillomed d.o.o. | August 26, 2021 | March 31, 2023 | Croatian Kuna | 11.86 | 12.24 | (10.33) | 1.91 | - | - | - | (0.27) | - | 100 |
| 22. | Tillomed Malta Ltd. | June 06, 2022 | March 31, 2023 | EURO | 89.20 | - | - | - | - | - | - | - | - | 100 |

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NOTE-

1. During the year under review, Tillomed Laboratories BV ceased to be a subsidiary with effect from March 29, 2023 consequent to its dissolution.
2. Tillomed Malta Ltd. and Emcure Pharma Panama Inc. are incorporated on June 06, 2022 and December 01, 2022 respectively and are yet to commence their operations.

Part B - Associates and Joint Ventures

| Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures | |
|--|---|
| | Name of Associates or Joint Ventures |
| 1. | Latest audited Balance Sheet Date |
| 2. | Date on which the Associate or Joint Venture was associated or acquired |
| 3. | Shares of Associate or Joint Ventures held by the company on the year end |
| | No. of shares |
| | Amount of Investment in Associates or Joint Venture |
| | Extent of Holding (in percentage) |
| 4. | Description of how there is significant influence |
| 5. | Reason why the associate/joint venture is not consolidated |
| 6. | Networth attributable to shareholding as per latest audited Balance Sheet |
| 7. | Profit or Loss for the year |
| | i. Considered in Consolidation |
| | ii. Not Considered in Consolidation |

NIL

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

EMCURE PHARMACEUTICALS LIMITED



Berjis Desai
BERJIS DESAI
 CHAIRMAN
 DIN: 00153675

Satish Mehta
SATISH MEHTA
 MANAGING DIRECTOR & CEO
 DIN: 00118691

Tajuddin Shaikh
TAJUDDIN SHAIKH
 CHIEF FINANCIAL OFFICER

Chetan Sharma
CHETAN SHARMA
 COMPANY SECRETARY
 MEMBERSHIP NO. F8352

Place: Pune

Date: June 01, 2023

Emcure Pharmaceuticals Limited

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Annexure - III to Board's Report
Form No. AOC-2

Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year ended March 31, 2023, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

There were following material contracts or arrangement or transactions at arm's length basis with related parties for the year ended March 31, 2023.

| Nature of contracts/ arrangements/ transactions | Name of the related party | Nature of relationship | Duration of the Contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value if any. | Amount (Rs. in million) | Date of approval by the Board, if any. | Amount paid as advances, if any |
|---|---------------------------|---|---|--|-------------------------|--|---------------------------------|
| Holding of Office or Place of Profit | Mr. Sanjay Mehta | Brother of Mr. Sunil Mehta- Whole-time Director | Ongoing | Transaction at arm's length basis | 32.52 | July 27, 2021 | - |
| Holding of Office or Place of Profit | Mr. Vikas Thapar | Spouse of Mrs. Namita Thapar- Whole-time Director | Ongoing | Transaction at arm's length basis | 42.28 | May 20, 2014 | - |

Note: The above disclosures on material transactions are based on criteria as prescribed under Rule 15(3)(a) of the Companies (Meetings of Board and its Powers) Rules, 2014.

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED



(Signature)
BERJIS DESAI
CHAIRMAN
DIN: 00153675

Place: Pune

Date: June 01, 2023

Emcure Pharmaceuticals Limited

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ANNEXURE IV TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Emcure Pharmaceuticals Limited (the "Company") has always been committed to the practice of good Corporate Governance. Being a global Company, the Company has identified accountability, integrity and transparency in its affairs as the quintessential elements of attaining its goals. The Company believes that Corporate Governance is a set of guidelines to help fulfil its responsibilities to all its stakeholders and it aims at improving its shareholders' wealth by focusing on best ethical practices of good Corporate Governance. The Company also aims to align the interests of individuals, corporates & society and enhancing the stakeholders' value.

I. BOARD OF DIRECTORS:

a) Composition:

As on the date of this Report, the Company has an optimum combination of Board comprising of eleven directors, of whom, five are Whole-time Directors including the Managing Director & CEO, three Independent Directors and three Non-executive Non-Independent Directors including the Chairman. All the Non-executive Directors possess varied and rich experience in their respective fields and provide independent judgement on issues connected with strategic planning, business development and standards of conduct.

b) Details of the Board of Directors:

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the financial year 2022-23 and at the last Annual General Meeting ("AGM"), the number of directorships and committee positions held by them in public limited companies including the Company as on March 31, 2023, are as under:

| Name and DIN of the Directors | Category | No. of Board Meetings attended | No. of Directorships (including the Company) ¹ | Committees Position (including in the Company) ² | | Attendance at the last AGM held on June 01, 2022 | Attendance at the last EGMs. | |
|--|---|--------------------------------|---|---|----------|--|------------------------------|----------------|
| | | | | Member | Chairman | | August 22, 2022 | March 10, 2023 |
| Mr. Berjis Desai ³ DIN: 00153675 | Non-Executive Non-Independent Director (Chairman) | 4 | 10 | 5 | 2 | No | No | No |
| Mr. Satish Mehta DIN: 00118691 | Managing Director & CEO (Promoter) | 4 | 3 | 1 | - | Yes | Yes | No |
| Mr. Sunil Mehta DIN: 00118469 | Whole-time Director (Promoter) | 4 | 2 | 1 | - | No | Yes | No |

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| | | | | | | | | |
|---|--|---|------|---|---|-----|-----|-----|
| Mrs. Namita Thapar DIN: 05318899 | Whole-time Director | 2 | 2 | - | - | No | Yes | No |
| Mr. Samit Mehta ⁴ DIN: 00332562 | Whole-time Director | 1 | 2 | - | - | Yes | Yes | Yes |
| Dr. Mukund Gurjar DIN: 00026843 | Whole-time Director | 3 | 1 | - | - | Yes | Yes | Yes |
| Mr. Samonnoi Banerjee DIN: 06874206 | Non-Executive Non-Independent Director | 4 | 1 | - | - | No | No | No |
| Dr. Shailesh Ayyangar ⁷ DIN: 00268076 | Non-Executive Non-Independent Director | 4 | 4 | 1 | - | No | No | No |
| Mr. P. S. Jayakumar DIN: 01173236 | Non-Executive Independent Director | 3 | 10 | 6 | 4 | No | No | No |
| Mr. Vijay Gokhale DIN: 09134089 | Non-Executive Independent Director | 4 | 2 | 1 | - | No | No | No |
| Dr. Vidya Yeravdekar DIN: 02183179 | Non-Executive Independent Director | 2 | 2 | 1 | - | No | No | No |
| Mr. Hitesh Jain ⁵ DIN: 00130023 | Non-Executive Independent Director | 1 | N.A. | | | No | No | No |
| Mr. Shreekant Bapat ⁶ DIN: 00621568 | Non-Executive Independent Director | 2 | N.A. | | | Yes | No | No |

NOTES:

1. Number of Directorships exclude Directorships in Companies incorporated outside India, Private Companies and Section 8 Companies.
2. For the purpose of computing the number of committees, membership/ chairmanship of the Audit Committee and Stakeholder Relationship Committee have been considered.
3. Consequent to completion of second term as Independent Director, Mr. Berjis Desai ceased to be Independent Director w.e.f. the end of office hours of July 27, 2022 and was appointed as the Non-Executive, Non-Independent Director w.e.f. July 28, 2022.
4. Mr. Samit Mehta was appointed as Whole-time Director of the Company w.e.f. July 28, 2022.
5. Mr. Hitesh Jain resigned as an Independent Director of the Company from w.e.f. July 04, 2022 due to other professional commitments.
6. Consequent to completion of second term as Independent Director, Mr. Shreekant Bapat ceased to be Independent Director w.e.f. the end of office hours of July 27, 2022.
7. Dr. Shailesh Ayyangar resigned as Non-Executive, Non-Independent Director w.e.f. the end of office hours of June 01, 2023 and was appointed as Additional (Independent) Director w.e.f. June 02, 2023, being eligible to be appointed as Independent Director.

All Directors, except Mr. Satish Mehta, Mr. Samonnoi Banerjee and Independent Directors appointed under the provisions of the Companies Act, 2013 (the "Act"), are liable to retire by rotation. Mr. Satish Mehta is the father of Mrs. Namita Thapar and Mr. Samit Mehta. Except them, none of the Directors are related to each other.

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None of the Non-Executive Directors of the Company, have any pecuniary relationship or transactions with the Company other than sitting fees paid for attending Board Meetings/ committee meetings and commission, if any, payable and their respective shareholding, if any.

The independent directors fulfil the conditions specified in the Act and are independent of the Management. The Independent Directors have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have confirmed that they have enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency as per the Act.

All the Directors of the Company have confirmed that they are not disqualified for being appointed as directors pursuant to Section 164 of the Act.

c) Details of directorships held by Directors of the Company in listed entities:

| S. No. | Name of Director | Name of listed entity | Category |
|--------|-----------------------|--|---|
| 1. | Mr. Berjis Desai | Nuvoco Vistas Corporation Ltd. | Independent Director |
| | | Praj Industries Limited | Independent Director |
| | | The Great Eastern Shipping Company Limited | Non-Executive Non-Independent Director |
| | | Star Health And Allied Insurance Company Limited | Independent Director |
| | | Man Infraconstruction Limited | Non - Executive Non - Independent Director – Chairman |
| | | Jubilant Foodworks Limited | Independent Director |
| | | Chambal Fertilisers and Chemicals Limited | Independent Director |
| 2. | Mr. P. S. Jayakumar | HT Media Limited | Independent Director |
| | | CG Power and Industrial Solutions Ltd | Independent Director |
| | | JM Financial Limited | Independent Director |
| | | Adani Ports and Special Economic Zone Limited | Independent Director |
| 3. | Dr. Shailesh Ayyangar | Shaily Engineering Plastics Ltd. | Independent Director |
| 4. | Dr. Vidya Yeravdekar | Bajaj Holdings & Investment Limited | Independent Director |

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d) Board skills/expertise/competence chart

The Board has identified the following parameters with respect to the skill/expertise/competence that are available with the Board in the context of the business and sector for it to function effectively:

| Name of the Directors | Skill/ Expertise/ Competence |
|--------------------------------------|---|
| Mr. Berjis Minoos Desai | a) Legal b) Finance c) Corporate Governance |
| Mr. Satish Ramanlal Mehta | a) Leadership b) Business Development c) Research & Development d) Manufacturing e) Corporate Governance f) Industry expertise |
| Mr. Sunil Rajanikant Mehta | a) Finance b) Administration |
| Mrs. Namita Vikas Thapar | a) Marketing & Sales b) Business Development c) Leadership d) Human Resources |
| Mr. Samit Satish Mehta | a) Manufacturing b) Strategy c) Research & Development d) Finance |
| Dr. Mukund Keshao Gurjar | a) Research & Development b) Education c) Industry expertise |
| Mr. Samonnoi Sajani Banerjee | a) Investment banking b) Finance |
| Dr. Shailesh Kripalu Ayyangar | a) Leadership b) Strategy c) Industry expertise |
| Mr. Palamadai Sundararajan Jayakumar | a) Banking b) Leadership c) Corporate Governance |
| Mr. Vijay Keshav Gokhale | a) Diplomacy b) Governance |
| Dr. Vidya Rajiv Yeravdekar | a) Education b) Administration c) Legal |

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e) Details of Board Meetings and Attendance:

During the financial year ended March 31, 2023, four (4) Board Meetings were held on the following dates:-

| Sr. No. | Date of Meeting | Board Strength | No. of Directors present |
|---------|-----------------|----------------|--------------------------|
| 1. | 04/05/2022 | 12 | 11 |
| 2. | 27/07/2022 | 11 | 10 |
| 3. | 20/10/2022 | 11 | 7 |
| 4. | 13/02/2023 | 11 | 10 |

II. BOARD COMMITTEES:**1. Audit Committee:****Meetings held:**

During the year under review, the Audit Committee met 4 times on May 04, 2022, July 27, 2022, October 20, 2022 and February 13, 2023 respectively.

Composition as on March 31, 2023 and attendance during the year ended March 31, 2023 :-

During the year under review, the Audit Committee was reconstituted in the Board Meeting held on July 27, 2022, and currently comprises of Mr. P. S. Jayakumar, Mr. Berjis Desai and Mr. Vijay Gokhale as Members of the Committee. Further, Mr. P. S. Jayakumar was elected as the Chairman of the Committee w.e.f. October 20, 2022.

| Name of the Members | No. of meetings | | Category of Directorship |
|----------------------------------|------------------------|----------|---|
| | Held during the tenure | Attended | |
| Mr. P. S. Jayakumar | 4 | 3 | Independent Director |
| Mr. Vijay Gokhale ¹ | 2 | 2 | Independent Director |
| Mr. Berjis Desai | 4 | 4 | Non- Executive Non- Independent Director |
| Mr. Shreekant Bapat ² | 2 | 2 | Independent Director |
| Mrs. Namita Thapar ³ | 2 | 1 | Whole-time Director |

¹ Mr. Vijay Gokhale was inducted as a Member of Committee from July 27, 2022.

² Mr. Shreekant Bapat ceased to be an Independent Director of the Company and a member of the Committee w.e.f. the end of office hours of July 27, 2022, consequent to completion of his second term as Independent Director.

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³Mrs. Namita Thapar, Whole-time Director ceased to be a member of the Audit Committee w.e.f. July 27, 2022.

All the Members of the Committee have financial management expertise. Managing Director & CEO and Chief Financial Officer are permanent Invitees to the Audit Committee Meetings. The representatives of Statutory Auditors and the Internal Auditors attend the Audit Committee meetings by invitation. The Company Secretary acts as the Secretary to the Committee.

Brief description of Terms of Reference of the Committee:

The terms of reference the Committee *inter-alia* includes:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors and the fixation of audit fee;
- Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
- Reviewing, with the management,
 - a) the quarterly financial statements before submission to the board for approval;
 - b) performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- Scrutiny of inter-corporate loans and investments;
- Overseeing a vigil mechanism established for directors and employees to report their genuine concerns or grievances.

2. Nomination and Remuneration Committee:

Meetings held:

During the year under review, the Nomination and Remuneration Committee met 4 times during the financial year 2022-23 on May 04, 2022, July 27, 2022, October 20, 2022 and February 13, 2023 respectively.

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Composition as on March 31, 2023 and attendance during the year ended March 31, 2023 :-

During the year under review, the Nomination and Remuneration Committee was re-constituted in the Board meeting held on July 27, 2022 and currently comprises of Mr. P. S. Jayakumar, Mr. Samonnoi Banerjee and Mr. Vijay Gokhale as Members of the Committee. Further, Mr. Vijay Gokhale was elected as the Chairman of the Committee w.e.f. October 20, 2022.

| Name of the Members | No. of meetings | | Category of Directorship |
|------------------------------------|------------------------|----------|---|
| | Held during the tenure | Attended | |
| Mr. Vijay Gokhale ¹ | 2 | 2 | Independent Director |
| Mr. P. S. Jayakumar | 4 | 3 | Independent Director |
| Mr. Berjis Desai ³ | 2 | 2 | Non- Executive Non- Independent Director |
| Mr. Samonnoi Banerjee | 4 | 4 | Non- Executive Non- Independent Director |
| Mr. Shreekant Bapat ² | 2 | 2 | Independent Director |
| Dr. Shailesh Ayyangar ³ | 2 | 2 | Non-Executive Director |

¹Mr. Vijay Gokhale was inducted as a Member of Committee from July 27, 2022.

²Mr. Shreekant Bapat ceased to be Independent Director of the Company and a member of the Committee w.e.f. the end of office hours of July 27, 2022, consequent to completion of his second term as Independent Director

³ Mr. Berjis Desai and Dr. Shailesh Ayyangar, Non-executive Directors ceased to be members of the Nomination & Remuneration Committee w.e.f July 27, 2022.

Brief description of Terms of Reference of the Committee:

The terms of reference of the Committee *inter-alia* includes:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board;
- Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Recommending the remuneration, in whatever form, payable to the senior management personnel, if any;

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- Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme") and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;
- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

The Company has formulated a Remuneration Policy including criteria for making payments to Non-executive Directors. The evaluation of performance of the Board as a whole, the Committees of the Board, the Chairman, Managing Director, Whole-time Directors, Independent Directors and the Non-executive Directors was carried out during the financial year ended March 31, 2023, in compliance with the provisions of the Act and the Rules & Schedule made thereunder. A separate meeting of the Independent Directors was held during the year, wherein the performance of the Non-Independent Directors, performance of the Board as a whole and also that of the Chairman in terms of the provisions of the Act was evaluated.

3. Stakeholders Relationship Committee:

Meetings held:

During the year ended March 31, 2023, no meeting of Stakeholders' Relationship Committee was held.

Composition as on March 31, 2023 and attendance during the year ended March 31, 2023 :-

During the year under review, the Stakeholders Relationship Committee was re-constituted on July 27, 2022, consequent to completion of second term of Mr. Shreekant Bapat as Independent Director of the Company and Member of the Committee w.e.f. the end of office hours of July 27, 2022. The Committee currently comprises of:

| Name of the Members | Category of Directorship |
|--------------------------------|---|
| Mr. Berjis Desai | Non- executive and Non-Independent Director |
| Mr. Satish Mehta | Managing Director & CEO |
| Mr. Vijay Gokhale ¹ | Independent Director |

¹Mr. Vijay Gokhale was inducted as a Member of Committee from July 27, 2022.

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Brief description of Terms of Reference of the Committee:

The terms of reference of the Committee *inter-alia* includes :

- Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Review of measures taken, if any for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Stakeholders' Relationship Committee.

During this period, the Company and/or its Registrar and Share Transfer agent did not receive any complaints from the shareholders of the Company. No complaints were outstanding at the beginning of the current financial year.

III. REMUNERATION OF DIRECTORS:**A. Particulars of Commission and sitting fees paid to Non-Executive Directors during the financial year ended March 31, 2023:**

| Sr. No. | Names of Directors | Commission ¹ (Rs. in million) | Sitting Fees for attending Board/ Committee Meetings (Rs. in million) | No. of equity shares held |
|--------------|----------------------------------|---|--|------------------------------|
| 1. | Mr. Berjis Desai | 5.00 | 0.44 | 192,856 |
| 2. | Mr. P. S. Jayakumar | 3.60 | 0.40 | - |
| 3. | Mr. Vijay Gokhale | 2.00 | 0.40 | - |
| 4. | Dr. Vidya Yeravdekar | 1.50 | 0.12 | - |
| 5. | Mr. Samonnoi Banerjee | - | 0.32 | - |
| 6. | Dr. Shailesh Ayyangar | 6.00 | 0.24 | - |
| 7. | Mr. Hitesh Jain ² | 3.00 | 0.08 | 25,716 |
| 8. | Mr. Shreekant Bapat ² | 2.50 | 0.32 | 175,084 |
| TOTAL | | 23.60 | 2.32 | 393,656 |

1. Relates to Financial Year 2021-22.
2. Mr. Hitesh Jain and Mr. Shreekant Bapat ceased to be Directors of the Company w.e.f July 4, 2022 and July 27, 2022 respectively.

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The Non-Executive Directors of the Company including Independent Directors are paid sitting fees of Rs. 40,000/- for each meeting of the Board and/or Committee attended by them. The commission is paid to the Non-executive Directors *inter-alia* based on performance of the Company, their attendance, contribution etc. at the Board and various Committee Meetings.

B. Particulars of remuneration paid to the Managing Director/Whole-time Directors of the Company during the Financial Year 2022-23:

| (Rs. in million) | | | | | | | | | |
|--|---|-------------|-------------------------------|------------|--------------------------|--------------------------|-----------------------|------------------------|--------|
| Name of the Director | Period of Appointment | Salary p.a. | Perquisites & Allowances p.a. | Commission | Performance Linked Bonus | Retirement Benefits p.a. | Stock Options Granted | Severance Fee (if any) | Total |
| Mr. Satish Mehta (Managing Director & CEO) | Five years (From 1 st April, 2022 upto 31 st March, 2027) | 85.23 | 95.97 | 24.00 | - | 10.23 | - | - | 215.43 |
| Dr. Mukund Gurjar | Three Years (From 28 th August, 2022 upto 27 th August, 2025) | 19.54 | 21.42 | - | 10.39 | 2.34 | - | - | 53.69 |
| Mrs. Namita Thapar | Five years (From 28 th July, 2019 upto 27 th July, 2024) | 16.88 | 18.42 | - | 3.19 | 2.84 | - | - | 41.33 |
| Mr. Sunil Mehta | Five Years (From 5 th June, 2018 to 4 th June, 2023) | 13.30 | 14.39 | - | 2.46 | 1.60 | - | - | 31.75 |
| Mr. Samit Mehta | Five Years (From 28 th July, 2022 to 27 th July, 2027) | 15.84 | 7.26 | - | 2.13 | 2.66 | - | - | 27.89 |

The Company enters into an agreement with all above mentioned Directors respectively. Either party to the agreement is entitled to terminate the agreement by giving not less than 6 months' notice in writing to the other party.

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IV. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the Company were held at the venue and time as under:

| Sr. No. | Year | Venue | Date & Time | Special Resolution Passed at the meeting |
|----------------|-------------|---|-------------------------------|---|
| 1. | 2021-22 | Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune-411 057. | June 01, 2022 11.00 A.M. | 1. Approval of limits for giving loan and making investment, giving guarantee or providing security by the Company under Section 186 of the Companies Act, 2013 2. Approval for payment of commission to the Non-Executive Directors, in case of no profits or inadequacy of profits |
| 2. | 2020-21 | Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune-411 057. | July 30, 2021 11.00 A.M. | Increase in the Authorized Share Capital of the Company and consequent alteration to Clause V of the Memorandum of Association of the Company. |
| 3. | 2019-20 | Plot No. P2, IT-BT Park, Phase II, M.I.D.C., Hinjawadi, Pune-411 057. | August 21, 2020 12.00 Noon | Appointment of Mr. Palamadai Sundararajan Jayakumar (DIN - 01173236) as an Independent Director of the Company |

V. OTHER DISCLOSURES:

- The financial statement (both standalone and consolidated) have been prepared in accordance with the applicable accounting standards - the Indian Accounting Standards (Ind-AS).
- The Company has a Vigil Mechanism/Whistle Blower Policy for employees to report concerns about unethical behaviour, actual or suspected fraud and confirms that no personnel have been denied access to the Audit Committee.
- All the recommendations/submissions of the Committees which requires the approval of the Board has been approved by the Board.

Emcure Pharmaceuticals Limited

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Phone : 020-35010000, 020-40700000 Fax : 020-35010111

E-mail : corporate@emcure.co.in, Website : www.emcure.com, CIN : U24231PN1981PLC024251

- d) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
- a. Number of complaints filed during the Financial Year: 1
 - b. Number of complaints disposed off during the Financial Year: 1
 - c. Number of complaints pending as on end of the Financial Year: Nil
- e) There are no transactions with the Director or Management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.
- f) None of the transactions with any of related parties were in conflict with the Company's interest. All related party transactions are negotiated at arm's length basis and are intended to further the Company's interests.

VI. GENERAL SHAREHOLDER INFORMATION:**(i) Annual General Meeting:**

Day & Date : July 10, 2023
Time : 11:00 a.m. IST
Venue : Plot No. P2, IT-BT Park, Phase II, M.I.D.C, Hinjawadi, Pune 411057

(ii) **Financial Year:** April 01, 2022 to March 31, 2023

(iii) **Date of Declaration of dividend, if any:** July 10, 2023.

(iv) **Website:** <https://emcure.com/>

(v) **Share transfer system:** 100 % of the issued and paid up share capital of the Company are held in demat mode. Transfer of equity shares in electronic form are effected through the depositories.

(vi) Shareholding Pattern as on March 31, 2023:

| Sr. No. | Category | No. of Shares | % of Shareholding |
|---------|-----------------------------|---------------------|-------------------|
| 1. | Promoter and Promoter Group | 147,555,468 | 81.59 |
| 2. | Foreign Body Corporate | 2,36,73,544 | 13.09 |
| 3. | Others | 96,23,104 | 5.32 |
| | Total | 18,08,52,116 | 100 |

(vii) **Dematerialisation of Shares:** All the Equity Shares of the Company representing 100% holding of the issued and paid-up share capital of the Company were held in dematerialised form.

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(viii) **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:** The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.

(ix) **Plant / R & D Locations:**

- a. Plot no. 12/1,12/2, F-II Block, M.I.D.C, Pimpri, Haveli, Pune- 411 018,
- b. Plot No. P-1 & P-2, M.I.D.C., Hinjawadi, Pune - 411057,
- c. Plot No. D-24 & D-24/1, D-24 & D-24/1, M.I.D.C., Kurkumbh, Taluka - Daund, Pune - 413 801,
- d. SIDCO Industrial Estate, Lane No. 3, Phase II, Bari Brahmana, Jammu - 181130,
- e. Plot No: SM-14, 15, 16-1 Sanand II, Charal Industrial Estate, GIDC, Tal: Sanand, Dist: Ahmedabad-382110,
- f. Survey no. 661,671, Uvarsad Cross Road, Sarkhej Gandhinagar Highway, Adalaj, Dist: Gandhinagar-382421,
- g. Survey No. 485(New), 160/P1(Old), Kadu, Tal-Lakhtar, Dist. Surendranagar, Gujarat - 382775; and
- h. Survey No. 2203/1, Village-Dabhala, Visnagar Rd, Tal-Vijapur Dist: Mehsana, Gujarat - 384001

(x) **Address for correspondence:**
Company Secretary
"Emcure House" T-184, M.I.D.C
Bhosari, Pune -411026.
secretarial@emcure.co.in

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED




BERJIS DESAI
CHAIRMAN
DIN:00153675

Place: Pune

Date: June 01, 2023

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Annexure – V to Board's Report**Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2022-23****1. Brief outline on Corporate Social Responsibility (CSR) Policy of the Company:**

Pursuant to Section 135 read with Schedule VII of the Companies Act, 2013 ('the Act'), the Corporate Social Responsibility Committee of the Board had approved a CSR Policy with primary focus on Promoting Education and Preventive Healthcare.

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. Sunil Mehta | Whole-time Director - Chairman | 2 | 2 |
| 2. | Mrs. Namita Thapar | Whole-time Director | 2 | 1 |
| 3. | Mr. Vijay Gokhale | Independent Director | 2 | 1* |
| 4. | Mr. Shreekant Bapat** | Independent Director | 1 | 1 |

*Mr. Vijay Gokhale was inducted as a Member of the Committee w.e.f July 27, 2022. Accordingly, Mr. Gokhale was eligible to attend one meeting during the FY 2022-23.

**Mr. Shreekant Bapat ceased to be Chairman & member of the Committee w.e.f July 27, 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

<https://www.emcure.com/share-governance-and-investor-services/>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not applicable**5. (a) Average Net Profit of the Company as per sub-section (5) of section 135: Rs. 4,601.53 million**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 92.03 million.

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(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

(d) Amount required to be set off for the Financial Year, if any: **NIL**

(e) Total CSR obligation for the Financial Year [(b)+(c)-(d)]: **Rs. 92.03 million**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Rs. 101.19 million**

(b) Amount spent in Administrative Overheads: **NIL**

(c) Amount spent on Impact Assessment, if applicable: **Not applicable**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Rs. 101.19 million**

(e) CSR Amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (Rs. in million) | Amount Unspent (Rs. in million) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| Rs. 101.19 | - | - | - | - | - |

(f) Excess amount for set-off, if any:

| Sl. No. (1) | Particulars (2) | Amount (Rs. In million) (3) |
|-------------|---|-----------------------------|
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 92.03 |
| (ii) | Total amount spent for the Financial Year | 101.19 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | 9.16 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | 9.16 |

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7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(Rs. in million)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|-----------------------------|--|--|--|---|--|--------------------|
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
| | | | | | Amount (in Rs) | Date of Transfer | |
| 1 | 2021-22 | - | - | 77.28 | - | - | - |
| 2 | 2020-21 | - | - | 64.80 | - | - | - |
| 3 | 2019-20* | - | - | 58.12 | - | - | 0.8 |

*The requirement to transfer any unspent amount to a Fund as specified under Schedule VII as per the second proviso to Section 135(5) was effective from January 22, 2021. Hence the unspent amount for FY 2019-20 was not transferred to the Fund specified in Schedule VII.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

If Yes, enter the number of Capital assets created/ acquired: **Not applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority / beneficiary of the registered owner |
|----------------|---|-------------------------------------|------------------|----------------------------|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| | | | | | CSR Registration Number, if applicable |
| | | | | | Name |
| | | | | | Registered address |
| NOT APPLICABLE | | | | | |

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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**




Place: Pune

Date : June 01, 2023


SUNIL MEHTA
CHAIRMAN
CSR COMMITTEE
DIN: 00118469

For and on behalf of Board of Directors
EMCURE PHARMACEUTICALS LIMITED


VIJAY GOKHALE
MEMBER CSR COMMITTEE &
INDEPENDENT DIRECTOR
DIN: 09134089

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Annexure- VI to Board's Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

A. Conservation of Energy

- i) Steps taken or impact on conservation of energy: Energy conservation continues to be a top priority for the Company. Consumption of the energy is strictly monitored. The systems are maintained and improved regularly to reduce the distribution losses.

Specific Energy conservation measures undertaken by the Company are as follows:

1. Installation of EC motor for AHU-14 & Saving 1.23Lacs/Annum.). (OSD Plant Hinjewadi).
 2. PIII - Refrigerant dryer used instead of heatless dryer (OSD Plant Hinjewadi)
 3. OSD - 75 HP pump taken in line for secondary pump with VFD Plant II A (OSD Plant Hinjewadi).
 4. Centralized Boiler - Spraying system prepared for Ash storage yard and use of ETP water directly. The daily usage is upto 3 KL of ETP water, leading to decrease in ETP RO load. (OSD Plant Hinjewadi)
 5. Replacement of Sodium Vapor/Metal halide lamp with LED Lamp Plant - I & IIA (OSD Plant Hinjewadi)
 6. Monitoring & controlling the Operation of Air Compressor, AHU, Chiller & improvement work done. (OSD Plant Hinjewadi).
 7. Air compressor set point reduced & monitoring done closely as per requirement 7.6 kg/cm² to 6.2 kg/cm².
 8. Quality Control area FDV ON/Off by timer (FDV11S and FDV 11E). (OSD Plant Hinjewadi)
 9. Electrical system "Thermography "carried out to reduce fire risk of electrical switchgear and cables termination. (OSD Plant Hinjewadi).
 10. Variable frequency drive installed for boiler ID fan. (Daily Saving 111 KWH) (Mehesana Plant)
 11. Variable frequency drive installed in OSD formulation HVAC unit. (Daily Saving 47.88 KWH) (Mehesana Plant.)
- ii) The steps taken by the company for utilising alternate sources of energy: The Company continues to evaluate and explore alternate sources of energy (OSD Hinjewadi).
- a. Existing CFL light fixtures switching over to LED light fixtures 95% light fixtures have been switched over. (EPL-Jammu plant).
 - b. RO Reject water used in cooling tower. (EPL - 897 KL during period from April-2022 to March-2023) (EPL -Jammu Plant)

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- c. In order to increase the life of bag filters and increase the feed water temperature from 40' to 75'c, water Pre heater(WPH) have been installed for both 3 TPH & 5 TPH boiler (Sanand Plant).
 - d. UPS power provided to all critical equipment which resulting reduced operation time of DG set. (Sanand Plant).
 - e. Implemented timer base operation for Block D VRV and reduce the 12 hrs. operation of VRV system. (Sanand Plant).
 - f. Installed Auto damper at 3 TPH ID fan outlet and stop the unwanted operation of 3TPH boiler ID fan. (Sanand Plant).
 - g. Condensate water recovery for steam pipe lines.
 - h. Total 09 steam traps quality water collected and used as a feed water of boiler (Sanand Plant)
 - i. Utilization of 125 × 125 Kl underground tank to collect reject water from DRO B and D block and same water reused as a cooling tower makeup water. (Sanand Plant).
 - j. Discontinued 20 KVA Utility UPS and to supply UPS power from block - D UPS-1 and 2 for utility Block -H (Sanand Plant).
 - k. Merger of preventive maintenance of Water system, HVAC and Utility. (Sanand Plant).
 - l. Installation of PRS system for UPS I and UPS II. (Sanand Plant).
 - m. FBD-120 kg machine electrical load convert in to steam based heating. (Monthly saving 2000 KWH) – Ongoing (Mehesana Plant)
 - n. Cooling tower fan motor put in temperature controller for temp. cutoff. (Daily 132 KWH & cost 3.95 L/year. (Mehesana Plant)
 - o. OSD AHUs DX and Heater converted to CHW and HW. (188KW per Hour Cons.) (Yearly 4 Million Saving) – Ongoing (Mehesana Plant)
 - p. Use of purified water instead of WFI - 4 Systems (Kurkumbh Plant).
 - q. Lighting energy saver panels for lighting load (Kurkumbh Plant).
 - r. Conversion of well glass light fixtures from 120W to LED 40 W (Qty. - 505 Nos). (Kurkumbh Plant).
 - s. Energy conservation by Modulation of the Cooling tower Pump as per the required head/ pressure (Kurkumbh Plant).
- iii) The capital investment on energy conservation equipment's: Capital investment of Rs. 18.07 Mn was made on energy conservation equipment's.

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B. Technology Absorption:

i) Efforts, in brief, made towards technology absorption:

Research & Development ('R&D') as it's core strength, has indulged into research of newer ways to deliver molecules for effective actions. In effort, new products and formulations for newer applications were developed through comparative bio-availability and bioequivalence studies at R&D activity.

R&D is working vigorously for development of novel drug delivery system like liposomal delivery, nanoparticles, lipid complex and micro-emulsion. Some of the products like liposomal delivery are advancing towards commercialization. Emcure has extended its arms in Transdermal Drug delivery system and achieved success. Moreover, we have broadened our research field and entered into depot injection (long acting microspheres). Novel research is ongoing in safety & efficacy enhancement for cytotoxic drug product. Along these lines, novel dosage forms and delivery systems have been developed to advance the clinical effectiveness of medications, lessen their toxicity, and enhance patient compliance. Moreover, novel drug-delivery systems extraordinarily increase the life cycle of our new therapeutic moieties. Emcure have huge experience of complex manufacturing (Complex Formulations) with below enlisted complex products. Liposomes (Amphotericin, Doxorubicin, Bupivacaine), Emulsions (Propofol, Phytonadione) Nano particles (Paclitaxel), Pre filled syringes (Enoxaparin), Suspensions (Triamcinolone, Methylprednisolone) etc.

The research team has developed and commercialized extended release dosage forms, multi particulate systems, pulsatile drug delivery system, osmotic drug delivery system, powder for suspension, vid formulation etc. The vast experience of the research team in anti-retroviral products has led to commercialization of many first to market fixed dose combination products. The research team has shown remarkable capability in development and commercialization of Covid drug products, immunosuppressant and hormonal products.

The benefits derived like product improvement, cost reduction, product development or import substitution:

As a part of continuous improvements for adopting betterment of complex drug formulations which have lengthy procedure, we at Emcure, adopted automated skid technology has been switched from lengthy traditional process for complex molecule formulation with a simplified version of technology for Amphotericin B liposome, Propofol Emulsion and Doxorubicin liposome complex molecules formulation.

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Adopting improvements for betterment, Technology is been switched from Hot melt extrusion to Top spray granulation for molecules like Ritonavir or a Multi-layer FDC is been formulated into single layer formulation, a simplified version of complex technology.

Continued implementation of technology has yielded in product improvement and cost reduction, with respect to standardized analytical methods. Some of the benefits of these efforts reflected in better quality and stability of products. E.g. Extractable, leachable studies and characterisation studies of complex injectable generics have been established with in-house techniques to avoid dependence on outsourced parties as well as reduce the cost of development.

In API R&D several cost improvement (CIP) projects were initiated, e.g. Ropivacaine HCl, Flecainide Acetate, Dolutegravir Sodium have been completed while work on TDF, TAF, Acamprosate Calcium, Lisinopril, Eribulin (Intermediate) etc. API R&D also actively works on the process robustness of existing API process to improve efficiency, productivity and reduce waste generation. Imported intermediates and starting material were back-integrated with the help of in-house development of these intermediates and starting materials. This not only lowers the cost of these API but also make Emcure self-reliant for delivery of these APIs. All these were achieved without any major change to filed process thus ensuring continuous availability and reliability of the above API's for commercial supply. API R&D has developed processes for manufacturing of Covid-19 drugs like Aviptadil. Key highlight of this year was WHO PQ approval of Molnupiravir. This Is the first WHO PQ Emcure has obtained. R&D also completed plant trial batches for Isavuconazolium sulphate and Lurbinectedin. Plant process validation batches were completed for Amiodarone and Buspirone HCl.

API R&D extended its support for Emcure/Gennova's mRNA vaccine manufacturing by developing processes for all reagents and excipients needed in its formulation.

It's an constant endeavour to adopt newer technologies and reduce our carbon foot-print. As part of such an initiative R&D is working on process development of API by using Flow chemistry / Flow reactor.

- ii) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

No technology has been imported by the Company during the last 3 years.

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iii) The expenditure incurred on Research and Development:

(Rs. in million)

| Particulars (Standalone) | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Capital | 56.18 | 43.38 |
| Revenue | 1604.73 | 1494.78 |
| Total | 1660.91 | 1538.16 |
| Total R&D Expenditure as % of gross turnover | 5.35% | 4.54% |

C. Foreign Exchange earnings and outgo

(Rs. in million)

| Particulars | 2022-23 | 2021-22 |
|---------------------------|-----------|-----------|
| Foreign Exchange Earnings | 11,679.99 | 14,141.38 |
| Foreign Exchange Outgo | 1,788.39 | 1,166.29 |

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED

Place: Pune

Date: June 01, 2023




BIRJIS DESAI
CHAIRMAN
DIN: 00153675

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Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Emcure Pharmaceuticals Limited,
'Emcure House', T-184, M.I.D.C, Bhosari,
Pune-411026.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Emcure Pharmaceuticals Limited** bearing CIN: U24231PN1981PLC024251 (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of the securities held in dematerialized form;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, External Commercial Borrowing and Overseas Direct Investment;

MS



- (v) None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable to the Company.
- (vi) The Management has identified and confirmed the Compliances of the following laws as specifically applicable to the Company:-
- a. The Drugs and Cosmetics Act, 1940 and rules framed there under
 - b. The Bio Medical Waste (Management & Handling) Rules, 2016
 - c. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
 - d. The Narcotic Drugs and Psychotropic Substances Act, 1985
 - e. The Essential Commodities Act, 1955 and The Drug and Price Control Order, 2013
 - f. The Petroleum Act, 1934
 - g. The Food Safety and Standards Act, 2006
 - h. The Patents Act, 1970
 - i. The Trade Marks Act, 1999
 - j. The Indian Copyright Act, 1957

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by 'The Institute of Company Secretaries of India'.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in case of shorter notice, the meeting is convened with necessary quorum and in presence of Independent Director and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board, Committee Meetings and decisions through circular resolutions are carried out with requisite majority, as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

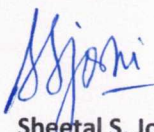
We further report that during the audit period, there are no specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following:

1. At the 41st Annual General Meeting held on June 01, 2022, Special Resolutions were passed for:



- (i) Authorization to Board of Directors to give loans from time to time on such terms and conditions as it may deem expedient to any persons or bodies corporate, give any guarantee, or provide security in connection with a loan to any other bodies corporate or persons and acquire by way of subscription, purchase or otherwise the securities of any other bodies corporate, not exceeding Rs. 3,000 crores (INR Three Thousand Crores only), over and above limits specified under Section 186 of the Act.
- (ii) Authorization to Board of Directors for payment of commission to the Non-Executive Directors, in case of no profits or inadequacy of profits.
2. At the Extra Ordinary General Meeting held on August 22, 2022, Special Resolutions were passed for:
- (i) Amendments to the Emcure – Employee Stock Option Scheme, 2013.
3. The Company had incorporated the following wholly owned subsidiaries:
- (i) In Malta in the name and style of Tillomed Malta Ltd on June 06, 2022; and
- (ii) In Panama in the name and style of Emcure Pharma Panama Inc. on December 01, 2022.
4. At the Extra Ordinary General Meeting held on March 10, 2023, Special Resolutions were passed for:
- (i) Authorization to Board of Directors to advance any loan including any loan represented by Book debt or give guarantee or provide security in connection with any loan taken by the entity which is the subsidiary or group company or associate or joint venture of the Company in which any Director is deemed to be interested as per Section 185(2) of the Act for an amount not exceeding rupees 1,500 crores, in one or more tranches, in their absolute discretion deem beneficial and in the interest of the Company, provided that such loans are utilized by the borrowing company for its principal business activities.
5. Tillomed laboratories B.V. ceased to be a subsidiary w.e.f. March 29, 2023 upon closure.

For **SVD & Associates**
Company Secretaries


Sheetal S. Joshi



Partner
FCS No: 10480
CP No: 11635

Place: Pune
Date: June 01, 2023

Peer review No: P2013MH075200
UDIN: F010480E000407571

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as **Annexure A** and forms an integral part of this report.

'ANNEXURE A'

To,
Members,
Emcure Pharmaceuticals Limited,
'Emcure House', T-184, M.I.D.C, Bhosari,
Pune-411026.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

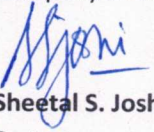
2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have physically verified the documents and evidences and also relied on data provided through electronic mode to us.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company

For **SVD & Associates**

Company Secretaries


Sheetal S. Joshi
Partner



FCS No: 10480

CP No: 11635

Place: Pune

Date: June 01, 2023

Peer review No. P2013MH075200

UDIN: F010480E000407571

Annexure to Board's Report

Information as per Section 197(12) of the Companies Act, 2013 read with the Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2022.

A. Employed throughout the financial year under review and were in receipt of remuneration for that financial year in the aggregate of not less than Rs. 1,02,00,000/- per annum

| Sr. No. | Name of the employee | Designation of the employee | Remuneration received (Rs. in million) | Nature of employment, whether contractual or otherwise | Qualifications and experience of the employee (yrs) | Experience in years | Date of commencement of employment | Age of employee | The last employment held before joining the company | The percentage of equity shares held by the employee in the company | Whether relative of any director or manager of the company and if so, the name of such director or manager |
|---------|----------------------|--|--|--|---|---------------------|------------------------------------|-----------------|---|---|--|
| 1 | Mr. Satish Mehta | Managing Director | 254.83 | Permanent | M.Sc., M.B.A. (IIMA) | 41 | 16-Apr-81 | 71 | Nucron Pharmaceuticals Ltd. | 41.92 | Mrs. Namita Thapar & Mr. Samit Mehta |
| 2 | Mr. Sanjay R. Mehta | President - Commercial | 56.63 | Permanent | B.Com. | 31 | 1-Apr-89 | 57 | Nucron Pharmaceuticals Ltd. | 8.72 | Mr. Sunil Mehta |
| 3 | Dr. Mukund Gurjar | Executive Director- C&O | 52.65 | Permanent | M.Sc., Ph.D. | 47 | 28-Aug-07 | 70 | National Chemical Laboratories | 0.16 | - |
| 4 | Mr. Vikas Thapar | President - Corporate Dev. & Strategy | 42.70 | Permanent | B.Sc., MBA (Finance) & Operation | 25 | 1-Aug-06 | 48 | eBay Inc. | 0.21 | Mrs. Namita Thapar |
| 5 | Mrs. Namita Thapar | Executive Director | 40.94 | Permanent | B.Com., ACA, MBA (Finance) | 18 | 1-Aug-06 | 45 | Guidant Corporation | 3.51 | Mr. Satish Mehta & Mr. Samit Mehta |
| 6 | Mr. Sunil R. Mehta | Executive Director - Projects | 31.43 | Permanent | B.Com. MDBA | 35 | 1-Aug-85 | 59 | N.A. | 6.13 | - |
| 7 | Mr. Rohit Pant | President - Emerging Markets | 29.53 | Permanent | B.Sc., MBA | 30 | 7-Nov-16 | 53 | Glennmark Pharmaceuticals Ltd. | - | - |
| 8 | Mr. Manoj Junnarkar | President-Global Sourcing & Procurement | 28.14 | Permanent | B.E. (Chem.) M B A | 32 | 22-Oct-19 | 57 | Glennmark Pharmaceuticals Ltd. | - | - |
| 9 | Dr. Deepak Gondaliya | President - R&D, Domestic & CMO Operations | 27.74 | Permanent | M.Pharm, Ph.D | 24 | 2-Jul-13 | 49 | Sun Pharmaceuticals Industries Ltd. | - | - |
| 10 | Mr. Samit Mehta | President - Operations | 27.60 | Permanent | B.Com., MBA (Finance) | 23 | 1-Apr-03 | 44 | Gennova Biopharmaceuticals Ltd. | 7.49 | Mr. Satish Mehta & Mrs. Namita Thapar |
| 11 | Mr. A. Balaji | President - IT & Digital | 22.77 | Permanent | B.Com., CA | 32 | 15-Oct-21 | 55 | UPL Limited | - | - |

Emcure Pharmaceuticals Limited

Registered Office : Emcure House, T-184, M.I.D.C., Bhosari, Pune - 411 026. INDIA

Phone : 020-35010000, 020-40700000 Fax : 020-35010111

E-mail : corporate@emcure.co.in, Website : www.emcure.com, CIN : U24231PN1981PLC024251

| | | | | | | | | | | | |
|----|-----------------------|--|-------|-----------|------------------------------|----|-----------|----|-------------------------------------|---|---|
| 12 | Mr. Kuber Jagdale | President - API Business | 18.06 | Permanent | B Sc., PGDM | 37 | 11-Jul-22 | 59 | Sekmet Pharma Ventures Pvt Ltd | - | - |
| 13 | Mr. B. Renganathan | General Counsel & Corp Company Secretary | 17.67 | Permanent | B. Com., LLB, CMA, CS | 31 | 29-Apr-21 | 59 | Edelweiss Financial Services Ltd | - | - |
| 14 | Mr. Piyush Nahar | Sr Director - Corp. Development & Strategy | 14.33 | Permanent | M Tech (IIT-M), MBA (IIM-A) | 14 | 3-Aug-20 | 39 | Jefferies India Pvt Ltd, Mumbai | - | - |
| 15 | Mr. Dipeshkumar Patel | EVP-Quality & Compliance | 14.05 | Permanent | M Sc, B Sc | 22 | 1-Mar-22 | 51 | Sun Pharmaceuticals Industries Ltd. | - | - |
| 16 | Mr. Devbalaji Balaji | Exe V P - Global HIV/Aids Initiative | 13.35 | Permanent | B sc., B Pharm | 34 | 24-Sep-01 | 58 | Cadila Pharmaceuticals, Nigeria | - | - |
| 17 | Mr. Tajuddin Shaikh | President - Finance | 13.27 | Permanent | CA, ICWA | 24 | 1-Oct-03 | 46 | S R Batliboi & Associates | - | - |
| 18 | Mr. Satish Kaul | Resident Director-Jamunu | 12.38 | Permanent | Post Graduate, DBM | 39 | 1-Jul-08 | 73 | Maral Overseas Ltd. | - | - |
| 19 | Mr. Hitendra Singh | Senior Director-Program Management | 11.27 | Permanent | BBA. MBA | 26 | 18-Apr-20 | 44 | India Infocus Capital Services | - | - |
| 20 | Mr. Jatin Nayyar | Director - Commercial Marketing | 11.06 | Permanent | B. Com., PGDBM | 23 | 1-Nov-21 | 48 | J.B.Chemical & Pharmaceuticals Ltd | - | - |
| 21 | Mr. Anil Kothiyal | President - India Sales & Marketing | 9.33 | Permanent | B Sc, MBA, PGDBM (Marketing) | 33 | 8-Dec-22 | 56 | Glenmark Pharmaceuticals Ltd | - | - |

Emcure Pharmaceuticals Limited

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Phone : 020-35010000, 020-40700000 Fax : 020-35010111

E-mail : corporate@emcure.co.in, Website : www.emcure.com, CIN : U24231PN1981PLC024251

B. Employed for a part of the financial year and was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8,50,000/- per month

| Sr. No. | Name | Designation of the employee | Remuneration received (Rs. in million) | Nature of employment, whether contractual or otherwise | Qualifications and experience of the employee (Years) | Experience in years | Date of commencement of employment | Age of employee | The last employment held before joining the Company | The percentage of equity shares held by the employee in the Company | Whether relative of any director or manager of the Company and if so, name of such director or manager |
|---------|-------------------------|---|--|--|---|---------------------|------------------------------------|-----------------|---|---|--|
| 1. | Mr. Pratin Vete | President - India Sales & Marketing | 19.16 | Permanent | B sc. (Phys), MMS | 31 | 30-Jul-19 | 58 | Cipla Ltd | - | - |
| 2. | Vishal Mathur | EVP & Chief Marketing Officer API Buss | 15.03 | Permanent | B.Sc.M. Sc., MBA | 23 | 17-Sep-21 | 54 | Amoli organics | - | - |
| 3. | Saurabh Gambhir | Sr.Director- Marketing & Portfolio Strategy | 9.72 | Permanent | B.E., MBA | 15 | 3-Aug-21 | 48 | Intas Pharmaceuticals Ltd | - | - |
| 4. | Ms. Manisha Sonavadekar | Senior Director - Sales & Marketing | 8.64 | Permanent | B. Pharms, DMS, MMM | 25 | 14-May-19 | 39 | Positive Bioscience Ltd | - | - |
| 5. | Mr. Viraj Save | Ex. Vice President - Sales & Marketing | 3.98 | Permanent | B sc., PGD Marketing | 31 | 2-Nov-20 | 53 | Abbott Nutrition India | - | - |

Notes :

1. All the above persons are / were full time employees of the Company.
2. The Employment is subject to the rules of the Company in force from time to time.
3. Gross remuneration includes Salary, Allowances, Bonus, Taxable Value of Perquisites and Company's Contribution to Provident and Gratuity Funds.

For and on behalf of the Board of Directors
EMCURE PHARMACEUTICALS LIMITED



Place: Pune

Date : June 01, 2023

[Signature]
BERJIS DESAI
CHAIRMAN
DIN: 00153675

Emcure Pharmaceuticals Limited

Registered Office : Emcure House, T-184, M.I.D.C., Bhosari, Pune - 411 026. INDIA

Phone : 020-35010000, 020-40700000 Fax : 020-35010111

E-mail : corporate@emcure.co.in, Website : www.emcure.com, CIN : U24231PN1981PLC024251

B S R & Co. LLP

Chartered Accountants

8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411 001, India
Telephone: +91 (20) 6747 7300
Fax: +91 (20) 6747 7100

Independent Auditor's Report

To the Members of Emcure Pharmaceuticals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Emcure Pharmaceuticals Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the standalone 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 on the standalone financial statements.

Emphasis of Matter(s)

- a. We draw attention to Note 41 to the standalone financial statements, which describes the uncertainty related to the ultimate of the Search and Seizure operation conducted by the Income Tax Department. The Company has not received any demand notices in relation to the Search and Seizure as this date. Management is confident that no taxes will devolve on the Company and hence no provision has been recognised in these standalone financial statements as at 31 March 2023. Though the Company has not received any demand notice till date, the uncertainty in the matter remains till the proceedings are concluded.
- b. We draw attention to Note 41 to the standalone financial statements which describes related to the ultimate outcome of the lawsuit filed against the Company by HDT Bio Corp. ("HDT") in the United States District Court- Seattle Division in the matter relating to the COVID vaccine being developed by

Registered Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

Gennova Biopharmaceuticals Limited (a subsidiary of the Company). While the case is still in an early procedural phase, the merits of HDT's claim cannot be fully assessed at this time and hence no provision has been recognised in these standalone financial statements as at 31 March 2023.

Our opinion is not modified in respect of these matters

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and 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.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

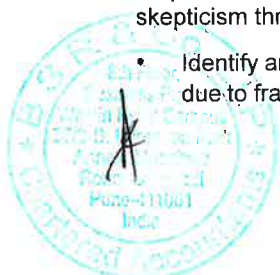
The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

Report on Other Legal and Regulatory Requirements

1. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

- 2 A. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial



Emcure Pharmaceuticals Limited

B. 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, in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 55 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 55 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), 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 Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 16 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year 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.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTP5265

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (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 a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) 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 revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) 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 made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:
 - (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans , or stood guarantee to any other entity as below:



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

Amount in Rs. million

| Particulars | Guarantees | Security | Loans |
|--|----------------------|----------|-------------|
| Aggregate amount during the year | | | |
| – Subsidiaries* | 550 | - | 24.65 |
| – Others | - | - | - |
| Balance outstanding as at balance sheet date | | | |
| – Subsidiaries* | | | |
| – Others | 6,506.76 5,341.05 | - - | 319.55 - |

*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties. Further, the Company has neither granted any advances in the nature of loans during the year.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

Amount in Rs. million

| | All Parties | Promoters | Related Parties |
|---|-------------|-----------|-----------------|
| Aggregate of loans/advances in nature of loan | | | |
| - Repayable on | | | |



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

| | All Parties | Promoters | Related Parties |
|---|-------------|-----------|-----------------|
| demand (A) - Agreement does not specify any terms or period of Repayment (B) | 319.55 - | - - | 319.55 - |
| Total (A+B) | 319.55 | - | 319.55 |
| Percentage of loans/advances in nature of loan to the total loans | 100% | - | 100% |

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. The Company has not provided any security as specified under section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

| Name of the statute | Nature of the dues | Amount (Rs. in million) | Amount paid under protest (Rs. in million) | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|--|--------------------------------|-------------------------|--|------------------------------------|--|-----------------|
| Orissa Entry Tax Act, 1999 | Entry tax | 15 | 34 | 2005-06 and 2006-07 | Cuttack Sales Tax Tribunal | |
| The Telengana Value Added Tax Act, 2005 | Value added tax | 20 | 11 | June 2014 to March 2016 | Telangana appellate tribunal | |
| The Tamil Nadu Value Added Tax Act, 2006 | Value added tax | 65 | - | FY 2014-15 | Tamilnadu Sales Tax Appellate Tribunal | |
| The Tamil Nadu Value Added Tax Act, 2006 | Value added tax | 46 | - | FY 2015-16 | Tamilnadu Sales Tax Appellate Tribunal | |
| The Gujarat Value Added Tax Act, 2003 | Value added tax | 09 | 02 | FY 2017-18 | Dy. Commissioner (Appeals) | |
| Maharashtra Value Added Tax Act, 2002 | Value added tax | 96 | 01 | FY 2017-18 | Joint Commissioner of State Tax (Appeal) | |
| Central sales Tax Act, 1956 | Central sales tax | 41 | 39 | FY 2017-18 | Joint Commissioner of State Tax (Appeal) | |
| The Goods and Service Tax Act | Goods and services tax Gujarat | 60 | 0.26 | FY 2017-18 | Commissioner Appeals | |

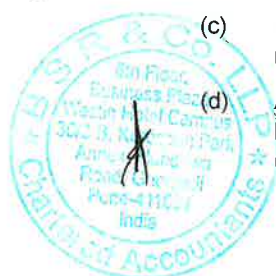


Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

| Name of the statute | Nature of the dues | Amount (Rs. in million) | Amount paid under protest (Rs. in million) | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|-------------------------------|--------------------------------------|-------------------------|--|------------------------------------|--------------------------------------|-----------------|
| The Goods and Service Tax Act | Goods and services tax - Maharashtra | 12.80 | - | FY 2017-18 | Commissioner Appeals | |
| Customs Act, 1962 | Custom duty | 0.59 | - | FY 2017-18 | Commissioner of Customs | |
| The Income Tax Act, 1961 | Income Tax | 13.71 | 13.71* | AY 2011-12 | High Court | |
| The Income Tax Act, 1961 | Income Tax | 15.63 | 15.63* | AY 2012-13 | High Court | |
| The Income Tax Act, 1961 | Income Tax | 24.65 | 0.72 | AY 2016-17 and 2018-19 | Commissioner of Income Tax (Appeals) | |

*Adjusted by way of income tax refund.

- (viii) 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) 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 defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (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 been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act. The Company does not have any associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act). The Company does not have any associates or joint ventures.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (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 or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, 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 the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, 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, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (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 Board of Directors and management plans 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 that the 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTP5265

Annexure B to the Independent Auditor's Report on the standalone financial statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Emcure Pharmaceuticals Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are 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. 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 its business, including adherence to 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

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 Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.



Annexure B to the Independent Auditor's Report on the standalone financial statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248WW-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTP5265

EMCURE PHARMACEUTICALS LIMITED
Standalone Balance Sheet as at March 31, 2023

| Particulars | Note | Rs. in million | |
|---|------|--------------------|--------------------|
| | | As at 31-Mar-23 | As at 31-Mar-22 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2A | 12,295.09 | 10,999.32 |
| Capital work-in-progress | 2B | 2,530.96 | 2,392.48 |
| Right-of-use assets | 3 | 1,645.07 | 1,558.79 |
| Intangible assets | 4 | 386.91 | 515.51 |
| Financial assets | | | |
| i) Investments | 5 | 6,900.16 | 5,633.59 |
| ii) Loans | 6 | 468.87 | 364.12 |
| iii) Other non-current financial assets | 7 | 177.46 | 150.72 |
| Income tax assets (net) | 36 | 199.00 | 55.78 |
| Other non-current assets | 8 | 159.91 | 201.02 |
| Total non-current assets | | 24,763.43 | 21,871.33 |
| Current assets | | | |
| Inventories | 9 | 7,099.33 | 7,304.42 |
| Financial assets | | | |
| i) Trade receivables | 10 | 10,544.96 | 10,090.92 |
| ii) Cash and cash equivalents | 11 | 1,220.15 | 309.23 |
| iii) Bank balances other than (ii) above | 12 | 190.02 | 169.58 |
| iv) Other current financial assets | 13 | 894.48 | 1,830.89 |
| Other current assets | 14 | 1,446.11 | 1,655.45 |
| Total current assets | | 21,395.05 | 21,360.49 |
| Total assets | | 46,158.48 | 43,231.82 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 1,808.52 | 1,808.52 |
| Other equity | 16 | 16,610.16 | 15,316.77 |
| Total equity | | 18,418.68 | 17,125.29 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | 17 | 6,006.50 | 5,123.96 |
| ii) Lease Liabilities | 3 | 947.13 | 828.50 |
| iii) Other non-current financial liabilities | 18 | 307.62 | 304.06 |
| Provisions | 19 | 212.82 | 212.35 |
| Deferred tax liabilities (net) | 35 | 302.41 | 297.02 |
| Total non-current liabilities | | 7,776.48 | 6,765.89 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | 20 | 10,671.07 | 10,664.23 |
| ii) Lease Liabilities | 3 | 101.63 | 86.58 |
| iii) Trade payables | 21 | 130.95 | 216.46 |
| Total outstanding dues of micro and small enterprises | | 6,603.41 | 5,797.23 |
| Total outstanding dues to others | 22 | 1,825.29 | 1,747.72 |
| iv) Other current financial liabilities | | | |
| Provisions | 23 | 190.62 | 232.55 |
| Income tax liabilities (net) | 36 | 205.80 | 357.65 |
| Other current liabilities | 24 | 234.55 | 238.22 |
| Total current liabilities | | 19,963.32 | 19,340.64 |
| Total liabilities | | 27,739.80 | 26,106.53 |
| Total equity and liabilities | | 46,158.48 | 43,231.82 |

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Abhishek
Abhishek
Partner
Membership No. 062343

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN: U22315PN1981PLC024251

Berjis Desai
Berjis Desai
Non-executive Director & Chairman
DIN: 00153675

Chetan Sharma
Chetan Sharma
Company Secretary
Membership No. F8352

Satish Mehta
Satish Mehta
Managing Director & CEO
DIN: 00118691

Tajuddin Shaikh
Tajuddin Shaikh
Chief Financial Officer

Place: Pune
Date: 9/6/2023

Place: Pune
Date: 01-June-2023

EMCURE PHARMACEUTICALS LIMITED

Standalone Statement of Profit and Loss (including other comprehensive income) for the year ended March 31, 2023

Rs. in million

| Particulars | Note | Year Ended | Year Ended |
|---|------|------------------|------------------|
| | | 31-Mar-23 | 31-Mar-22 |
| Revenue: | | | |
| Revenue from operations | 25 | 31,070.86 | 33,872.42 |
| Other income | 26 | 1,253.49 | 1,326.81 |
| Total income | | 32,324.35 | 35,199.23 |
| Expenses: | | | |
| Cost of materials consumed | 27 | 9,388.67 | 10,720.90 |
| Purchases of stock-in-trade | | 2,603.81 | 2,829.01 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | 28 | 144.46 | (361.00) |
| Employee benefit expenses | 29 | 6,491.78 | 6,039.45 |
| Depreciation and amortisation expense | 31 | 1,785.24 | 1,657.92 |
| Finance cost | 32 | 1,668.33 | 1,451.37 |
| Other expenses | 30 | 8,057.22 | 6,697.35 |
| Total expenses | | 30,139.51 | 29,035.00 |
| Profit before exceptional items and tax | | 2,184.84 | 6,164.23 |
| Exceptional items | 33 | 61.46 | - |
| Profit before tax | | 2,123.38 | 6,164.23 |
| Tax expense | 34 | | |
| Current tax | | 531.03 | 1,687.18 |
| Deferred tax | | (8.27) | 8.94 |
| Total tax expenses | | 522.76 | 1,696.12 |
| Profit for the year | | 1,600.62 | 4,468.11 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of post-employment benefit obligations | 44 | 54.28 | (10.56) |
| Income tax relating to these items | 34 | (13.66) | 2.66 |
| | | 40.62 | (7.90) |
| Other comprehensive income for the year | | 40.62 | (7.90) |
| Total comprehensive income for the year | | 1,641.24 | 4,460.21 |
| Earnings per share: | | | |
| Basic | 37 | 8.85 | 24.71 |
| Diluted | 37 | 8.85 | 24.71 |

[Face value per share: Rs.10 (Previous year: Rs.10)]

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Abhishek
 Abhishek
 Partner
 Membership No. 062343

For and on behalf of the Board of Directors
 Emcure Pharmaceuticals Limited
 CIN: U28231PN1981PLC024251

Berjis Desai
 Berjis Desai
 Non-executive Director & Chairman
 DIN: 00153675

Satish Mehta
 Satish Mehta
 Managing Director & CEO
 DIN: 00118691

Chetan Sharma
 Chetan Sharma
 Company Secretary
 Membership No. F8352

Tajuddin Shaikh
 Tajuddin Shaikh
 Chief Financial Officer

Place: Pune

Date: 9/6/2023

Place: Pune

Date: 01-June-2023

EMCURE PHARMACEUTICALS LIMITED
Statement of Changes In Equity for the year ended March 31, 2023

| Equity share capital | Note | Rs. in million |
|---------------------------------|------|----------------|
| As at April 1, 2021 | | 1,808.52 |
| Changes in equity share capital | 15 | - |
| As at March 31, 2022 | | 1,808.52 |

| Equity share capital | Note | Rs. in million |
|---------------------------------|------|----------------|
| As at April 1, 2022 | | 1,808.52 |
| Changes in equity share capital | 15 | - |
| As at March 31, 2023 | | 1,808.52 |

| Other equity | Note | Reserves and Surplus | | | | | | Total |
|--|------|----------------------|--------------------|-----------------------------------|-----------------|-------------------|--|------------|
| | | Capital reserve | Securities premium | Share options outstanding account | General reserve | Retained earnings | Foreign currency monetary item translation reserve | |
| As at April 1, 2021 | | 12.92 | 840.37 | 117.24 | 1,438.14 | 18,771.09 | 29.44 | 21,209.20 |
| Profit for the year | | - | - | - | - | 4,468.11 | - | 4,468.11 |
| Remeasurements of post-employment benefit obligations (net of tax) | 16 | - | - | - | - | (7.90) | - | (7.90) |
| Transactions with owners, recorded directly in equity | | - | - | - | - | 4,460.21 | - | 4,460.21 |
| Interim dividend paid on equity Shares | 16 | - | - | - | - | (361.70) | - | (361.70) |
| Final dividend on equity shares | 16 | - | - | - | - | (180.85) | - | (180.85) |
| Others | | - | - | - | - | (542.55) | - | (542.55) |
| Employee share based expense | 45 | - | - | 57.18 | - | - | - | 57.18 |
| Transfer to Avet Lifesciences Limited pursuant to demerger | 53 | (11.52) | (840.37) | - | (964.72) | (8,029.87) | - | (9,846.48) |
| Cancellation of Investments and Loan given to Avet Lifesciences Limited pursuant to demerger | 53 | (1.40) | - | - | - | - | - | (1.40) |
| Changes in foreign currency monetary item translation reserve | 16 | - | - | - | - | - | (20.81) | (20.81) |
| Options forfeited | 16 | - | - | (15.19) | 15.19 | - | - | - |
| Income tax on above | 34 | - | - | - | (3.82) | - | - | - |
| | | (12.92) | (840.37) | 41.99 | (953.35) | (8,029.87) | (15.57) | (9,810.09) |
| As at March 31, 2022 | | - | - | 159.23 | 484.79 | 14,658.88 | 13.87 | 15,316.77 |

| Other equity | Note | Reserves and Surplus | | | | | | Total |
|--|------|----------------------|--------------------|-----------------------------------|-----------------|-------------------|--|-----------|
| | | Capital reserve | Securities premium | Share options outstanding account | General reserve | Retained earnings | Foreign currency monetary item translation reserve | |
| As at April 1, 2022 | | - | - | 159.23 | 484.79 | 14,658.88 | 13.87 | 15,316.77 |
| Profit for the year | | - | - | - | - | 1,600.62 | - | 1,600.62 |
| Remeasurements of post-employment benefit obligations (net of tax) | 16 | - | - | - | - | 40.62 | - | 40.62 |
| Transactions with owners, recorded directly in equity | | - | - | - | - | 1,641.24 | - | 1,641.24 |
| Interim dividend on equity Shares | 16 | - | - | - | - | (180.85) | - | (180.85) |
| Final dividend on equity shares | 16 | - | - | - | - | (180.85) | - | (180.85) |
| Others | | - | - | - | - | (361.70) | - | (361.70) |
| Employee share based expense | 45 | - | - | 36.79 | - | - | - | 36.79 |
| Changes in foreign currency monetary item translation reserve | 16 | - | - | - | - | - | (5.89) | (5.89) |
| Options forfeited | 16 | - | - | (36.04) | 36.04 | - | - | - |
| Income tax on above | 34 | - | - | - | (9.07) | - | (7.98) | (17.05) |
| | | - | - | 0.75 | 26.97 | - | (13.87) | 13.85 |
| As at March 31, 2023 | | - | - | 159.98 | 511.76 | 15,938.42 | - | 16,610.16 |

Note:

For description of nature and purpose of reserves refer note 16.

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Abhishek

Abhishek

Partner

Membership No. 062343

Place: Pune

Date: 9/6/2023

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN: U24231PN1987PLC024251

Boris Desai

Non-executive Director & Chairman

DIN: 00153675

Chetan Sharma

Company Secretary

Membership No. F8352

Place: Pune

Date: 01-June-2023

Satish Mehta

Managing Director & CEO

DIN: 00118691

Tajuddin Frank

Chief Financial Officer

EMCURE PHARMACEUTICALS LIMITED
Standalone Cash Flow Statement for the year ended March 31, 2023

Rs. in million

| Particulars | Year Ended 31-Mar-23 | Year Ended 31-Mar-22 |
|--|-------------------------|-------------------------|
| Cash flows from operating activities: | 2,123.38 | 6,164.23 |
| Profit before tax | | |
| Adjustment for: | | |
| Depreciation and amortisation | 1,785.24 | 1,657.92 |
| Unrealised exchange gain | 20.17 | (58.49) |
| Finance costs | 1,668.33 | 1,451.37 |
| Employee share-based expense | 22.68 | 32.63 |
| Interest income from banks and others | (13.37) | (13.14) |
| Interest income from intercorporate loans | (35.30) | (77.94) |
| Net gain on loans given to subsidiaries measured at amortised cost | (38.71) | (21.74) |
| Gain on disposal of property, plant and equipment | 2.53 | (1.30) |
| Gain on termination of leases | (0.30) | (0.12) |
| Dividend income | (319.20) | (319.20) |
| | 5,215.45 | 8,814.22 |
| Working capital adjustments: | | |
| - (Increase) / decrease in inventories | 205.09 | (1,086.68) |
| - (Increase) / decrease in trade receivables | (454.04) | (1,684.04) |
| - (Increase) / decrease in other financial assets | (119.91) | (12.83) |
| - (Increase) / decrease in other assets | 147.57 | (466.01) |
| - Increase / (decrease) in trade payables | 720.67 | 367.13 |
| - Increase / (decrease) in other financial liabilities | 175.12 | 34.17 |
| - Increase / (decrease) in other liabilities | (3.67) | (48.21) |
| - Increase / (decrease) in provisions | 12.82 | 66.08 |
| | 683.65 | (2,830.39) |
| Cash generated from operating activities | 5,899.10 | 5,983.83 |
| Income tax paid (net of refunds) | (845.36) | (1,706.71) |
| Net cash generated from operating activities (A) | 5,053.74 | 4,277.12 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment, and capital work-in-progress | (2,716.62) | (1,740.72) |
| Acquisition of intangible assets | (91.52) | (133.62) |
| Proceeds from sale of property, plant and equipment and assets held for sale | 6.15 | 31.95 |
| Purchase of shares of subsidiary | (1,252.46) | (28.52) |
| Capital contribution in LLP | - | (250.00) |
| Intercorporate loans given to subsidiaries | (24.67) | (1,365.96) |
| Repayment of intercorporate loans by subsidiaries | 1,051.42 | 1,147.46 |
| Interest received from banks and others | 7.54 | 10.64 |
| Interest received on loans to subsidiaries | 13.70 | 131.69 |
| Dividend received | 319.20 | 319.20 |
| Term deposit placed | (62.77) | (16.19) |
| Term deposit matured | 45.67 | 4.10 |
| | (2,704.36) | (1,889.97) |
| Net cash used in investing activities (B) | | |
| Cash flows from financing activities | | |
| Repayment of long-term borrowings (refer footnote 1 below) | (2,410.65) | (3,005.04) |
| Proceeds from long-term borrowings | 3,327.40 | 722.52 |
| Proceeds / (repayment) of short-term borrowings (net) | 509.44 | 870.35 |
| Repayment of Lease Liabilities | (188.97) | (161.17) |
| Interest paid (refer footnote 2 below) | (1,420.67) | (1,313.72) |
| Interim dividend paid | (180.85) | (361.70) |
| Final dividend paid | (180.85) | (180.85) |
| | (545.15) | (3,429.61) |
| Net cash generated used in financing activities (C) | | |
| Net increase in cash and cash equivalents (A+B+C) | 1,804.23 | (1,042.46) |
| Cash and cash equivalent as at 1 April (refer below) | (3,933.46) | (842.86) |
| Transferred pursuant to composite scheme of arrangement (refer note 53) | - | (2,050.00) |
| Effect of exchange rate fluctuations on cash and cash equivalent | (1.28) | 1.86 |
| Cash and cash equivalent as at year end | (2,130.51) | (3,933.46) |



EMCURE PHARMACEUTICALS LIMITED

Standalone Cash Flow Statement for the year ended March 31, 2023 (continued)

Rs. in million

| | 31-Mar-23 | 31-Mar-22 |
|--|-------------------|-------------------|
| Components of cash and cash equivalent: | | |
| Cash on hand | 0.38 | 0.35 |
| Balances with bank in current accounts | 1,219.77 | 308.88 |
| Bank overdrafts used for cash management purpose | (3,350.66) | (4,242.69) |
| Total cash and cash equivalent* | (2,130.51) | (3,933.46) |

* Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

| | Year Ended 31-Mar-23 | Year Ended 31-Mar-22 |
|---|-------------------------|-------------------------|
| Changes in liabilities arising from financing activities | | |
| Borrowings: | | |
| Opening balance | 11,664.89 | 12,925.94 |
| Amount borrowed during the year | 3,327.40 | 722.52 |
| Amount repaid during the year | (1,901.21) | (2,134.69) |
| Others (includes unrealised foreign exchange differences) | 277.33 | 151.12 |
| Closing balance (refer note 17 & 20) | 13,368.41 | 11,664.89 |
| Interest accrued on borrowings: | | |
| Opening balance | 50.30 | 76.33 |
| Finance cost incurred during the year | 1,668.33 | 1,451.37 |
| Amount paid during the year | (1,420.67) | (1,313.72) |
| Others (includes borrowing cost capitalised during the year) | (195.35) | (163.68) |
| Closing balance (refer note 20) | 102.61 | 50.30 |

Footnotes to the cash flow statement:

1. Includes interest expense of Rs. 117.56 million (March 31, 2022: Rs. 91.93 million) which has been capitalised in accordance with Ind AS 23, Borrowing Costs.

2. Refer note 3 for movement in lease liabilities.

3. Refer note 52 for corporate social responsibility expenditure paid in cash during the year.

4. Standalone Statement of Cash flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

For B S R & Co. LLP

Firm Registration: 101248W/W-100022

Chartered Accountants

Abhishek

Abhishek

Partner

Membership No. 062343

Place: Pune

Date: 9/6/2023

For and on behalf of the Board of Directors

Emcure Pharmaceuticals Limited

CIN: U24231PN1981PLC024251

Berjis Desai

Berjis Desai

Non-executive Director & Cha

DIN: 00153675

Chetan Sharma

Chetan Sharma

Company Secretary

Membership No. F8352

Place: Pune

Date: 01-June-2023

Satish Mehta

Satish Mehta

Managing Director & CEO

DIN: 00118691

Tajuddin Shaikh

Tajuddin Shaikh

Chief Financial Officer

EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1A. General information:

Emcure Pharmaceuticals Limited (hereinafter referred to as "Company") is a Public Limited Company, incorporated and domiciled in India. The Company has its registered office in Pune and is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through Company's marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies.

The Composite Scheme of Arrangement ("Composite Scheme") for demerger of the Company's United States of America ('US') market business into Avet Lifesciences Limited, the Resulting entity, was approved by Honourable National Company Law Tribunal ("NCLT"), Mumbai Bench vide its order dated June 04, 2021, formal order received on July 15, 2021. The said NCLT order was filed with the Registrar of Companies by the Company and Avet Lifesciences Limited on July 25, 2021, thereby making the Composite Scheme effective. Accordingly, all assets and liabilities of the US market business stand transferred and vested into Avet Lifesciences Limited on April 01, 2021, being the Appointed date as per the Composite Scheme for the demerger of US market business. Both the entities are controlled by same promoters.

1B. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.

Details of the Company's accounting policies are included in Note 1C. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All the amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The standalone financial statements are prepared under the historical cost convention except for the following items:

| Items | Measurement Basis |
|---|---|
| Investment in LLP | Fair value |
| Equity settled shared based payment options | Fair value |
| Net defined benefit (asset) / liability | Fair value of plan assets less present value of defined benefit obligations |

d) Use of estimates and judgements

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ended 31 March 2023 is included in following notes:

Note 1C. c) Useful lives of property, plant, equipment;

Note 1C. d) Useful lives of intangible assets;

Note 3 - measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

Note 5 - Impairment of investments in subsidiaries

Note 9 - Valuation of inventories

Note 19 & 22 - recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 35 - recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 39 - Impairment of financial instruments

Note 43 - measurement of loans to related parties at amortised cost and interest accrued on these loans; key assumptions for discount rate

Note 44 - measurement of defined benefit obligations: key actuarial assumptions;

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 40: Fair value measurements;
- Note 45: Employees stock option plan; and



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

f) Current versus non current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the 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 – non current classification of assets and liabilities.

All assets and liabilities are classified into current and non-current.

Assets

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

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

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

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Company does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Company is less than 12 months.

1C. Significant accounting policies

a) Foreign Currency Translation

Transaction in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following item which are recognised directly in other equity:

Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and which are not related to purchase of property, plant and equipment and intangible assets (refer note 16).



1C. Significant accounting policies (continued)

b) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- Fair value [either through profit and loss (FVTPL) or through other comprehensive income (FVOCI)]

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.
These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;
- How the performance of portfolio is evaluated and reported to the Company's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.



1C. Significant accounting policies (continued)

b) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Company's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at FVOCI | These assets are subsequently measured at fair value. Fair value changes are recognised in other comprehensive income. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. When such asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income / expenses. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |



1C. Significant accounting policies (continued)

b) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

c) Property, plant and equipment (continued)

i. Recognition and measurement (continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except for vehicles and furnitures and fixtures at leasehold premises. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset | Management estimated useful life | Useful life as per schedule II |
|-------------------------|----------------------------------|--------------------------------|
| Leasehold improvements | As per lease term | NA |
| Building | 30 years | 30 years |
| Plant and machinery | 3 to 20 years | 10 to 20 years |
| Electrical installation | 10 years | 10 years |
| Air handling equipment | 15 years | 15 years |
| Computers | 3-6 years | 3-6 years |
| Office equipment | 5 years | 5 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 5 years | 8-10 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

d) Intangible assets

i. Initial recognition:

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Company.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value over their estimated useful lives using straight line method, as is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives are as follows:

| Intangible Asset | Management estimated useful life |
|--------------------------|----------------------------------|
| Brands acquired | 5 to 10 years |
| Software, license rights | 2 to 10 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Intangible Assets under Development

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

v. Impairment

The Company irrespective of whether there is any indication of impairment, tests an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost on inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The net realisable value of work-in- progress is determined with reference to the selling price of related finished products.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

e) Inventories (continued)

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

f) Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Company recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) is recognized in the statement of profit and loss.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitate and qualitative information and analysis based on Company's historical experience and informed credit assessment and including forward - looking information.

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Company considers financial asset to be in default when:

- a. The borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to action such as realising security (if any is held); or
- b. The financial asset is 360 days or more past due.



1C. Significant accounting policies (continued)

f) Impairment (continued)

i. Impairment of financial instruments (continued)

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flow that the Company expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write – off

The Gross carrying amount of financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when Company determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

ii. Impairment of non-financial asset

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 such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Company's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss on goodwill is not subsequently reversed.



1C. Significant accounting policies (continued)

g) Employee benefits

i. Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. 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 amount of obligation can be estimated reliably.

ii. Share-based payment transactions

Share-based payment are provided to employees of the Group via the Company's Employees Stock Option Plan ("Emcure ESOS 2013").

The company accounts for the share-based payment transactions as equity settled.

The grant date fair value of equity settled share-based payment awards granted to employees of the Company is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Company also grants the options to the employees of its subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as investment in the nature of employee stock options issued to employees of subsidiary and corresponding increase in share options outstanding account.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation result is a potential asset for the Company, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.



1C. Significant accounting policies (continued)

g) Employee benefits (continued)

iv. Defined benefit plan (continued)

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

v. Other long term employee benefit

The Company's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

h) Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

i. Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

ii. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the standalone financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

i) Revenue

Sale of goods

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The Company recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary. The transaction price is also adjusted for the effect of time value of money if the contract includes significant financing component.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

i) Revenue (continued)

Sale of goods (continued)

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Company recognises refund liability where the Company receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price). The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The provision on account of the expected amount of returns is included in provisions and the right to recover returned goods is included in inventory.

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Company has recognised an allowance for returns. The allowance is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Company has an obligation to accept the goods which will expire. The Company has recognised an allowance for the returns due to expiry. The allowance is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

Rendering of services (other than sale of technology / know-how, rights and licenses)

Revenue from rendering of services is recognised in statement of profit and loss by reference to percentage completion method. The Company is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rendering of services - sale of technology / know-how, rights, licenses and other intangibles

Income from sale of technology / know-how, rights and licenses is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when control is transferred, as applicable.

Profit share revenues

From time to time the Company enters into marketing arrangements with 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 price agreed upon in the arrangement and is also entitled to a profit share which is over and above the agreed price. The profit share is dependent on the business partner's ultimate net sale proceeds or net profit, 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 amount equal to the base purchase price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

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

Profit share revenue is measured as per the percentage of profit share and computation method, specified in the agreement with business partner.



1C. Significant accounting policies (continued)

j) Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense in the statement of profit and loss.

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

k) Leases

i. The Company as a lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.



1C. Significant accounting policies (continued)

k) Leases(continued)

ii. The Company as a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

l) Recognition of dividend income, interest income or expenses

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

m) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



1C. Significant accounting policies (continued)

m) Income tax (continued)

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

n) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) 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 Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments 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 subsidiaries are provided for no compensation, the Company has made accounting policy choice of recognising fair value of such financial guarantee as finance cost.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company are identified as Chief operating decision maker. Refer note 48 for segment information.

r) Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

s) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financials statements.

t) Cash flow statement

Cash flow from operations are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the company's cash management.

u) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

v) Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Note 1D. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 2A - Property, plant and equipment | Gross book value | | | | Accumulated depreciation | | Rs. in million | |
|---|------------------|---------------------------|---------------------------|------------------|--------------------------|---------------------|---------------------------|------------------|
| | As at 01-Apr-22 | Additions during the year | Disposals during the year | As at 31-Mar-23 | As at 01-Apr-22 | Charge for the year | Disposals during the year | As at 31-Mar-23 |
| Freehold land | 29.25 | - | - | 29.25 | - | - | - | 29.25 |
| Leasehold improvements | 232.08 | 31.71 | - | 263.79 | 157.74 | 11.97 | 169.71 | 94.08 |
| Building | 3,443.81 | 537.72 | - | 3,981.53 | 660.44 | 130.94 | 791.38 | 3,190.15 |
| Plant and machinery | 11,682.50 | 1,634.40 | (27.60) | 13,289.30 | 4,967.97 | 994.69 | 5,943.07 | 7,346.23 |
| Electrical installation | 771.47 | 187.75 | (0.47) | 958.75 | 437.65 | 57.95 | 495.13 | 463.62 |
| Air handling equipment | 1,080.16 | 133.58 | (0.34) | 1,213.40 | 493.62 | 75.48 | 568.80 | 644.60 |
| Computers | 537.23 | 94.98 | (14.90) | 617.31 | 370.76 | 75.82 | 431.87 | 185.44 |
| Office equipments | 122.76 | 14.16 | (0.06) | 136.86 | 99.90 | 10.64 | 110.48 | 26.38 |
| Furniture and fixtures | 349.06 | 64.44 | (0.42) | 413.08 | 155.44 | 31.51 | 186.60 | 226.48 |
| Vehicles | 225.18 | 24.82 | (7.93) | 242.07 | 130.66 | 30.11 | 153.21 | 88.86 |
| Total | 18,473.50 | 2,723.56 | (51.72) | 21,145.34 | 7,474.18 | 1,419.11 | (43.04) | 12,295.09 |

| Note 2A - Property, plant and equipment | Gross book value | | | | Accumulated depreciation | | | | Rs. in million | |
|---|------------------|---------------------------|---------------------------|-----------------------------------|--------------------------|-----------------|---------------------|---------------------------|-----------------|------------------|
| | As at 01-Apr-21 | Additions during the year | Disposals during the year | Other adjustments (refer note 53) | As at 31-Mar-22 | As at 01-Apr-21 | Charge for the year | Disposals during the year | As at 31-Mar-22 | As at 31-Mar-22 |
| Freehold land | 29.25 | - | - | - | 29.25 | - | - | - | - | 29.25 |
| Leasehold improvements | 229.65 | 2.43 | - | - | 232.08 | 145.70 | 12.04 | - | 157.74 | 74.34 |
| Building | 3,414.86 | 28.95 | - | - | 3,443.81 | 531.79 | 128.65 | - | 660.44 | 2,783.37 |
| Plant and machinery | 10,709.56 | 1,068.78 | (95.84) | - | 11,682.50 | 4,133.50 | 900.08 | (65.61) | 4,967.97 | 6,714.53 |
| Electrical installation | 712.40 | 59.65 | (0.58) | - | 771.47 | 383.43 | 54.80 | (0.58) | 437.65 | 333.82 |
| Air handling equipment | 1,001.24 | 80.73 | (1.81) | - | 1,080.16 | 419.62 | 74.70 | (0.70) | 493.62 | 586.54 |
| Computers | 441.91 | 102.58 | (1.83) | (5.43) | 537.23 | 316.33 | 59.42 | (1.78) | 370.76 | 166.47 |
| Office equipments | 116.50 | 6.26 | - | - | 122.76 | 87.94 | 11.96 | - | 99.90 | 22.86 |
| Furniture and fixtures | 309.54 | 39.58 | (0.06) | - | 349.06 | 125.93 | 29.57 | (0.06) | 155.44 | 193.62 |
| Vehicles | 151.39 | 81.92 | (8.13) | - | 225.18 | 112.11 | 26.29 | (7.74) | 130.66 | 94.52 |
| Total | 17,116.30 | 1,470.88 | (108.25) | (5.43) | 18,473.50 | 6,256.35 | 1,297.51 | (76.47) | 7,474.18 | 10,999.32 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 2B - Capital work-in-progress | As at the beginning | Additions during the year | Capitalised during the year | Disposals during the year | Rs. in million As at the end |
|------------------------------------|---------------------|---------------------------|-----------------------------|---------------------------|---------------------------------|
| Year ended March 31, 2023 | 2,392.48 | 2,322.70 | (2,184.22) | - | 2,530.96 |
| Year ended March 31, 2022 | 1,920.94 | 1,392.48 | (920.94) | - | 2,392.48 |

Capital work-in-progress ageing schedule

| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Rs. in million Total |
|--|------------------|-------------|-------------|-------------------|-------------------------|
| March 31, 2023 | | | | | |
| Projects in progress | 1,557.89 | 280.67 | 317.72 | 74.54 | 2,230.82 |
| Projects overdue from original planned completion date | 17.94 | 11.58 | 97.33 | 173.29 | 300.14 |

| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Rs. in million Total |
|--|------------------|-------------|-------------|-------------------|-------------------------|
| March 31, 2022 | | | | | |
| Projects in progress | 1,115.45 | 381.18 | 178.75 | 478.12 | 2,153.50 |
| Projects overdue from original planned completion date | 60.68 | 86.52 | 51.94 | 39.84 | 238.98 |

Capital work-in-progress completion schedule

| | Less than 1 year | To be completed in | More than 3 years | Rs. in million Total |
|---------------------------------|------------------|--------------------|-------------------|-------------------------|
| March 31, 2023 | | 1 - 2 years | 2 - 3 years | |
| New line at Hinjewadi Plant III | - | 300.14 | - | 300.14 |

| | Less than 1 year | To be completed in | More than 3 years | Rs. in million Total |
|---------------------------------|------------------|--------------------|-------------------|-------------------------|
| March 31, 2022 | | 1 - 2 years | 2 - 3 years | |
| New line at Hinjewadi Plant III | - | 189.29 | - | 189.29 |
| Central testing Lab at Pimpri | 49.69 | - | - | 49.69 |

Footnotes for note 2A and 2B:

1. The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects / plants, expansion of existing facilities, etc.
2. The borrowing cost capitalised on qualifying assets amounting to Rs. 117.56 million (March 31, 2022: Rs. 91.93 million) have been added to the cost of assets during the year (refer note 32).
3. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is @ 6.92% p.a. (March 31, 2022 : 6.95% p.a.).
4. Refer note 47 for information on Property, plant and equipment and Capital work-in-progress pledged as security by the company.
5. The company does not have any CWIP projects which are suspended or which have exceeded its cost compared to its original plan.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 4 - Intangible assets | Gross book value | | | Accumulated amortisation | | | Rs. in million Net book value As at 31-Mar-23 |
|----------------------------|--------------------|---------------------------------|---------------------------------|--------------------------|--------------------|------------------------|--|
| | As at 01-Apr-22 | Additions during the year | Disposals during the year | As at 31-Mar-23 | As at 01-Apr-22 | Charge for the year | As at 31-Mar-23 |
| Brands | 1,027.38 | - | - | 1,027.38 | 769.67 | 115.45 | 885.12 |
| Software | 616.65 | 90.52 | - | 707.17 | 501.61 | 79.16 | 580.77 |
| Licensing rights | 195.47 | 1.00 | - | 196.47 | 52.71 | 25.51 | 78.22 |
| Total | 1,839.50 | 91.52 | - | 1,931.02 | 1,323.99 | 220.12 | 1,544.11 |

| Note 4 - Intangible assets | Gross book value | | | Accumulated amortisation | | | Rs. in million Net book value As at 31-Mar-22 |
|----------------------------|--------------------|---------------------------------|---------------------------------|--------------------------|--------------------|------------------------|--|
| | As at 01-Apr-21 | Additions during the year | Disposals during the year | As at 31-Mar-22 | As at 01-Apr-21 | Charge for the year | As at 31-Mar-22 |
| Brands | 1,027.38 | - | - | 1,027.38 | 654.22 | 115.45 | 769.67 |
| Software | 564.25 | 57.07 | (4.67) | 616.65 | 414.98 | 91.30 | 501.61 |
| Licensing rights | 118.92 | 76.55 | - | 195.47 | 28.86 | 23.85 | 52.71 |
| Total | 1,710.55 | 133.62 | (4.67) | 1,839.50 | 1,098.06 | 230.60 | 1,323.99 |

Footnote for note 4:
Refer note 47 for information on Intangible assets pledged as security by the company.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 3: Leases - 116

Lease contracts entered by the Company majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date. Typically lease payments are renegotiated at the time of renewal. Certain leases have restrictions on further sub-leasing. Information about leases for which the company is lessee is presented as below:

Right-of-use assets

| Particulars | Rs. in million | | | | |
|----------------------------------|----------------|-----------------|-------------------|-----------|----------|
| | Land | Land & Building | Plant & Machinery | Computers | Total |
| Balance as at April 1, 2022 | 839.98 | 565.37 | 112.14 | 41.30 | 1,558.79 |
| Additions for new leases entered | 19.15 | 218.29 | - | - | 237.44 |
| Deletions for leases terminated | - | (5.15) | - | - | (5.15) |
| Depreciation charge for the year | (16.21) | (109.77) | (7.96) | (12.07) | (146.01) |
| Balance as at March 31, 2023 | 842.92 | 668.74 | 104.18 | 29.23 | 1,645.07 |

| Particulars | Rs. in million | | | | |
|----------------------------------|----------------|-----------------|-------------------|-----------|----------|
| | Land | Land & Building | Plant & Machinery | Computers | Total |
| Balance as at April 1, 2021 | 756.13 | 497.05 | - | 53.38 | 1,306.56 |
| Additions for new leases entered | 98.83 | 165.10 | 119.44 | - | 383.37 |
| Deletions for leases terminated | - | (1.33) | - | - | (1.33) |
| Depreciation charge for the year | (14.98) | (95.45) | (7.30) | (12.08) | (129.81) |
| Balance as at March 31, 2022 | 839.98 | 565.37 | 112.14 | 41.30 | 1,558.79 |

Lease Liabilities

| Particulars | Rs. in million | |
|----------------------------------|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Balance as at the beginning | 915.08 | 611.33 |
| Additions for new leases entered | 237.44 | 383.37 |
| Deletions for leases terminated | (5.46) | (1.45) |
| Interest on lease liabilities | 90.67 | 83.00 |
| Repayment of lease liabilities | (188.97) | (161.17) |
| Balance as at the end | 1,048.76 | 915.08 |
| Current | 101.63 | 86.58 |
| Non-current | 947.13 | 828.50 |

Maturity analysis - contractual undiscounted cash flows-

| Particulars | Rs. in million | |
|---|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Less than one year | 191.45 | 167.26 |
| One to five years | 566.61 | 469.01 |
| More than five years | 973.55 | 916.65 |
| Total undiscounted lease liabilities as at year end | 1,731.61 | 1,552.92 |

Amount recognised in statement of Profit or Loss

| Particulars | Rs. in million | |
|---|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Interest on lease liabilities | 90.67 | 83.00 |
| Depreciation on ROU | 146.01 | 129.81 |
| Expenses relating to short term leases | 2.42 | 2.45 |
| Expenses relating to leases of low value assets, excluding leases of low value assets | 4.13 | 2.97 |
| Total | 243.23 | 218.23 |

Amounts recognised in statement of cash flow

| Particulars | Rs. in million | |
|-------------------------------------|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Cash flow from financing activities | | |
| Repayment of Lease Liabilities | (188.97) | (161.17) |

The weighted average incremental borrowing rate of 9.49% p.a (March 31, 2022 : 9.49% p.a) has been applied to lease liabilities recognised in the balance sheet.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 5 | Number of shares/ units | | Rs. in million | |
|---|-------------------------|-------------|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Non-current investments | | | | |
| Investment in equity instruments: | | | | |
| Unquoted (Valued at cost unless otherwise stated) | | | | |
| Investments in subsidiaries | | | | |
| <i>Investments in Zuventus Healthcare Limited</i> | | | | |
| Fully paid equity shares of Rs. 10 each | 1,59,60,000 | 1,59,60,000 | 71.82 | 71.82 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 1.83 | 1.83 |
| | | | 73.65 | 73.65 |
| <i>Investments in Gennova Biopharmaceuticals Limited</i> | | | | |
| Fully paid equity shares of Rs. 10 each | 48,47,500 | 48,47,500 | 48.48 | 48.48 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 12.03 | 10.54 |
| | | | 60.51 | 59.02 |
| <i>Investments in Emcure Nigeria Limited</i> | | | | |
| Fully paid equity shares of Naira 1 each | 58,36,841 | 58,36,841 | 1.90 | 1.90 |
| | | | 1.90 | 1.90 |
| <i>Investments in Emcure Pharmaceuticals Mena FZ-LLC</i> | | | | |
| Fully paid equity shares of AED 1000 each | 16,100 | 16,100 | 322.44 | 322.44 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 34.12 | 34.12 |
| | | | 356.56 | 356.56 |
| <i>Investments in Emcure Pharmaceuticals South Africa (Pty) Ltd</i> | | | | |
| Fully paid equity shares of ZAR 1 each | 3,61,00,100 | 3,61,00,100 | 178.76 | 178.76 |
| | | | 178.76 | 178.76 |
| <i>Investments in Emcure Pharma UK Ltd.*</i> | | | | |
| Fully paid equity shares of GBP 1 each | 3,27,65,000 | 3,27,65,000 | 3,110.08 | 3,110.08 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 3.67 | 3.67 |
| | | | 3,113.75 | 3,113.75 |
| <i>Investments in Emcure Brasil Farmaceutica LTDA</i> | | | | |
| Fully paid equity shares of Real 1 each | 46,42,499 | 46,42,499 | 122.55 | 122.55 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 1.18 | 1.18 |
| | | | 123.73 | 123.73 |
| <i>Investments in Emcure Pharma Mexico S.A. De C.V.</i> | | | | |
| Fully paid equity shares | 49,999 | 49,999 | 0.21 | 0.21 |
| | | | 0.21 | 0.21 |
| <i>Investments in Emcure Pharma Peru S.A.C</i> | | | | |
| Fully paid equity shares of Sol 1 each | 19,74,717 | 19,74,717 | 41.07 | 41.07 |
| | | | 41.07 | 41.07 |
| <i>Investments in Marcan Pharmaceuticals Inc.</i> | | | | |
| Fully paid equity shares of CAD 1 each | 4,37,85,001 | 2,44,80,001 | 2,483.54 | 1,308.44 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 39.33 | 29.68 |
| | | | 2,522.87 | 1,338.12 |
| <i>Investments in Emcure Pharmaceuticals Pty Ltd</i> | | | | |
| Fully paid equity shares of AUD 1 each | 10,00,000 | 10,00,000 | 48.72 | 48.72 |
| | | | 48.72 | 48.72 |
| <i>Investments in Emcure Pharma Chile SpA</i> | | | | |
| Capital contribution | 100.00% | 100.00% | 35.62 | 3.66 |
| | | | 35.62 | 3.66 |

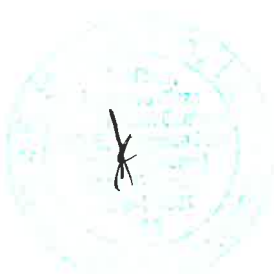


EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 5 | Number of shares/ units | | Rs. in million | |
|---|-------------------------|-----------|-----------------|-----------------|
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Non-current investments (continued) | | | | |
| Investment in equity instruments: | | | | |
| Unquoted (Valued at cost unless otherwise stated) | | | | |
| Investments in subsidiaries (continued) | | | | |
| <i>Investments in Lazor Pharmaceuticals Ltd., Kenya</i> | | | | |
| Fully paid ordinary shares of KES 100 each | 12,44,950 | 1,08,950 | 52.85 | 7.45 |
| | | | 52.85 | 7.45 |
| <i>Investments in Emcure Pharma Philippines Inc</i> | | | | |
| Fully paid equity shares of Peso 100 each | 96,775 | 96,775 | 15.11 | 15.11 |
| | | | 15.11 | 15.11 |
| <i>Investments in Tillomed Laboratories Limited</i> | | | | |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 21.93 | 18.96 |
| | | | 21.93 | 18.96 |
| <i>Investments in Tillomed Italia S.R.L</i> | | | | |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | | | 2.92 | 2.92 |
| | | | 2.92 | 2.92 |
| | | | 6,650.16 | 5,383.59 |
| Investment in LLP: | | | | |
| Unquoted (Valued at FVOCI) | | | | |
| ABCD Technologies LLP | 4.03% | 4.03% | 250.00 | 250.00 |
| | | | 250.00 | 250.00 |
| | | | 250.00 | 250.00 |
| Aggregate amount of unquoted Investments | | | 6,900.16 | 5,633.59 |

* Pledged to the banks for loan facilities availed (refer note 47).

| Note 6 | Rs. in million | |
|--|----------------|---------------|
| | 31-Mar-23 | 31-Mar-22 |
| Loans | | |
| Unsecured considered good, unless otherwise specified: | | |
| Loans to related parties (refer note 43) | 319.55 | 245.29 |
| Interest accrued on loans to related parties (refer note 43) | 149.32 | 118.83 |
| Total | 468.87 | 364.12 |
| Break-up of security details | | |
| Loans considered good - Secured | - | - |
| Loans considered good - Unsecured | 468.87 | 364.12 |
| Less: Loss allowance | - | - |
| Total | 468.87 | 364.12 |



| | Rs. in million | |
|---|----------------|---------------|
| Note 7 | 31-Mar-23 | 31-Mar-22 |
| Other non-current financial assets | | |
| Unsecured considered good, unless otherwise specified: | | |
| Term deposits with banks having remaining maturity period of more than 12 months (refer note below) | 22.00 | 19.51 |
| Security deposits | 155.46 | 131.21 |
| Total | 177.46 | 150.72 |

Footnote: Out of above certain fixed deposits are held as lien by bank for performance bank guarantees & others (refer note 47).

| | Rs. in million | |
|--|----------------|---------------|
| Note 8 | 31-Mar-23 | 31-Mar-22 |
| Other non-current assets | | |
| Unsecured considered good, unless otherwise specified: | | |
| Capital Advances | 83.87 | 186.75 |
| Prepaid expenses | 58.80 | 0.84 |
| Balances with government authorities | 17.24 | 13.43 |
| Total | 159.91 | 201.02 |

| | Rs. in million | |
|--|-----------------|-----------------|
| Note 9 | 31-Mar-23 | 31-Mar-22 |
| Inventories (valued at lower of cost or net realisable value) | | |
| Raw materials [Includes in transit Rs. 166.85 million (31-Mar-22: Rs. 33.40 million)] | 2,766.46 | 3,112.92 |
| Packing materials [Includes in transit Rs. 1.42 million (31-Mar-22: Rs. 8.15 million)] | 760.16 | 539.96 |
| Work-in-process | 1,132.05 | 1,183.87 |
| Finished goods | 1,301.44 | 1,448.01 |
| Stock in trade [Includes in transit Rs. 52.23 million (31-Mar-22: Rs. Nil)] | 599.75 | 545.82 |
| Stores and spares [Includes in transit Rs. 3.76 million (31-Mar-22: Rs. 2.93 million)] | 539.47 | 473.84 |
| Total | 7,099.33 | 7,304.42 |

Footnotes:

1. Amounts recognised in standalone statement of profit or loss

Write-downs of inventories as at the year end amounted to Rs. 185.94 million (March 31, 2022: Rs. 375.28 million). Increase/decrease in write-down provision is recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.

2. Refer note 47 for information on Inventories pledged as security by the Company.

| | Rs. in million | |
|---|------------------|------------------|
| Note 10 | 31-Mar-23 | 31-Mar-22 |
| Trade receivables | | |
| Unsecured | | |
| Undisputed receivables - considered good | 10,906.16 | 10,383.69 |
| Disputed receivables - which have significant increase in credit risk | 29.37 | 29.46 |
| Less: Loss allowance | (390.57) | (322.23) |
| Total | 10,544.96 | 10,090.92 |

Of the above, trade receivables from related parties are as below

| | Rs. in million | |
|--|-----------------|-----------------|
| Particulars | 31-Mar-23 | 31-Mar-22 |
| Total trade receivables from related parties (refer note 43) | 5,085.90 | 5,921.30 |
| Less: Loss allowance | (64.09) | (112.54) |
| Net trade receivables | 5,021.81 | 5,808.76 |

Refer note 47 for information on trade receivables pledged as security by the company.

The Company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 39.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Break-up of security details and ageing schedule;

Rs. in million

| As at March 31, 2023 | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------|--------------------|-------------------|---------------|--------------|-------------------|------------------|
| Undisputed receivables - considered good | 5,927.07 | 2,585.81 | 1,135.71 | 988.48 | 28.65 | 240.44 | 10,906.16 |
| Undisputed receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed receivables - considered good | - | - | - | - | - | - | - |
| Disputed receivables - which have significant increase in credit risk | - | - | - | - | - | 29.37 | 29.37 |
| Disputed receivables - credit impaired | - | - | - | - | - | - | - |
| Total | 5,927.07 | 2,585.81 | 1,135.71 | 988.48 | 28.65 | 269.81 | 10,935.53 |
| Less: Loss allowance | - | - | - | - | - | - | (390.57) |
| Total | 5,927.07 | 2,585.81 | 1,135.71 | 988.48 | 28.65 | 269.81 | 10,544.96 |

Rs. in million

| As at March 31, 2022 | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------|--------------------|-------------------|---------------|---------------|-------------------|------------------|
| Undisputed receivables - considered good | 4,610.64 | 3,986.89 | 1,129.70 | 266.45 | 162.31 | 227.70 | 10,383.69 |
| Undisputed receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed receivables - considered good | - | - | - | - | - | - | - |
| Disputed receivables - which have significant increase in credit risk | - | - | - | - | - | 29.46 | 29.46 |
| Disputed receivables - credit impaired | - | - | - | - | - | - | - |
| Total | 4,610.64 | 3,986.89 | 1,129.70 | 266.45 | 162.31 | 257.16 | 10,413.15 |
| Less: Loss allowance | - | - | - | - | - | - | (322.23) |
| Total | 4,610.64 | 3,986.89 | 1,129.70 | 266.45 | 162.31 | 257.16 | 10,090.92 |

Rs. in million

| Note 11 | 31-Mar-23 | 31-Mar-22 |
|--|-----------------|---------------|
| Cash and cash equivalents | | |
| Cash on hand | 0.38 | 0.35 |
| Balances with bank in current accounts | 1,219.77 | 308.88 |
| Total | 1,220.15 | 309.23 |

Rs. in million

| Note 12 | 31-Mar-23 | 31-Mar-22 |
|---|---------------|---------------|
| Bank balances other than cash and cash equivalents | | |
| Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer footnote below) | 180.60 | 165.99 |
| Interest accrued on deposits with bank | 9.42 | 3.59 |
| Total | 190.02 | 169.58 |

Footnote: Out of above certain fixed deposits are held as lien by bank for performance bank guarantees & others (refer note 47).



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|--|----------------|-----------------|
| Note 13 | 31-Mar-23 | 31-Mar-22 |
| Other current financial assets | | |
| Unsecured considered good, unless otherwise specified: | | |
| Current maturities of loans to related parties (refer note 43) | | 1,032.07 |
| Financial guarantee fees receivable from related parties (refer note 43) | 155.99 | 59.06 |
| Other amount due from related parties (refer note 43) | 590.25 | 729.05 |
| Government grant receivable (refer note 54) | 34.05 | - |
| Other receivable (refer note (a) below) | 114.19 | 10.71 |
| Total | 894.48 | 1,830.89 |

Footnotes:

(a) Includes amount receivable from shareholders towards reimbursement of IPO expenses Rs. 108.35 million (March 31, 2022 : Nil).

| | Rs. in million | |
|--|-----------------|-----------------|
| Note 14 | 31-Mar-23 | 31-Mar-22 |
| Other current assets | | |
| Unsecured considered good, unless otherwise specified: | | |
| Advances for supply of goods and services (refer note below) | 468.90 | 666.62 |
| Balances with government authorities | 841.51 | 723.32 |
| Advance to employees | 6.29 | 3.13 |
| Prepaid expenses | 129.41 | 262.38 |
| Total | 1,446.11 | 1,655.45 |

Footnote:

Includes advance paid to related parties of Rs. 22.97 million (March 31, 2022 : Nil).



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| Note 15 Equity share capital | 31-Mar-23 | | 31-Mar-22 | |
|--|------------------|----------|------------------|----------|
| | Number of shares | Value | Number of shares | Value |
| a. Authorised share capital Equity Shares of Rs. 10 each | 25,00,00,000 | 2,500.00 | 25,00,00,000 | 2,500.00 |
| b. Issued, subscribed and paid up capital* Equity Shares of Rs. 10 each | 18,08,52,116 | 1,808.52 | 18,08,52,116 | 1,808.52 |

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year

| Particulars | 31-Mar-23 | | 31-Mar-22 | |
|---|------------------|----------|------------------|----------|
| | Number of shares | Value | Number of shares | Value |
| Equity Shares outstanding at the beginning and at the end of the year | 18,08,52,116 | 1,808.52 | 18,08,52,116 | 1,808.52 |

The Company has also issued share options to its employees and employees of the subsidiaries, refer note 45.

d. Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. 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, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Employee stock options

Terms attached to stock options granted to employees of the Company and subsidiaries are described in note 45 regarding share-based payments.

f. Information regarding shares in the last five years

No shares were issued for consideration other than cash during the period of five years immediately preceding the year ended March 31, 2023. Further the Company has not undertaken any buy back of shares during the period of five years immediately preceding the year ended March 31, 2023.

g. Details of equity shareholders holding shares more than 5%

| Particulars | 31-Mar-23 | | 31-Mar-22 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | No. of Shares held | % of Shareholding | No. of Shares held | % of Shareholding |
| Promoters | | | | |
| Satish Mehta | 7,58,16,748 | 41.92% | 7,58,16,748 | 41.92% |
| Sunil Mehta | 1,10,85,012 | 6.13% | 1,10,85,012 | 6.13% |
| Others | | | | |
| BC Investments IV Limited | 2,36,73,544 | 13.09% | 2,36,73,544 | 13.09% |
| Sanjay Mehta | 1,57,64,028 | 8.72% | 1,57,64,028 | 8.72% |
| Samit Mehta | 1,35,47,632 | 7.49% | 1,35,47,632 | 7.49% |
| Bhavana Mehta | 93,88,288 | 5.19% | 93,88,288 | 5.19% |
| Total | 14,92,75,252 | 82.54% | 14,92,75,252 | 82.54% |

h. Percentage change in shares held by promoters

| Particulars | 31-Mar-23 | 31-Mar-22 |
|--------------|-----------|-----------|
| Satish Mehta | - | 0.02% |
| Sunil Mehta | - | - |

i. Shares reserved for issue under ESOS, 2013:

| Particulars | 31-Mar-23 | | 31-Mar-22 | |
|--|------------------|--------------|------------------|--------------|
| | Number of shares | Value | Number of shares | Value |
| Equity shares with face value of Rs. 10 each (refer note 45) | | | | |
| a. At an exercise price of Rs. 165.07 per share | 6,70,000 | 6.70 | 7,30,000 | 7.30 |
| b. At an exercise price of Rs. 452.57 per share | 60,000 | 0.60 | 60,000 | 0.60 |
| c. At an exercise price of Rs. 465.82 per share | 1,60,000 | 1.60 | 1,60,000 | 1.60 |
| d. At an exercise price of Rs. 523.82 per share | 90,000 | 0.90 | 1,95,000 | 1.95 |
| e. At an exercise price of Rs. 563.82 per share | 1,35,000 | 1.35 | 2,20,000 | 2.20 |
| f. At an exercise price of Rs. 862.07 per share | 2,95,000 | 2.95 | 3,40,000 | 3.40 |
| g. At an exercise price of Rs. 1000.05 per share | 80,000 | 0.80 | 1,10,000 | 1.10 |
| h. At an exercise price of Rs. 1008.21 per share | 2,50,000 | 2.50 | - | - |
| Total | 17,40,000 | 17.40 | 18,15,000 | 18.15 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Rs. in million

| Note 16 | Note | 31-Mar-23 | 31-Mar-22 |
|--|-------|------------------|------------------|
| Other equity | | | |
| Capital reserve | (i) | - | - |
| Securities premium | (ii) | - | - |
| Share options outstanding account | (iii) | 159.98 | 159.23 |
| General reserve | (iv) | 511.76 | 484.79 |
| Foreign currency monetary item translation reserve | (v) | - | 13.87 |
| Retained earnings | (vi) | 15,938.42 | 14,658.88 |
| Total | | 16,610.16 | 15,316.77 |

Rs. in million

| Note to other equity | 31-Mar-23 | 31-Mar-22 |
|--|------------------|------------------|
| i. Capital reserve | | |
| Balance as at the beginning and end of the year | - | 12.92 |
| Transfer to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (11.52) |
| Cancellation of Investments and Loan given to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (1.40) |
| Balance as at the end of the year | - | - |
| ii. Securities premium | | |
| Balance as at the beginning of the year | - | 840.37 |
| Transfer to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (840.37) |
| Balance as at the end of the year | - | - |
| iii. Share options outstanding account | | |
| Balance as at the beginning of the year | 159.23 | 117.24 |
| Equity contribution in the nature of employee stock options issued to employees of subsidiary | 14.11 | 24.55 |
| Employee share - based expense recognised in statement of profit and loss | 22.68 | 32.63 |
| Options forfeited, transferred to general reserve | (36.04) | (15.19) |
| Options forfeited, cancellation of equity contribution in the nature of ESOP issued | - | - |
| Balance as at the end of the year | 159.98 | 159.23 |
| iv. General reserve | | |
| Balance as at the beginning of the year | 484.79 | 1,438.14 |
| Options forfeited, transferred from share options outstanding account | 36.04 | 15.19 |
| Income tax on above items | (9.07) | (3.82) |
| Transfer to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (964.72) |
| Balance as at end of the year | 511.76 | 484.79 |
| v. Foreign currency monetary item translation reserve | | |
| Balance as at the beginning of the year | 13.87 | 29.44 |
| Reclassified to statement of profit and loss during the year | (5.89) | (20.81) |
| Income tax on above items | (7.98) | 5.24 |
| Balance as at the end of the year | - | 13.87 |
| vi. Retained earnings | | |
| Balance as at the beginning of the year | 14,658.88 | 18,771.09 |
| Profit for the year | 1,600.62 | 4,468.11 |
| Items of other comprehensive income recognised directly in retained earnings | 40.62 | (7.90) |
| Dividend (including dividend distribution tax) (refer note below) | (361.70) | (542.55) |
| Transfer to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (8,029.87) |
| Balance as at the end of the year | 15,938.42 | 14,658.88 |
| Total | 16,610.16 | 15,316.77 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

The following dividends were declared and paid by the Company during the year:

| Particulars | Rs. in million | |
|--|-----------------|-----------------|
| | 31-Mar-23 | 31-Mar-22 |
| Interim dividend on equity shares (March 31, 2023: Rs. 1.00 per share, March 31, 2022: Rs. 2.00 per share) | (180.85) | (361.70) |
| Final dividend on equity shares* (March 31, 2023: Rs. 1.00 per share, March 31, 2022: Rs. 1.00 per share) | (180.85) | (180.85) |
| Total | (361.70) | (542.55) |

* Final dividend paid during the year ended March 31, 2023 is related to dividend proposed for the year ended March 31, 2022. Final dividend paid during the year ended March 31, 2022 is related to dividend proposed for the year ended March 31, 2021.

After the reporting dates the following dividend were proposed by the directors; the dividends have not been recognised as liabilities.

| Particulars | Rs. in million | |
|---|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Final Dividend : Rs. 1 per equity share (March 31, 2022 : Rs. 1 per equity share) subject to approval at the annual general meeting | 180.85 | 180.85 |

Nature and purpose of other reserves

Capital reserve

Capital reserve was created on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The Company has established equity-settled share-based payment plans for certain categories of employees of the group. Refer note 45 for further details of these plans.

General Reserve

The General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Foreign currency monetary item translation reserve ('FCMITR')

FCMITR is created on transfer of exchange differences related to long term monetary items which were not related to purchase of property, plant and equipment and intangible assets. This reserve is amortised over the remaining life of the long term monetary item and is transferred to the statement of profit and loss.

Retained earnings

Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the company.



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| | Rs. in million | |
|---|-----------------|-----------------|
| Note 17 | 31-Mar-23 | 31-Mar-22 |
| Non-current borrowings | | |
| Secured | | |
| Term loans: | | |
| Indian currency loans from banks | 1,538.06 | 1,491.33 |
| Indian currency loans from others | 3,588.93 | 2,959.80 |
| Foreign currency loans from banks | 3,441.62 | 2,913.77 |
| Vehicle loans | 63.20 | 86.92 |
| | 8,631.81 | 7,451.82 |
| Less: Current maturities of term loans (refer note 20) | (2,470.46) | (2,151.38) |
| Less: Current maturities of vehicle loans (refer note 20) | (21.06) | (23.72) |
| Less: Transaction cost attributable to the borrowings | (133.79) | (152.76) |
| Total | 6,006.50 | 5,123.96 |

Footnotes:

(a) Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 39.

(b) Security information of outstanding loans is as below;

| | | Rs. in million | |
|--------------------|--|-----------------|-----------------|
| Nature of facility | Security offered | 31-Mar-23 | 31-Mar-22 |
| Term Loan | Secured by hypothecation of Property, plant and equipment, Capital work-in-progress, Intangible assets (DMFs and acquired brands) and Second pari passu (hypothecation) charge on current assets of the Company | 4,324.05 | 3,640.10 |
| Term Loan | Secured by hypothecation of Property, plant and equipment and Capital work-in-progress owned by the Company | 2,592.58 | 3,163.68 |
| Term Loan | Secured by hypothecation of Property, plant and equipment, Capital work-in-progress and Second pari passu (hypothecation) charge on current assets of the Company | 1,232.55 | - |
| Term Loan | Secured by hypothecation of Property, plant and equipment and Capital work-in-progress owned by Zuventus Healthcare Limited (a subsidiary of the Company) and Corporate Guarantee of Zuventus Healthcare Limited | 419.43 | 561.12 |
| Vehicle Loan | Secured by vehicles for which loan is availed | 63.20 | 86.92 |
| Total | | 8,631.81 | 7,451.82 |

Further, refer Note 47 for details of assets pledged as security by the Company.

(c) Repayment terms of borrowings;

| 31-Mar-23 | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|--------------|---|----------|------------------------------------|-----------------|-----------------|-----------------|---------------|
| Term Loan | 48 monthly installments from January 2020 ** | INR | 12 | 71.63 | - | - | - |
| Term Loan | 16 quarterly installments from January 2021 | INR | 7 | 125.00 | 93.75 | - | - |
| Term Loan | 16 equal quarterly installments from April 2018 ** | INR | 1 | 53.13 | - | - | - |
| Term Loan | 16 equal quarterly installments from April 2020 ** | INR | 5 | 121.88 | 80.95 | - | - |
| Term Loan | 60 monthly installments from December 2019 | INR | 23 | 50.00 | 45.83 | - | - |
| Term Loan | 20 Equal Quarterly Installments from May 2021 | INR | 12 | 200.00 | 200.00 | 200.00 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 36 | 140.00 | 140.00 | 140.00 | - |
| Term Loan | 8 Equal Quarterly Installments from June 2023 | INR | 8 | 186.92 | 250.00 | 63.08 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | 15.34 | - | - |
| Term Loan | 60 monthly installments from August 2019 | INR | 19 | 100.00 | 58.33 | - | - |
| Term Loan | 48 monthly installments from August 2021 | INR | 29 | 37.96 | 37.96 | 15.82 | - |
| Term Loan | 28 quarterly ballooning installments from April 2019 | INR | 9 | 106.75 | 141.70 | 141.70 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 29.76 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 36 | 160.00 | 160.00 | 160.00 | - |
| Term Loan | 16 Equal Quarterly Installments from April 2023 | INR | 16 | 350.00 | 350.00 | 700.00 | - |
| Term Loan | 8 Equal Quarterly Installments from January 2024 | INR | 8 | 50.00 | 200.00 | 150.00 | - |
| Term Loan | 48 monthly installments from March 2019 ** | USD | 2 | 58.95 | - | - | - |
| Term Loan | 12 equal half yearly installments from September 2020 | USD | 7 | 82.17 | 82.17 | 123.26 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 8 | 260.21 | 260.21 | 520.41 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 8 | 205.43 | 205.41 | 410.85 | - |
| Term Loan | 15 Quarterly Installments from September 2023 | USD | 15 | 110.93 | 221.86 | 899.76 | - |
| Vehicle Loan | Monthly installments starting from Aug 2017 and ending on Aug 2026 | INR | 06-41 | 21.06 | 18.87 | 23.27 | - |
| Total | | | | 2,491.52 | 2,562.38 | 3,577.91 | - |



(c) Repayment terms of borrowings (continued);

| 31-Mar-22 | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|--------------|--|----------|------------------------------------|---------------|--------------|--------------|---------------|
| Term Loan | 48 monthly installments from January 2020 ** | INR | 24 | 73.77 | 71.71 | - | - |
| Term Loan | 16 quarterly installments from January 2021 | INR | 11 | 125.00 | 125.00 | 93.75 | - |
| Term Loan | 16 equal quarterly installments from April 2018 ** | INR | 6 | 212.50 | 106.25 | - | - |
| Term Loan | 16 equal quarterly installments from April 2020 ** | INR | 10 | 162.50 | 162.50 | 80.95 | - |
| Term Loan | 60 monthly installments from December 2019 | INR | 35 | 40.84 | 50.00 | 45.83 | - |
| Term Loan | 20 Equal Quarterly installments from May 2021 | INR | 16 | 200.00 | 200.00 | 400.00 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 48 | 140.00 | 140.00 | 280.00 | - |
| Term Loan | 8 Equal Quarterly installments from June 2023 | INR | 8 | - | 73.85 | 73.85 | - |
| Term Loan | 2 Equal Monthly Instalment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 15.34 | - |
| Term Loan | 60 monthly installments from August 2019 | INR | 31 | 88.33 | 100.01 | 58.33 | - |
| Term Loan | 48 monthly installments from August 2021 | INR | 41 | 38.75 | 38.75 | 52.20 | - |
| Term Loan | 28 quarterly ballooning installments from April 2019 | INR | 13 | 106.27 | 141.70 | 283.39 | - |
| Term Loan | 2 Equal Monthly Instalment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 29.76 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 48 | 160.00 | 160.00 | 320.00 | - |
| Term Loan | 48 monthly installments from March 2019 ** | USD | 18 | 250.80 | 127.24 | - | - |
| Term Loan | 12 equal half yearly installments from September 2020 | USD | 9 | 75.79 | 75.79 | 189.47 | - |
| Term Loan | 16 equal quarterly installments from May 2018 ** | USD | 2 | 47.37 | - | - | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 10 | 239.99 | 239.99 | 719.98 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 10 | 189.47 | 189.47 | 568.41 | - |
| Vehicle Loan | Monthly installments starting from Aug 2017 | INR | 05-53 | 23.72 | 21.06 | 42.14 | - |
| | Total | | | 2,175.10 | 2,023.32 | 3,253.40 | - |

** Repayment Terms are further elongated by 6 Months on account of availment of Moratorium based on RBI Guidelines vide no. RBI/2019-20/186.

(d) The long term borrowing facilities are repayable with a range of interest for foreign currency loans in USD at Libor or SOFR with spread ranging from 154 bps to 350 bps (March 31, 2022 : 325 bps to 350 bps). For Rupee loans MCLR, LTRR, LTLR or MIBOR with various spreads ranging from 65 bps to 359 bps (March 31, 2022 : 35 bps to 320 bps) and vehicle loan ranging from 7.20% to 9.39% (March 31, 2022 : 7.20% p.a. to 9.39% p.a.)



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Rs. in million

| Note 18 | 31-Mar-23 | 31-Mar-22 |
|--|---------------|---------------|
| Other non-current financial liabilities | | |
| Trade deposits (refer footnote (a) below) | 93.17 | 90.05 |
| Allowance for expected sales returns (refer note 22) | 162.70 | 160.40 |
| Other deposits (refer footnote (b) below) | 51.75 | 53.61 |
| Total | 307.62 | 304.06 |

Footnotes:

(a) Includes deposit from firm in which directors of the Company are interested - Rs. 10.00 million (March 31, 2022 : Rs. 10.00 million).

(b) Includes deposit from Company in which directors of the Company are interested - Rs. Nil (March 31, 2022 : Rs. 0.15 million) and includes deposit from subsidiaries - Rs. 51.03 million (March 31, 2022 : Rs. 52.74 million).

Rs. in million

| Note 19 | 31-Mar-23 | 31-Mar-22 |
|------------------------------------|---------------|---------------|
| Non-current provisions | | |
| Provision for employee benefits | | |
| Provision for compensated absences | 212.82 | 212.35 |
| Total | 212.82 | 212.35 |

Rs. in million

| Note 20 | 31-Mar-23 | 31-Mar-22 |
|--|------------------|------------------|
| Current borrowings | | |
| Secured | | |
| Current maturities of term loans (refer note 17) | 2,470.46 | 2,151.38 |
| Current maturities of vehicle loans (refer note 17) | 21.06 | 23.72 |
| Cash credit facilities / bank overdraft repayable on demand from banks | 3,350.66 | 4,242.69 |
| Working capital loans from banks | 4,736.60 | 4,213.07 |
| Interest accrued but not due on borrowings | 102.61 | 50.30 |
| | 10,681.39 | 10,681.16 |
| Less: Transaction cost attributable to the borrowings | (10.32) | (16.93) |
| Total | 10,671.07 | 10,664.23 |

Footnotes:

1. Borrowings from banks are secured by hypothecation of inventories, book debts and receivables (refer note 47).

2. The Cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year, with a range of interest for foreign currency loans in USD at SOFR+70 bps to SOFR + 110 bps, foreign currency loans in EURO at EURIBOR + 100 bps and for Rupee loans 7.60% p.a. to 9.30% p.a (March 31, 2022 : foreign currency loans of LIBOR + 85 bps to LIBOR + 250 bps and for Rupee loans 7.25% p.a. to 8.20% p.a.)



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|--|-----------------|-----------------|
| Note 21 | 31-Mar-23 | 31-Mar-22 |
| Trade payables | | |
| Trade payables to related parties (refer note 43) | 990.01 | 322.59 |
| Other trade payables | | |
| Total outstanding dues of micro and small enterprises (refer footnote (c) below) | 130.95 | 216.46 |
| Total outstanding dues of creditors other than micro and small enterprises | 5,613.40 | 5,474.64 |
| Total | 6,734.36 | 6,013.69 |

Footnotes:

- (a) All trade payables are current.
(b) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.
(c) There are no micro and small enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at year end. Refer note 50, for information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

Trade payables ageing schedule;

| | Rs. in million | | | | | |
|---|----------------|------------------|--------------|--------------|-------------------|-----------------|
| As at March 31, 2023 | Unbilled dues | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Micro and small enterprises | 0.07 | 130.88 | - | - | - | 130.95 |
| Others | 978.61 | 5,506.43 | 90.72 | 15.57 | 12.08 | 6,603.41 |
| Disputed dues - Micro and small enterprises | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 978.68 | 5,637.31 | 90.72 | 15.57 | 12.08 | 6,734.36 |

| | Rs. in million | | | | | |
|---|----------------|------------------|--------------|-------------|-------------------|-----------------|
| As at March 31, 2022 | Unbilled dues | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Micro and small enterprises | 0.02 | 216.44 | - | - | - | 216.46 |
| Others | 577.85 | 5,180.97 | 31.76 | 3.08 | 3.57 | 5,797.23 |
| Disputed dues - Micro and small enterprises | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 577.87 | 5,397.41 | 31.76 | 3.08 | 3.57 | 6,013.69 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|---|-----------------|-----------------|
| | 31-Mar-23 | 31-Mar-22 |
| Note 22 | | |
| Other current financial liabilities | | |
| Employee benefits payable | 1,182.55 | 1,059.66 |
| Creditors for capital assets | 327.36 | 402.38 |
| Allowance for expected sales returns (refer footnote (c) below) | 280.70 | 253.00 |
| Other payables (refer note (b) below) | 34.68 | 32.68 |
| Total | 1,825.29 | 1,747.72 |

Footnote:

(a) The Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 39.

(b) Includes amount payable to related parties for commission/interest amounting to Rs. 16.77 million (March 31, 2022 - Rs. 23.77 million). It also includes other claims on the Company as on period end date.

(c) Allowance for anticipated sales returns subsequent to sales

Allowance has been made towards probable return of goods from customers, as per Indian Accounting Standard (Ind AS) 115 estimated by management based on past trends.

| | Rs. in million | |
|---|----------------|---------------|
| Particulars | 31-Mar-23 | 31-Mar-22 |
| Beginning of the year | 413.40 | 401.23 |
| Allowance created during the year | 603.42 | 739.10 |
| Allowance utilised during the year | (573.42) | (726.93) |
| At the end of the year (non-current and current) | 443.40 | 413.40 |

| | Rs. in million | |
|--|----------------|---------------|
| | 31-Mar-23 | 31-Mar-22 |
| Note 23 | | |
| Current provisions | | |
| Provision for employee benefits | | |
| Provision for compensated absences | 132.20 | 127.86 |
| Provision for gratuity (refer note 44) | 58.42 | 104.69 |
| Total | 190.62 | 232.55 |

| | Rs. in million | |
|--|----------------|---------------|
| | 31-Mar-23 | 31-Mar-22 |
| Note 24 | | |
| Other current liabilities | | |
| Statutory dues including provident fund and tax deducted at source | 115.74 | 157.52 |
| Contract liabilities (advances from customers) (refer notes below) | 118.81 | 80.70 |
| Total | 234.55 | 238.22 |

Footnotes:

(a) The amount of Rs. 80.70 million included in contract liabilities at March 31, 2022 has been recognised as revenue during the year ended March 31, 2023 (March 31, 2022 : Rs. 237.47 million).

(b) Includes advance received from related parties Rs. 48.21 million (March 31, 2022 : Nil).



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|--|------------------|------------------|
| | 31-Mar-23 | 31-Mar-22 |
| Note 25 | | |
| Revenue from operations* | | |
| Revenue from contracts with customers | | |
| Sale of products | 30,453.27 | 32,990.80 |
| Sale of services | 436.67 | 798.45 |
| Other operating revenue | | |
| Scrap sales | 61.87 | 56.42 |
| Income from Government Grants: | | |
| Income arising from government grant (refer note 54) | 71.70 | - |
| Export incentives | 29.24 | 26.75 |
| Indirect tax refund received (refer note 51) | 18.11 | - |
| Total | 31,070.86 | 33,872.42 |

*Refer note 46 for details of revenue from contract with customers.

| | 31-Mar-23 | 31-Mar-22 |
|---|-----------------|-----------------|
| Note 26 | | |
| Other income | | |
| Interest income under the effective interest method from: | | |
| Banks and others | 13.37 | 13.14 |
| Intercompany loans | 35.30 | 77.94 |
| Dividend received from subsidiary | 319.20 | 319.20 |
| Profit on sale of property, plant and equipment | - | 1.30 |
| Gains on foreign exchange fluctuation (net) | 294.69 | 416.38 |
| Income on amortisation of financial guarantee liability (refer note 43) | - | 32.07 |
| Miscellaneous income (refer note below) | 590.93 | 466.78 |
| Total | 1,253.49 | 1,326.81 |

Footnote:

Majorly include income from related parties like rent income, corporate cross charge, financial guarantee fees, etc. Refer note 43 for details.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Rs. in million

| Note 27 | 31-Mar-23 | 31-Mar-22 |
|--|-----------------|------------------|
| Cost of material consumed | | |
| A: Raw material consumed | | |
| Opening inventory | 3,112.92 | 2,578.65 |
| Add : Purchases (net) | 7,779.37 | 9,695.30 |
| | 10,892.29 | 12,273.95 |
| Less: Closing inventory | 2,766.46 | 3,112.92 |
| Cost of raw materials consumed during the year | 8,125.83 | 9,161.03 |
| B: Packing material consumed | | |
| Opening inventory | 539.96 | 473.27 |
| Add : Purchases (net) | 1,483.04 | 1,626.56 |
| | 2,023.00 | 2,099.83 |
| Less: Closing inventory | 760.16 | 539.96 |
| Cost of packing materials consumed during the year | 1,262.84 | 1,559.87 |
| Total (A+B) | 9,388.67 | 10,720.90 |

Rs. in million

| Note 28 | 31-Mar-23 | 31-Mar-22 |
|--|---------------|-----------------|
| Changes in inventories of finished goods, work-in-progress and stock in trade | | |
| Opening inventory | | |
| Work-in-process | 1,183.87 | 1,144.83 |
| Finished goods | 1,448.01 | 1,179.89 |
| Stock in trade | 545.82 | 491.98 |
| | 3,177.70 | 2,816.70 |
| Less: Closing inventory | | |
| Work-in-process | 1,132.05 | 1,183.87 |
| Finished goods | 1,301.44 | 1,448.01 |
| Stock in trade | 599.75 | 545.82 |
| | 3,033.24 | 3,177.70 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | 144.46 | (361.00) |

Rs. in million

| Note 29 | 31-Mar-23 | 31-Mar-22 |
|---|-----------------|-----------------|
| Employee benefit expenses | | |
| Salaries, wages and bonus | 5,746.85 | 5,352.40 |
| Contribution to provident and other funds (refer note 44) | 319.86 | 294.48 |
| Gratuity (refer note 44) | 118.24 | 100.75 |
| Employee share-based payment (refer note 45) | 22.68 | 32.63 |
| Staff welfare expenses | 284.15 | 259.19 |
| Total | 6,491.78 | 6,039.45 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|---|-----------------|-----------------|
| Note 30 | 31-Mar-23 | 31-Mar-22 |
| Other expenses | | |
| Processing charges | 280.11 | 306.64 |
| Factory consumables | 1,115.77 | 957.19 |
| Power and fuel | 804.08 | 724.62 |
| Insurance | 132.63 | 111.43 |
| Repairs and maintenance | 414.34 | 413.15 |
| Rent (refer note 3) | 6.55 | 5.42 |
| Rates and taxes | 58.70 | 116.90 |
| Freight and forwarding expenses | 385.45 | 531.66 |
| Advertisement and promotional materials | 1,508.33 | 1,147.25 |
| Travelling and conveyance | 920.91 | 528.03 |
| Commission on sales | 419.41 | 297.22 |
| Printing and stationery | 74.28 | 63.44 |
| Legal and professional fees | 900.58 | 623.50 |
| Contractual services | 317.47 | 291.86 |
| Payment to auditors (refer note below) | 6.28 | 7.18 |
| Commission to non executive directors | 16.60 | 23.60 |
| Directors sitting fees | 2.32 | 4.34 |
| Loss allowance for doubtful debts | 52.74 | 24.91 |
| Bad debts written off | 23.94 | 13.91 |
| Loss on sale of property, plant and equipment | 2.53 | - |
| Expenditure towards corporate social responsibility (refer note 52) | 101.19 | 77.29 |
| Miscellaneous expenses | 513.01 | 427.81 |
| Total | 8,057.22 | 6,697.35 |

Footnote - Payment to auditors:

| | Rs. in million | |
|------------------------|----------------|-------------|
| Particulars | 31-Mar-23 | 31-Mar-22 |
| Audit fees | 5.18 | 5.18 |
| Other services* | 0.69 | 1.80 |
| Out of pocket expenses | 0.41 | 0.20 |
| Total | 6.28 | 7.18 |

* Excludes payment to auditors amounting to Rs. Nil (March 31, 2022 - Rs. 27.43 million) towards IPO related services grouped under Prepaid expenses.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|---|-----------------|-----------------|
| Note 31 | 31-Mar-23 | 31-Mar-22 |
| Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment | 1,419.11 | 1,297.51 |
| Amortisation of intangible assets | 220.12 | 230.60 |
| Depreciation on right-of-use assets | 146.01 | 129.81 |
| Total | 1,785.24 | 1,657.92 |

| | Rs. in million | |
|---|-----------------|-----------------|
| Note 32 | 31-Mar-23 | 31-Mar-22 |
| Finance cost | | |
| Interest on long-term borrowings measured at amortised cost | 658.94 | 617.03 |
| Interest on short-term borrowings measured at amortised cost | 523.19 | 390.02 |
| Interest on shortfall of advance income tax | 2.21 | 27.58 |
| Interest accrued on lease liabilities | 90.67 | 83.00 |
| Other borrowing costs | 173.29 | 188.50 |
| Exchange differences to the extent regarded as an adjustment to borrowing costs | 220.03 | 145.24 |
| Total | 1,668.33 | 1,451.37 |

| | Rs. in million | |
|---|----------------|-----------|
| Note 33 | 31-Mar-23 | 31-Mar-22 |
| Exceptional items | | |
| Share issue expenses written off (see footnote below) | 61.46 | - |
| Total | 61.46 | - |

Footnote:

Share issue expenses written off in the current year were in respect of the Company's Proposed Initial Public Offer.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

| | Rs. in million | |
|--|----------------|-----------------|
| Note 34 | 31-Mar-23 | 31-Mar-22 |
| Tax expenses recognised in statement of profit and loss | | |
| Current tax | | |
| Current tax on profits for the year | 510.54 | 1,526.17 |
| Tax related to prior years | 20.49 | 161.01 |
| Total current tax expense | 531.03 | 1,687.18 |
| Deferred tax | | |
| Originating and reversal of temporary differences | (7.92) | (2.43) |
| Changes in recognised temporary differences of earlier years | (0.35) | 11.37 |
| Total deferred tax expense/(benefit) | (8.27) | 8.94 |
| Total | 522.76 | 1,696.12 |

| | Rs. in million | |
|---|----------------|-------------|
| | 31-Mar-23 | 31-Mar-22 |
| Tax (expenses)/income recognised in other comprehensive income | | |
| Remeasurements of post-employment benefit obligations | (13.66) | 2.66 |
| Total | (13.66) | 2.66 |

| | Rs. in million | |
|--|----------------|-------------|
| | 31-Mar-23 | 31-Mar-22 |
| Tax expense recognised in other equity | | |
| Foreign currency monetary item translation reserve | (7.98) | 5.24 |
| General Reserve | (9.07) | (3.82) |
| Total | (17.05) | 1.42 |

| | Rs. in million | | | |
|--|----------------|---------------|---------------|-----------------|
| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | 31-Mar-23 | | 31-Mar-22 | |
| Profit before tax | | 2,123.38 | | 6,164.23 |
| Profit before tax expense | | 2,123.38 | | 6,164.23 |
| Tax using the Company's domestic tax rate of 25.17% (Mar 31, 2022 : 25.17%) | 25.17% | 534.41 | 25.17% | 1,551.41 |
| <i>Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:</i> | | | | |
| Non taxable income | -3.78% | (80.34) | -1.30% | (80.34) |
| Non deductible expenses | 2.27% | 48.23 | 0.86% | 52.73 |
| Tax related to prior years | 0.96% | 20.49 | 2.61% | 161.01 |
| Changes in recognised temporary differences of earlier years | -0.02% | (0.35) | 0.18% | 11.37 |
| Other items | 0.01% | 0.32 | 0.00% | (0.06) |
| Effective tax rate | 24.62% | 522.76 | 27.52% | 1,696.12 |

| | Rs. in million | |
|--|-----------------|-----------------|
| Note 35 | 31-Mar-23 | 31-Mar-22 |
| Deferred tax assets/(liabilities) - net | | |
| Deferred tax assets: | | |
| Income statement | | |
| Loss allowance - trade receivables | 98.30 | 81.10 |
| Provision - employee benefit | 101.63 | 119.54 |
| Loans to subsidiaries | - | 9.74 |
| Lease Liability | 263.95 | 230.31 |
| Total deferred tax assets | 463.88 | 440.69 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | 488.01 | 466.82 |
| Intangible assets | 49.08 | 65.64 |
| Right to use asset | 229.20 | 205.25 |
| Total deferred tax liabilities | 766.29 | 737.71 |
| Deferred tax asset/(liability) - net | (302.41) | (297.02) |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 35: Deferred tax assets/(liabilities) - net (continued)

Rs. in million

| Movement of Deferred tax assets / liabilities | Net deferred tax assets/(liabilities) as at 01-Apr-22 | Transferred to statement of profit and loss | Transferred to Other comprehensive income | Others | Net deferred tax assets/(liabilities) as at 31-Mar-23 |
|---|---|---|---|----------|---|
| Loss allowance - trade receivables | 81.10 | 17.20 | - | - | 98.30 |
| Provision - Employee benefit | 119.54 | (4.25) | (13.66) | - | 101.63 |
| Financial guarantee liability | - | - | - | - | - |
| Lease Liability | 230.31 | 33.64 | - | - | 263.95 |
| Loans to subsidiaries | 9.74 | (9.74) | - | - | - |
| Property, plant and equipment | (466.82) | (21.19) | - | - | (488.01) |
| Intangible assets | (65.64) | 16.56 | - | - | (49.08) |
| Right to use asset | (205.25) | (23.95) | - | - | (229.20) |
| Total | (297.02) | 8.27 | (13.66) | - | (302.41) |

Rs. in million

| Movement of Deferred tax assets / liabilities | Net deferred tax assets/(liabilities) as at 01-Apr-21 | Transferred to statement of profit and loss | Transferred to Other comprehensive income | Others (refer note 53) | Net deferred tax assets/(liabilities) as at 31-Mar-22 |
|---|---|---|---|------------------------|---|
| Loss allowance - trade receivables | 88.59 | 3.16 | - | (10.65) | 81.10 |
| Provision - Employee benefit | 107.54 | 9.34 | 2.66 | - | 119.54 |
| Financial guarantee liability | 8.06 | (8.06) | - | - | - |
| Lease Liability | 153.86 | 76.45 | - | - | 230.31 |
| Loans to subsidiaries | 15.21 | (5.47) | - | - | 9.74 |
| Property, plant and equipment | (425.73) | (41.09) | - | - | (466.82) |
| Intangible assets | (88.09) | 22.45 | - | - | (65.64) |
| Right to use asset | (139.53) | (65.72) | - | - | (205.25) |
| Total | (280.09) | (8.94) | 2.66 | (10.65) | (297.02) |

Rs. in million

| Note 36 | 31-Mar-23 | 31-Mar-22 |
|--|---------------|-----------------|
| Income tax assets/(liabilities) (net) | | |
| Income Tax assets (net of provision) | 199.00 | 55.78 |
| Income Tax liabilities (net of advance tax) | (205.80) | (357.65) |
| Income Tax assets/(liabilities) (net) | (6.80) | (301.87) |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 37 : Earnings per share

| Particulars | 31-Mar-23 | 31-Mar-22 |
|--|--------------|--------------|
| Basic earnings per share | | |
| A. Profit after tax attributable to equity shareholders (Rs. in million) | 1,600.62 | 4,468.11 |
| B. Profit after tax attributable to equity shareholders (Rs. in million) | 1,600.62 | 4,468.11 |
| C. Weighted average number of equity shares for the year | 18,08,52,116 | 18,08,52,116 |
| Basic earnings per share (Rs.) (B/C) | 8.85 | 24.71 |
| Diluted earnings per share | | |
| E. Adjusted net profit for the year (Rs. in million) (refer note below) | 1,600.62 | 4,468.11 |
| F. Adjusted net profit for the year (Rs. in million) (refer note below) | 1,600.62 | 4,468.11 |
| Weighted average number of equity shares for the year | 18,08,52,116 | 18,08,52,116 |
| Add: Effect of employee stock options* | - | - |
| G. Weighted average number of equity share (diluted) for the year | 18,08,52,116 | 18,08,52,116 |
| Diluted earnings per share (Rs.) (F/G) | 8.85 | 24.71 |
| Face value per share (Rs.) | 10.00 | 10.00 |

Note: Reconciliations of earnings used for calculating diluted earnings per share

| Particulars | 31-Mar-23 | Rs. in million 31-Mar-22 |
|---|-----------------|-----------------------------|
| Basic earnings per share | | |
| Profit attributable to the equity holders of the company used in calculating basic earnings per share: | 1,600.62 | 4,468.11 |
| Add: Employee share-based payment (net of tax)* | - | - |
| Profit attributable to the equity holders of the company used for calculating diluted earnings per share | 1,600.62 | 4,468.11 |

* The effect of conversion of potential equity share for the year ended March 31, 2023 and year ended March 31, 2022 is excluded, since the impact on earnings per share is anti dilutive.

Note 38 : Capital management

The Company's objectives when managing capital are to;

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Generally consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The Company's strategy is to maintain a gearing ratio less than 1.50x. Refer note 56 for gearing ratio as at end of reporting period.



Note 39 : Financial risk management

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company's risk management is carried out by central treasury department under guidance of the board of directors and the core management team of the Company, and it focuses on actively ensuring the minimal impact of Company's financial position. The Company does not have any direct significant exposure on commodities.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the standalone financial statements.

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, other financial assets measured at amortised cost. | Ageing analysis & credit ratings | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other financial liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.) | Cash flow forecasting Sensitivity analysis | Effective management of foreign exchange outflow and inflow. Borrowing in foreign currency to fulfil foreign currency obligation |
| Market risk - interest rate | Borrowings at variable rates | Sensitivity analysis | Ongoing review of existing borrowing rates and seeking for new facilities at lower rate. |

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 other financial assets. 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. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents, inter corporate loans and deposits.

Further, the Company also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Company depending on the diversity of its asset base, uses appropriate groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Company limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Company considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Company has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance sheet.

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice significant domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure except for receivables from related parties. However, the Company does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Further, majority of the receivables pertains to receivables from Subsidiaries, wherein the concentration of credit risk is considered to be low. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

The Company's exposure to credit risk for trade receivables, other receivables, loans and contract assets by geographic region was as follows;

| | 31-Mar-23 | 31-Mar-22 |
|---------------|-----------|-----------|
| Within India | 12,487.88 | 9,176.66 |
| Outside India | 7,908.22 | 9,372.39 |
| | 20,396.10 | 18,549.05 |

Year ended March 31, 2023:

Expected credit loss for trade receivables under simplified approach

| Ageing | Not Due | 0-90 days past due | 91-180 days past due | 181-270 days past due | 271-360 days past due | More than 360 days past due | Total |
|---|----------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|-----------|
| Gross carrying amount | 5,927.07 | 2,000.50 | 585.31 | 495.06 | 640.65 | 1,286.94 | 10,935.53 |
| Weighted-average loss rate (includes interest as well as credit loss) | -3.21% | -1.58% | -2.14% | -3.91% | -2.20% | -9.55% | -3.57% |
| Expected credit losses (loss allowance provision) | (190.01) | (31.61) | (12.51) | (19.36) | (14.12) | (122.96) | (390.57) |
| Carrying amount of trade receivables (net of loss allowance) | 5,737.06 | 1,968.89 | 572.80 | 475.70 | 626.53 | 1,163.98 | 10,544.96 |



Note 39 : Financial risk management (continued)

Year ended March 31, 2022:

Expected credit loss for trade receivables under simplified approach

Rs. in million

| Ageing | Not Due | 0-90 days past due | 91-180 days past due | 181-270 days past due | 271-360 days past due | More than 360 days past due | Total |
|---|----------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|-----------|
| Gross carrying amount | 4,610.64 | 2,954.66 | 1,032.23 | 742.13 | 387.57 | 685.92 | 10,413.15 |
| Weighted-average loss rate (includes interest as well as credit loss) | -2.01% | -1.53% | -2.98% | -4.17% | -3.23% | -16.09% | -3.09% |
| Expected credit losses (loss allowance provision) | (92.62) | (45.07) | (30.74) | (30.96) | (12.50) | (110.34) | (322.23) |
| Carrying amount of trade receivables (net of loss allowance) | 4,518.02 | 2,909.59 | 1,001.49 | 711.17 | 375.07 | 575.58 | 10,090.92 |

There are no financial assets which have been written off during the year which are subject to enforcement activity.

Reconciliation of loss allowance provision — Trade receivables

Rs. in million

| Particulars | 31-Mar-23 | 31-Mar-22 |
|--|-----------|-----------|
| Loss allowance as at the beginning of the year | 322.23 | 351.98 |
| Amounts written off | (23.94) | (13.91) |
| Transfer to Avet Lifesciences Limited pursuant to demerger (Refer note 53) | - | (42.31) |
| Net remeasurement of loss allowances | 92.28 | 26.47 |
| Loss allowance as at the end of the year | 390.57 | 322.23 |

Cash and cash equivalents and deposits with banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, Company maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Company manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Company maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

Financing arrangements

The Company has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities.

Rs. in million

| Contractual maturities of financial liabilities | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years | Total |
|---|------------------|-----------------|-----------------|---------------|------------------|
| March 31, 2023 | | | | | |
| Trade payable | 6,734.36 | - | - | - | 6,734.36 |
| Borrowings | 10,671.07 | 2,482.08 | 3,524.42 | - | 16,677.57 |
| Lease Liabilities | 191.45 | 171.43 | 395.18 | 973.55 | 1,731.61 |
| Trade deposit | - | - | 93.17 | - | 93.17 |
| Other financial liabilities | 1,825.29 | 122.03 | 92.42 | - | 2,039.74 |
| Total | 19,422.17 | 2,775.54 | 4,105.19 | 973.55 | 27,276.45 |
| March 31 2022 | | | | | |
| Trade payable | 6,013.69 | - | - | - | 6,013.69 |
| Borrowings | 10,664.23 | 2,002.00 | 3,121.96 | - | 15,788.19 |
| Lease Liabilities | 167.26 | 150.12 | 318.89 | 916.65 | 1,552.92 |
| Trade deposit | - | - | 90.05 | - | 90.05 |
| Other financial liabilities | 1,747.72 | 120.30 | 93.71 | - | 1,961.73 |
| Total | 18,592.90 | 2,272.42 | 3,624.61 | 916.65 | 25,406.58 |



Note 39 : Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Company operates in international markets and a significant portion of its business is transacted in different currencies and consequently the group is exposed to foreign exchange risk through its sales and services and imported purchase to/from various countries.

The Company's foreign currency exposure is mainly in USD, EURO, CAD and GBP. The Company's financial liabilities in foreign currency mainly constitutes of bank loans which are repayable over the period of 5 years and trade payables. With sufficient export receivables, the Company has positive net currency asset base as compared to liabilities. Further, the Company receives foreign currency against its exports receivables on regular basis against which the Company pays its loan and import commitments. The Company has significant amount receivable in foreign currency from its subsidiaries which are generally collected on time. To mitigate the risk arising on account of foreign exchange fluctuation, management closely monitors the cash inflows based on review of expected future movement in foreign currencies.

The bulk of contributions to the Company's assets, liabilities, income and expenses in foreign currency are denominated in USD, EURO, GBP and CAD. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

| | | In million | | | |
|--|--------------------------|----------------|-----------|------------------|-----------|
| Foreign currency risk exposure: | Currency | Rs. In million | | Foreign Currency | |
| | | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Financial assets | | | | | |
| Receivables (including other receivables) | EURO | 444.58 | 742.02 | 4.98 | 8.85 |
| | USD | 4,810.83 | 4,817.45 | 58.55 | 63.56 |
| | GBP | 92.04 | 1,184.77 | 0.91 | 11.90 |
| | CAD | 1,032.96 | 885.38 | 17.02 | 14.39 |
| | ZAR | 109.83 | - | 23.77 | - |
| | Others* | 54.37 | 39.54 | 1.53 | 1.22 |
| Loans to subsidiaries | USD | 295.59 | 283.99 | 3.60 | 3.75 |
| | CAD | 23.97 | 1,032.07 | 0.40 | 17.00 |
| Interest receivable on loans to subsidiaries | USD | 148.53 | 118.83 | 1.81 | 1.57 |
| Cash and cash equivalents | USD | 519.32 | 258.37 | 6.32 | 3.41 |
| | EURO | 143.72 | 9.91 | 1.61 | 0.12 |
| | GBP | 112.07 | - | 1.11 | - |
| | CAD | 120.39 | - | 1.98 | - |
| | Others* | 0.02 | 0.06 | 0.02 | 0.06 |
| | Total | | 7,908.22 | 9,372.39 | |
| Financial liabilities | | | | | |
| Payables (including other payables) | EURO | 302.25 | 66.36 | 3.39 | 0.79 |
| | USD | 1,190.72 | 1,080.22 | 14.49 | 14.24 |
| | GBP | 221.66 | 0.50 | 2.19 | - |
| | CAD | 28.17 | 22.23 | 0.46 | 0.37 |
| | Others* | 12.68 | 12.77 | 0.23 | 0.22 |
| | Interest Payable on loan | USD | 83.83 | 40.53 | 1.02 |
| GBP | | - | 0.61 | - | 0.01 |
| EURO | | 2.34 | 0.01 | 0.03 | - |
| Loans payable | USD | 5,389.05 | 3,974.79 | 65.58 | 52.45 |
| | GBP | - | 428.07 | - | 4.30 |
| | EURO | 802.78 | 251.67 | 9.00 | 3.00 |
| Total | | 8,033.48 | 5,877.76 | | |

* Foreign currency of insignificant amount

Sensitivity for significant currencies to which the Company is exposed:

| Particulars | Rs. in million | |
|---|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| USD sensitivity | | |
| USD/INR - Increase by 4% (March 31, 2022: 4%)* | (35.57) | 15.32 |
| USD/INR - Decrease by 4% (March 31, 2022: 4%)* | 35.57 | (15.32) |
| EURO sensitivity | | |
| EURO/INR - Increase by 2% (March 31, 2022: 2%)* | (10.38) | 8.68 |
| EURO/INR - Decrease by 2% (March 31, 2022: 2%)* | 10.38 | (8.68) |
| GBP sensitivity | | |
| GBP/INR - Increase by 8% (March 31, 2022: 8%)* | (1.40) | 60.45 |
| GBP/INR - Decrease by 8% (March 31, 2022: 8%)* | 1.40 | (60.45) |
| CAD sensitivity | | |
| CAD/INR - Increase by 4% (March 31, 2022: 4%)* | 45.97 | 75.81 |
| CAD/INR - Decrease by 4% (March 31, 2022: 4%)* | (45.97) | (75.81) |

* Holding all other variables constant



Note 39 : Financial risk management (continued)

C) Market risk (continued)

Interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to interest rate risk. During March 31, 2023 and March 31, 2022, the Company's borrowings at variable rate were mainly denominated in INR and USD.

Interest rate risk exposure

The Company's interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

As a part of Company's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps, contracts to hedge foreign currency risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing except vehicle loan are at floating rate. Refer note no. 17.

Sensitivity

The Company's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are mainly linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

| Particulars | Rs. in million | |
|---|-----------------------------|-----------|
| | Impact on profit before tax | |
| | 31-Mar-23 | 31-Mar-22 |
| Interest rates — increase by 25 basis points (25 bps) * | (41.44) | (39.34) |
| Interest rates — decrease by 25 basis points (25 bps) * | 41.44 | 39.34 |

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 4.00% p.a. to 8.25% p.a (March 31, 2022: 2.75% p.a. to 6.60%). As the interest rates do not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.



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For the year ended March 31, 2023

Financial instruments and risk management

Note 40 : Fair value measurements

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

| March 31, 2023 | | | | Rs. in million |
|---|----------------------------|------------------|-----------------|------------------|
| Particulars | Carrying amounts valued at | | | |
| | Fair value | Amortised Cost | Cost | Total |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Level 3 | | | | |
| Investment in LLP (FVOCI) | 250.00 | - | - | 250.00 |
| Financial assets not measured at fair value* | | | | |
| Investments in Subsidiaries / others | - | - | 6,650.16 | 6,650.16 |
| Loans to related parties (including accrued interest) | - | 468.87 | - | 468.87 |
| Security deposits | - | 155.46 | - | 155.46 |
| Trade receivables | - | 10,544.96 | - | 10,544.96 |
| Cash and cash equivalents | - | 1,220.15 | - | 1,220.15 |
| Term deposits with banks (including accrued interest) | - | 212.02 | - | 212.02 |
| Other financial assets | - | 894.48 | - | 894.48 |
| Total Financial assets | 250.00 | 13,495.94 | 6,650.16 | 20,396.10 |
| Financial liabilities not measured at fair value* | | | | |
| Borrowings | - | 16,677.57 | - | 16,677.57 |
| Trade deposits | - | 93.17 | - | 93.17 |
| Lease Liabilities | - | 1,048.76 | - | 1,048.76 |
| Trade payables | - | 6,734.36 | - | 6,734.36 |
| Creditors for capital assets | - | 327.36 | - | 327.36 |
| Other Financial liabilities | - | 1,712.38 | - | 1,712.38 |
| Total financial liabilities | - | 26,593.60 | - | 26,593.60 |

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature. Fair value of long-term financial assets and financial liabilities carried at amortized cost is not materially different from the carrying amount.

There are no transfers between any levels during the year.

Determination of fair values:

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the balance sheet, as well as the significant unobservable inputs used in measuring Level 3 fair values for financial instruments. Related valuation processes are described in Note 18(e).

| Investment in LLP | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|---|
| Net Asset Value Method and CCM : Net asset-valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. CCM method involves valuing a company using the market multiples derived from valuation of comparable companies which are listed on stock exchanges | Revenue multiple/ Enterprise value multiple | Increase in revenue/ Enterprise value multiple will increase the fair value |



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For the year ended March 31, 2023

Note 40 : Fair value measurements (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

| March 31, 2022 | | | | |
|---|----------------------------|------------------|-----------------|------------------|
| Particulars | Carrying amounts valued at | | | |
| | Fair value | Amortised Cost | Cost | Total |
| Financial assets measured at fair value through other comprehensive income Level 3 | | | | |
| Investment in LLP (FVOCI) | 250.00 | - | - | 250.00 |
| Financial assets not measured at fair value* | | | | |
| Investments in Subsidiaries / others | - | - | 5,383.59 | 5,383.59 |
| Loans to related parties (including accrued interest) | - | 1,396.19 | - | 1,396.19 |
| Security deposits | - | 131.21 | - | 131.21 |
| Trade receivables | - | 10,090.92 | - | 10,090.92 |
| Cash and cash equivalents | - | 309.23 | - | 309.23 |
| Term deposits with banks (including accrued interest) | - | 189.09 | - | 189.09 |
| Other financial assets | - | 798.82 | - | 798.82 |
| Total Financial assets | - | 12,915.46 | 5,383.59 | 18,549.05 |
| Financial liabilities not measured at fair value* | | | | |
| Borrowings | - | 15,788.19 | - | 15,788.19 |
| Trade deposits | - | 90.05 | - | 90.05 |
| Lease Liabilities | - | 915.08 | - | 915.08 |
| Trade payables | - | 6,013.69 | - | 6,013.69 |
| Creditors for capital assets | - | 402.38 | - | 402.38 |
| Other Financial liabilities | - | 1,559.35 | - | 1,559.35 |
| Total financial liabilities | - | 24,768.74 | - | 24,768.74 |

* The Company has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature. Fair value of long-term financial assets and financial liabilities carried at amortized cost is not materially different from the carrying amount.

There are no transfers between any levels during the year.

Determination of fair values:

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the balance sheet, as well as the significant unobservable inputs used in measuring Level 3 fair values for financial instruments. Related valuation processes are described in Note 1B(e).

| Investment in LLP | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|--|---|
| Net Asset Value Method and CCM : Net asset-valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. CCM method involves valuing a company using the market multiples derived from valuation of comparable companies which are listed on stock exchanges | Revenue multiple/ Enterprise value multiple | Increase in revenue/ Enterprise value multiple will increase the fair value |



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Note 41 : Contingent liabilities (to the extent not provided for)

A. Claims against the Company not acknowledged as debts as at year end

| | | Rs. in million | |
|---------|--------------------------------|----------------|--------------|
| Sr. No. | Particulars | 31-Mar-23 | 31-Mar-22 |
| a) | Sales tax | 20.75 | 23.54 |
| b) | Excise and Service Tax matters | - | 19.85 |
| | Total | 20.75 | 43.39 |

c) Other notes:

1) A Search and Seizure Operation ('the Operation') was conducted by the Income Tax Department under section 132 of the Income-tax Act, 1961 during December 2020. The Company has received notices u/s. 153A and has filed the required returns of income for the respective assessment years. Based on the enquiries made by the Income tax department and the Company's submissions thereto, Management is of the view that the matters involved are normal tax matters in respect of certain tax deductions and allowances, and accordingly the Operation will not have any significant impact on the Company's financial position and performance as at and for the year ended March 31, 2023 or any of the earlier years presented herein.

2) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgment/decisions pending with various forums/authorities.

3) The Company is also contesting other civil claims against the Company which it has not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

4) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has also obtained a legal opinion on the matter and basis the same there is no material impact on the standalone financial statements as at March 31, 2023 or any of the earlier years presented herein. The Company would record any further effect on its standalone financial statements, on receiving additional clarity on the subject.

5) Further, the Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the standalone financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Company's financial position and results of operations.

B. Other legal matters

AstraZeneca Vs Emcure CS (COMM)-407/2020 (Dapagliflozin Tablet)

On Sep 29, 2020, AstraZeneca filed a patent infringement suit for asserting two patents (IN205147 and IN235625) related to Dapagliflozin, against Emcure and sought injunctive relief. Emcure made a statement in Court that "Emcure will not be manufacturing and/or launching its product as it has lost commercial interest in Dapagliflozin". In view of this statement, Delhi High Court passed an Order. On November 15, 2021, Emcure filed an application to withdraw its earlier statement and sought permission for launching Dapagliflozin due to revival of business interest. On this basis, the Delhi High Court vide its order dated Feb 22, 2022 has modified its earlier order of Oct 22, 2020, thereby allowing Emcure to manufacture and / or launch the said product subject to the undertaking provided in the Order. Both IN '147 and IN '625 patents expired on October 02, 2020 and May 15, 2023 respectively.

Bristol Myers Squibb (BMS) Vs Emcure CS(COMM)-684/2019

In Dec 2019, BMS sued Emcure in Delhi High Court for infringement of Indian Patent No.247381, expiring on Sep 17, 2022. On Dec 12, 2019, the court granted an ad-interim injunction in favour of BMS and against Emcure. The court directed parties to maintain status quo for launch of its product till the disposal of the application. Thereafter, Emcure filed an appeal division bench of Delhi High Court, which is FAO(OS)(COMM) 377/2019. However, the appeal was disposed off in October 2022 due to the expiry of the suit patent. The right of parties to agitate their respective rights and contentions in respect of the Application for injunction including right to claim restitution, has been kept open to be pursued before the learned Single Judge.

Boehringer Ingelheim (BI) Vs Emcure & Others - (Linagliptin)

On June 2, 2022, Shimla Court granted injunction in favour of Boehringer Ingelheim and against Emcure/MSN/Optimus & Eris and directed parties to restrain jointly and severally from infringing BI Patent, i.e. IN'301. Emcure has filed appeal against the said injunction order in Himachal Pradesh High Court. Presently, the appeal is in argument stage and it is not possible to estimate the likelihood or extent of the liability, if any.

HDT Bio Corp. Vs Emcure

Emcure Pharmaceuticals, Ltd. ("Emcure") was sued by HDT Bio Corp. ("HDT") in the United States District Court – Seattle Division for the Western District of Washington on March 21, 2022 alleging that it misappropriated trade secrets. HDT's allegations arise from alleged breaches of a License Agreement ("the Agreement") between HDT and Gennova Pharmaceuticals Limited ("Gennova"), a subsidiary of Emcure. Emcure is not a party to the Agreement between HDT and Gennova. The merits of HDT's claims cannot be fully assessed at present. However, Management believes that it has strong grounds of defence in the matter.

C. Drug Pricing Matters **

On December 2, 2015, the Company's erstwhile subsidiary Heritage Pharmaceuticals Inc (Heritage) learned that the United States Department of Justice, Antitrust Division ("DOJ") initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain, trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at Heritage's premises and at the residence of one of Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on Heritage, and several current and former employees, which sought a variety of materials and data relevant to Heritage's generic drug business. Heritage has fully cooperated with the DOJ and responded to its subpoenas.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division ("DOJ Civil") seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement ("DPA") with the DOJ relating to a one-count information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a USD 225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay USD 7.1 million. These resolutions fully resolve Heritage's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

In addition to the above, on May 31, 2019, the Company also entered into a cooperation and non-prosecution agreement ("NPA") with DOJ under which the Company, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ's investigation. This resolution fully resolves the Company and its current officers, directors, and employees from potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.



Note 41 : Contingent liabilities (to the extent not provided for) (continued)

D. Attorneys General Litigation **

On December 21, 2015, the Company's erstwhile subsidiary Heritage Pharmaceuticals Inc ("Heritage") received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of Heritage's generic products (including generic doxycycline) and communications with competitors about such products. On December 14, 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers and individuals, including Heritage, alleging anticompetitive conduct with respect to, among other things, doxycycline hyalite DR. On June 18, 2018, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed an amended consolidated complaint against various drug manufacturers, including Heritage, Emcure and Emcure's Chief Executive Officer, Satish Mehta based on the same alleged conduct. The consolidated complaint (the "State AG Complaint") was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws.

The consolidated State AG Complaint alleges that Heritage engaged in anticompetitive conduct with respect to fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyalite DR, fosinopril HCTZ, glipizide metformin, glyburide, glyburide metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The consolidated State AG Complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against Heritage, Emcure, and certain individuals, including Emcure's Chief Executive Officer, Satish Mehta, with respect to doxycycline hyalate DR. The allegations in the State AG Complaint are similar to those in the previously filed civil complaints (discussed below).

The consolidated State AG Complaint was transferred and consolidated into the ongoing multidistrict litigation captioned *In re Generic Pharmaceuticals Pricing Antitrust Litigation*, Case No. 16 MD 2724, which is currently pending in the United States District Court, Eastern District of Pennsylvania (the "Antitrust MDL").

On February 28, 2023, the Court in the Antitrust MDL denied almost all dispositive motions filed by the companies - and some of their former executives - to dismiss the price-fixing allegations.

The parties are engaged in factual discovery in the Antitrust MDL, and therefore, at this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

E. Civil Litigation **

Beginning in 2016, Heritage, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct and indirect purchasers, indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Heritage and Company's Chief Executive Officer, Satish Mehta, as defendants and include allegations against them with respect to doxycycline hyalite DR. The lawsuits have been consolidated in the Antitrust MDL (referenced above).

A number of other lawsuits have been separately filed against Heritage, and various other manufacturers, by individual plaintiffs who have elected to opt-out of the putative classes. These complaints also generally allege anticompetitive conduct with respect to generic drugs which allegedly caused harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. These lawsuits have also been consolidated in the pending Antitrust MDL (referenced above).

Refer section 'Attorneys General Litigation' above for update on Antitrust MDL proceedings.

** The Company had entered into an indemnity agreement with Avet Lifesciences Limited ("Avet Life"), whereby from the effective date of the scheme of arrangement (as referred in note 53 of the financial statements), Avet Life has agreed to indemnify, defend and hold harmless the Company and directors, officers, employees, agent, representatives and shareholders of the Company (the "Indemnified Parties"), as applicable, from and against any and all the losses suffered or incurred by the Indemnified Parties, which arises out of, or results from or in connection with any claim and any loss suffered by the Indemnified Parties on account of breach by Avet Life or its subsidiaries and affiliates of any covenants, undertakings and/or obligations of the Indemnification Deed, and in relation to losses arising out of certain identified claims including claims and obligations of the Company under the non-prosecution agreement and the leniency agreement, entered into with the DOJ and several pending litigations in the U.S. Pursuant to the Indemnification Deed, Avet Life will assume all losses or liability, and the payment obligation (if any), that would be owed by the Company in either the State AG Complaint or the Civil Cases under a negotiated settlement agreement, or an adverse verdict rendered by a jury against the Company or our officers, directors and employees. As a result of such indemnity agreement, the Company would be liable for any potential settlement obligation, or adverse jury verdict for the amount directed specifically against it, only in the event that Avet Life is unable to fully satisfy such an obligation or verdict.

J. General

From time to time, the Company is subject to various disputes, governmental and/or regulatory inquiries or investigations, and litigations, some of which result in losses, damages, fines and charges against the Company. While the Company intends to vigorously defend its position in the claims asserted against it, the ultimate resolution of a matter is often complex, time consuming, and difficult to predict. Therefore, except as described below, the Company does not currently have a reasonable basis to estimate the loss, or range of loss, that is reasonably possible with respect to matters disclosed in this note.

The Company records a provision in its standalone financial statements to the extent that it concludes that a contingent liability is probable and the amount is estimable and has noted those contingencies below. The Company's assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. The Company also incurs significant legal fees and related expenses in the course of defending its positions even if the facts and circumstances of a particular litigation do not give rise to a provision in the standalone financial statements.



A handwritten signature in black ink, appearing to be "A".

Note 42 : Capital and other commitments (to the extent not provided for)

A) Capital commitment

| Particulars | Rs. in million | |
|--|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 644.87 | 847.71 |

B) Other commitments

i) Export Oriented Unit compliance

The Company has set up 100% Export Oriented Unit (EOU) as per the permission granted by the Office of the Development Commissioner of SEEPZ, Special Economic Zone, Government of India. The authorities have, inter alia, laid down the following conditions, failure to comply the same will lead to cancellation / revocation of the permission:

- The entire (100%) production shall be exported except the sales in domestic tariff area admissible as per entitlement.
- The EOU of the Company shall be a positive net foreign exchange earner during the block period of 5 years from the date of commencement of production failure to achieve the same the company will be liable for penal action.

As at the year end, the Company is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

ii) Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts for which there were any material foreseeable losses.

iii) Derivative contracts

The Company has not entered into any derivative contracts during the year and has no derivative contract outstanding as at the year end.

C) Financial guarantees given

The Company exposure towards corporate guarantees given as at the reporting date is as below:

| March 31, 2023 | Currency | Outstanding Guarantee Value | | Outstanding Exposure Value | |
|---|----------|-----------------------------|----------------|----------------------------|----------------|
| | | FC. In million | Rs. In million | FC. In million | Rs. In million |
| Bankers for Gennova Biopharmaceuticals Ltd. In respect of loans | INR | - | 2,120.00 | - | 1,879.20 |
| Bankers for Marcan Pharmaceuticals Inc. in respect of loans | CAD | 23.71 | 1,438.72 | 20.28 | 1,230.59 |
| Bankers for Marcan Pharmaceuticals Inc. in respect of loans | USD | 25.56 | 2,100.27 | 16.98 | 1,395.25 |
| Bankers for Emcure Pharmaceuticals Mena FZ LLC. in respect of loans | AED | 8.00 | 178.94 | 7.04 | 157.46 |
| Bankers for Tillomed Laboratories Limited. in respect of loans | GBP | 6.60 | 668.83 | 6.00 | 608.02 |
| Bankers for Avet Lifesciences Private Limited in respect of loans | USD | 65.00 | 5,341.05 | 60.88 | 5,002.15 |

| March 31, 2022 | Currency | Outstanding Guarantee Value | | Outstanding Exposure Value | |
|---|----------|-----------------------------|----------------|----------------------------|----------------|
| | | FC. In million | Rs. In million | FC. In million | Rs. In million |
| Bankers for Gennova Biopharmaceuticals Ltd. In respect of loans | INR | - | 2,295.00 | - | 1,241.87 |
| Bankers for Marcan Pharmaceuticals Inc. in respect of loans | CAD | 26.30 | 1,596.68 | 23.90 | 1,451.03 |
| Bankers for Marcan Pharmaceuticals Inc. in respect of loans | USD | 25.56 | 1,937.13 | 21.23 | 1,608.91 |
| Bankers for Emcure Pharmaceuticals Mena FZ LLC. in respect of loans | AED | 8.00 | 165.06 | 6.49 | 133.91 |
| Bankers for Tillomed Laboratories Limited. in respect of loans | GBP | 6.60 | 657.03 | 6.00 | 597.30 |
| Bankers for Avet Lifesciences Private Limited in respect of loans | USD | 65.00 | 4,926.19 | 57.47 | 4,355.41 |

All the above financial guarantees have been accounted as per the provisions of Ind AS 109 - financial instruments.



Note 43 - Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Subsidiaries:

Zuventus Healthcare Limited
Gennova Biopharmaceuticals Limited
Emcure Brasil Farmaceutica Ltda.
Emcure Nigeria Limited
Emcure Pharmaceuticals Mena FZ-LLC,
Emcure Pharmaceuticals South Africa (Pty) Ltd
Emcure Pharma UK Ltd.
Emcure Pharma Mexico S.A. DE C.V.
Emcure Pharma Peru S.A.C.
Marcan Pharmaceuticals Inc.
Emcure Pharmaceuticals Pty Ltd.
Emcure Pharma Chile SpA
Lazor Pharmaceuticals Limited
Emcure Pharma Philippines Inc (From May 07, 2021)
Emcure Pharma Panama Inc (From Dec 1, 2022)

Step-down subsidiaries:

Tillomed Laboratories Limited (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed Pharma GmbH, Germany (Subsidiary of Emcure Pharma UK Ltd.)
Laboratorios Tillomed Spain S.L.U. (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed France SAS (Subsidiary of Emcure Pharma UK Ltd.)
Tillomed Italia S.R.L., Italy (Subsidiary of Emcure Pharma UK Ltd.)
Emcure NZ Limited (Subsidiary of Emcure Pharmaceuticals Pty Ltd.) (Dissolved w.e.f. October 13, 2021)
Tillomed Laboratories BV (Subsidiary of Emcure Pharma UK Ltd.) (Dissolved w.e.f. March 29, 2023)
Tillomed d.o.o. (Subsidiary of Emcure Pharma UK Ltd.) (From August 26, 2021)
Tillomed Malta Limited (Subsidiary of Emcure Pharma UK Ltd.) (From June 6, 2022)

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta (Managing Director & CEO)
Dr. Mukund Gurjar (Executive Director)
Mr. Sunil Mehta (Executive Director)
Mrs. Namita Thapar (Executive Director) (Chief Finance Officer upto April 15, 2021)
Mr. Samit Mehta (Executive Director w.e.f. July 28, 2022)

Key Management Personnel: Other than Whole Time Directors

Mr. S.K. Bapat (Independent Director upto July 27, 2022)
Mr. Humayun Dhanrajgir (Chairman and Independent Director upto April 15, 2021)
Mr. Berjis Desai (Chairman and Independent Director upto July 27, 2022) (Chairman and Non Executive Director w.e.f. July 28, 2022)
Mr. Samonno Banerjee (Nominee of BC Investment IV Ltd) (Director)
Mr. P. S. Jayakumar (Independent Director)
Mr. Tajuddin Shaikh (Chief Finance Officer w.e.f. April 16, 2021)
Dr. Vidya Rajiv Yeravdekar (Independent Director w.e.f. April 16, 2021)
Dr. Shailesh Kripalu Ayyangar (Non Executive Director w.e.f. April 16, 2021)
Mr. Vijay Keshav Gokhale (Independent Director w.e.f. April 16, 2021)
Mr. Hitesh Jain (Independent Director w.e.f. July 27, 2021 upto July 04, 2022)

Key Management Personnel: Relatives

Mr. Sanjay Mehta
Mr. Vikas Thapar
Mr. Rutav Mehta
Mr. Niraj Mehta
Mrs. Bhavana Mehta
Mrs. Surekha Shah
Mrs. Shaila Gujar
Mrs. Suhasinee Shah
Mrs. Kamini Mehta
Mrs. Pushpa Mehta
Mrs. Swati Shah
Mrs. Smita Paresb Shah

Enterprise over which Key Management Personnel have control:

H.M. Sales Corporation
Uth Beverages Factory Pvt. Ltd.
Avet Lifesciences Private Limited (formerly known as Avet Lifesciences Limited) (From April 1, 2021)
Heritage Pharma Holdings Inc. (doing business as Avet Pharmaceuticals Holdings Inc.) (Subsidiary of Avet Lifesciences Private Limited w.e.f. April 1, 2021) (From April 1, 2021)
Heritage Pharmaceuticals Inc. (doing business as Avet Pharmaceuticals Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)
Heritage Pharma Labs Inc. (doing business as Avet Pharmaceuticals Labs Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)
AvetAPI Inc (erstwhile Hacco Pharma Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)
Parinam Law Associates (w.e.f. July 27, 2021)
Brandbucket Enterprises Private Limited (w.e.f. April 16, 2021)
Incredible Ventures Pvt. Ltd.



Note 43 - Related party disclosure (continued)

| Rs. in million | | | | | | | |
|----------------|---|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|
| Sr. No. | Description of the nature of transaction / balance | Transaction value | | Balance outstanding as at | | | |
| | | Year ended 31-Mar-23 | Year ended 31-Mar-22 | 31-Mar-23 | | 31-Mar-22 | |
| | | | | Receivable / Advance to supplier | Payable / Advance from customer | Receivable / Advance from customer | Payable / Advance to supplier |
| 1 | Purchase of goods & services | | | | | | |
| | Zuventus Healthcare Limited | 24.83 | 87.97 | - | 3.47 | - | - |
| | Gennova Biopharmaceuticals Limited | 152.36 | 38.08 | - | 0.04 | - | - |
| | Parinam Law Associates | 2.94 | 0.08 | - | - | - | 0.08 |
| | Brandbucket Enterprises Private Limited | 1.56 | 2.80 | - | 0.28 | - | 0.22 |
| | | 181.69 | 128.93 | - | 3.79 | - | 0.30 |
| 2 | Sale of assets | | | | | | |
| | Zuventus Healthcare Limited | 1.25 | 2.64 | 0.44 | - | - | - |
| | Gennova Biopharmaceuticals Limited | - | 145.34 | 0.01 | - | - | - |
| | Uth Beverages Factory Pvt. Ltd. | - | 0.01 | - | - | 0.01 | - |
| | Heritage Pharma Labs Inc. | - | 8.77 | - | - | - | - |
| | | 1.25 | 156.76 | 0.45 | - | 0.01 | - |
| 3 | Purchase of assets | | | | | | |
| | Gennova Biopharmaceuticals Limited | 5.72 | - | - | 0.29 | - | - |
| | | 5.72 | - | - | 0.29 | - | - |
| 4 | Sale / (Return) of goods and services | | | | | | |
| | Zuventus Healthcare Limited | 309.89 | 686.30 | 0.80 | - | 2.47 | - |
| | Gennova Biopharmaceuticals Limited | 231.67 | 284.91 | 260.34 | - | 119.60 | - |
| | Heritage Pharma Labs Inc. | 347.02 | 234.17 | 131.04 | - | 96.78 | - |
| | Emcure Pharmaceuticals Mena FZ-LLC. | 844.04 | 772.58 | - | 146.35 | 435.31 | - |
| | Heritage Pharmaceuticals Inc. | 6.88 | 18.70 | 10.18 | - | - | - |
| | Emcure Pharmaceuticals South Africa (Pty) Ltd | 85.46 | 366.69 | 20.47 | - | 240.98 | - |
| | Emcure Pharma UK Ltd. | - | - | 245.42 | - | 225.46 | - |
| | Emcure Pharma Peru S.A.C. | (83.58) | 820.19 | 1,600.32 | - | 1,644.30 | - |
| | Tillomed Laboratories Limited | 1,474.12 | 3,433.24 | - | 430.35 | 1,171.10 | - |
| | Tillomed Pharma GmbH | 19.13 | 2.82 | 18.36 | - | 2.61 | - |
| | Tillomed Italia S.R.L. | 100.64 | 189.36 | 133.12 | - | 199.60 | - |
| | Tillomed Spain | 31.79 | 27.41 | 14.34 | - | 27.19 | - |
| | Marcan Pharmaceuticals Inc. | 1,887.49 | 1,306.70 | 901.76 | - | 782.74 | - |
| | H.M. Sales Corporation | 0.42 | (2.96) | 0.09 | - | - | - |
| | AvetAPI Inc. | 7.29 | 5.88 | 8.16 | - | 97.97 | - |
| | Emcure Pharma Chile SpA | 43.09 | 39.70 | 49.73 | - | 40.80 | - |
| | Lazor Pharmaceuticals Limited | 73.73 | 12.85 | 61.17 | - | 13.11 | - |
| | Avet Lifesciences Private Limited | 1,446.34 | 662.08 | 1,628.71 | - | 761.32 | - |
| | Uth Beverage Factory Pvt Ltd | 2.64 | - | 1.89 | - | - | - |
| | | 6,828.06 | 8,860.62 | 5,085.90 | 576.70 | 5,861.34 | - |
| 5 | Advance received for goods and services | | | | | | |
| | Emcure Pharmaceuticals South Africa (Pty) Ltd | - | - | - | 48.21 | - | - |
| | | - | - | - | 48.21 | - | - |
| 6 | Purchase of shares of subsidiary | | | | | | |
| | Marcan Pharmaceuticals Inc. (refer note 3 below) | 1,175.10 | 5.96 | - | - | - | - |
| | Emcure Pharma Chile SpA | 31.96 | - | - | - | - | - |
| | Emcure Pharma Philippines Inc | - | 15.12 | - | - | - | - |
| | Lazor Pharmaceuticals Limited | 45.40 | 7.45 | - | - | - | - |
| | | 1,252.46 | 28.53 | - | - | - | - |
| 7 | Equity contribution in the nature of employee stock options issued to employees of subsidiary / (cancellation of employee stock options issued) | | | | | | |
| | Gennova Biopharmaceuticals Limited | 1.49 | 1.96 | - | - | - | - |
| | Marcan Pharmaceuticals Inc. | 9.65 | 12.67 | - | - | - | - |
| | Tillomed Laboratories Limited | 2.97 | 6.99 | - | - | - | - |
| | Tillomed Italia S.R.L. | - | 2.92 | - | - | - | - |
| | | 14.11 | 24.54 | - | - | - | - |
| 8 | Loans and advances given (refer note 1 below) | | | | | | |
| | Emcure Nigeria Limited | - | - | 64.11 | - | 46.00 | - |
| | Emcure Brasil Farmaceutica Ltda. | - | - | 121.20 | - | 96.89 | - |
| | Marcan Pharmaceuticals Inc. | - | 1,011.09 | 23.97 | - | 1,032.06 | - |
| | Emcure Pharma Mexico S.A. DE C.V. | - | - | 85.62 | - | 68.30 | - |
| | Emcure Pharma UK Ltd. | - | 310.32 | - | - | - | - |
| | Avet Lifesciences Private Limited | - | 10.65 | - | - | - | - |
| | Emcure Pharma Chile SpA | - | 18.93 | - | - | 18.95 | - |
| | Lazor Pharmaceuticals Limited | - | 14.97 | - | - | 15.16 | - |
| | Emcure Pharma Philippines Inc | 24.67 | - | 24.65 | - | - | - |
| | | 24.67 | 1,365.96 | 319.55 | - | 1,277.36 | - |
| 9 | Loans and advances repaid (refer note 1 below) | | | | | | |
| | Emcure Pharmaceuticals Mena FZ-LLC. | - | 113.21 | - | - | - | - |
| | Emcure Pharma Peru S.A.C. | - | 109.21 | - | - | - | - |
| | Emcure Pharma UK Ltd. | - | 914.39 | - | - | - | - |
| | Avet Lifesciences Private Limited | - | 10.65 | - | - | - | - |
| | Marcan Pharmaceuticals Inc. | 1,015.40 | - | - | - | - | - |
| | Emcure Pharma Chile SpA | 20.13 | - | - | - | - | - |
| | Lazor Pharmaceuticals Limited | 15.89 | - | - | - | - | - |
| | | 1,051.42 | 1,147.46 | - | - | - | - |



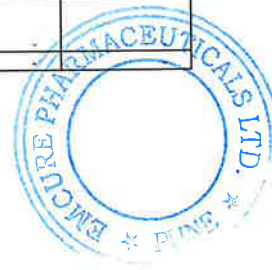
Note 43 - Related party disclosure (continued)

| Rs. in million | | | | | | | |
|----------------|---|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|
| Sr. No. | Description of the nature of transaction / balance | Transaction value | | Balance outstanding as at | | | |
| | | Year ended 31-Mar-23 | Year ended 31-Mar-22 | 31-Mar-23 | | 31-Mar-22 | |
| | | | | Receivable / Advance to supplier | Payable / Advance from customer | Receivable / Advance from customer | Payable / Advance to supplier |
| 10 | Interest income | | | | | | |
| | Emcure Nigeria Limited | 4.14 | 3.83 | 46.11 | - | 38.60 | - |
| | Emcure Pharmaceuticals Mena FZ-LLC. | - | 1.25 | - | - | - | - |
| | Emcure Brasil Farmaceutica Ltda. | 8.68 | 8.03 | 70.63 | - | 56.97 | - |
| | Marcan Pharmaceuticals Inc. | 13.54 | 34.14 | - | - | - | - |
| | Emcure Pharma Peru S.A.C. | - | 7.21 | - | - | - | - |
| | Emcure Pharma Mexico S.A. DE C.V. | 7.39 | 6.85 | 32.39 | - | 22.92 | - |
| | Emcure Pharma UK Ltd. | - | 15.85 | - | - | - | - |
| | Avet Lifesciences Private Limited | - | 0.32 | - | - | - | - |
| | Lazor Pharmaceuticals Limited | 0.49 | 0.13 | - | - | 0.12 | - |
| | Emcure Pharma Chile SpA | 0.83 | 0.33 | - | - | 0.22 | - |
| | Emcure Pharma Philippines Inc | 0.23 | - | 0.19 | - | - | - |
| | | 35.30 | 77.94 | 149.32 | - | 118.83 | - |
| 11 | Net gain/(loss) on loans given to subsidiaries measured at amortised cost | | | | | | |
| | Emcure Brasil Farmaceutica Ltda. | 14.90 | 11.80 | - | - | - | - |
| | Emcure Nigeria Limited | 13.14 | 10.10 | - | - | - | - |
| | Emcure Pharma Mexico S.A. DE C.V. | 10.67 | 7.80 | - | - | - | - |
| | Emcure Pharmaceuticals Mena FZ-LLC. | - | (7.96) | - | - | - | - |
| | | 38.71 | 21.74 | - | - | - | - |
| 12 | Interest expense | | | | | | |
| | H.M. Sales Corporation | 0.75 | 0.75 | - | 0.17 | - | 0.17 |
| | | 0.75 | 0.75 | - | 0.17 | - | 0.17 |
| 13 | Sale of Steam (classified under other income) | | | | | | |
| | Gennova Biopharmaceuticals Limited | 45.28 | 39.75 | 50.67 | - | 21.42 | - |
| | | 45.28 | 39.75 | 50.67 | - | 21.42 | - |
| 14 | Purchase of Steam | | | | | | |
| | Zuventus Healthcare Limited | 7.73 | 5.66 | - | - | - | - |
| | | 7.73 | 5.66 | - | - | - | - |
| 15 | Laboratory Service Income | | | | | | |
| | Gennova Biopharmaceuticals Limited | 0.06 | 0.06 | 0.06 | - | 0.01 | - |
| | Zuventus Healthcare Limited | 0.90 | 0.83 | - | - | - | - |
| | | 0.96 | 0.89 | 0.06 | - | 0.01 | - |
| 16 | Trade / Security deposits accepted | | | | | | |
| | H.M. Sales Corporation | - | - | - | 10.00 | - | 10.00 |
| | Zuventus Healthcare Limited | - | 0.02 | - | 1.02 | - | 1.02 |
| | Gennova Biopharmaceuticals Limited | - | 36.72 | - | 50.01 | - | 51.72 |
| | Avet Lifesciences Private Limited | - | 0.15 | - | - | - | 0.15 |
| | | - | 36.89 | - | 61.03 | - | 62.89 |
| 17 | Trade / Security deposits repaid | | | | | | |
| | Gennova Biopharmaceuticals Limited | 1.71 | - | - | - | - | - |
| | Avet Lifesciences Private Limited | 0.15 | - | - | - | - | - |
| | | 1.86 | - | - | - | - | - |
| 18 | Amortisation of deferred rent receivable | | | | | | |
| | Gennova Biopharmaceuticals Limited | - | 1.21 | - | - | - | - |
| | | - | 1.21 | - | - | - | - |
| 19 | Unwinding of discount on rent deposit | | | | | | |
| | Gennova Biopharmaceuticals Limited | - | 1.73 | - | - | - | - |
| | | - | 1.73 | - | - | - | - |
| 20 | Commission expenses | | | | | | |
| | H.M. Sales Corporation | 31.98 | 34.62 | - | 8.21 | - | 5.56 |
| | | 31.98 | 34.62 | - | 8.21 | - | 5.56 |
| 21 | Reimbursement of expenses made | | | | | | |
| | Heritage Pharma Labs Inc. | 1.86 | 2.94 | - | 5.05 | - | 2.94 |
| | Heritage Pharmaceuticals Inc. | 3.63 | 28.05 | - | 68.64 | - | 26.79 |
| | Marcan Pharmaceuticals Inc. | 7.23 | 13.33 | - | 28.17 | - | 22.23 |
| | Avet Lifesciences Private Limited | - | - | - | - | - | 11.00 |
| | AvetAPI Inc. | - | 24.73 | - | - | - | - |
| | Zuventus Healthcare Limited | - | 0.02 | - | - | - | - |
| | Lazor Pharmaceuticals Limited | 1.61 | - | - | 1.61 | - | - |
| | H.M. Sales Corporation | 0.07 | - | - | - | - | - |
| | Tillomed Laboratories Limited | 28.24 | - | - | 31.58 | - | - |
| | | 42.64 | 69.07 | - | 135.05 | - | 62.96 |



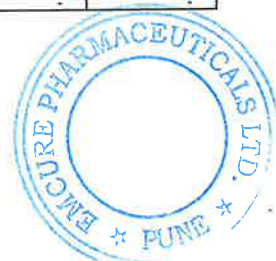
Note 43 - Related party disclosure (continued)

| Rs. in million | | | | | | | |
|----------------|--|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|
| Sr. No. | Description of the nature of transaction / balance | Transaction value | | Balance outstanding as at | | | |
| | | Year ended 31-Mar-23 | Year ended 31-Mar-22 | 31-Mar-23 | | 31-Mar-22 | |
| | | | | Receivable / Advance to supplier | Payable / Advance from customer | Receivable / Advance from customer | Payable / Advance to supplier |
| 22 | Reimbursement of expenses received | | | | | | |
| | Zuventus Healthcare Limited | 10.26 | 4.71 | - | - | - | - |
| | Gennova Biopharmaceuticals Limited | 145.20 | 55.17 | 152.43 | - | 34.11 | - |
| | Tillomed Italia S.R.L | 6.32 | 11.34 | - | - | 18.91 | - |
| | Tillomed Pharma GmbH | 10.82 | 12.24 | 10.97 | - | 16.48 | - |
| | Emcure Pharmaceuticals Mena FZ-LLC. | 0.55 | 3.36 | 10.21 | - | 10.60 | - |
| | Heritage Pharmaceuticals Inc. | - | 3.07 | - | - | 3.11 | - |
| | Tillomed Laboratories Limited | 67.16 | 77.49 | 18.99 | - | 75.79 | - |
| | Laboratorios Tillomed Spain S.L.U. | 3.84 | 6.52 | 1.48 | - | 13.23 | - |
| | Tillomed France SAS | 14.16 | 5.34 | 15.60 | - | 6.87 | - |
| | Marcan Pharmaceuticals Inc. | 0.72 | 2.31 | 4.42 | - | 17.23 | - |
| | Avet Lifesciences Private Limited | 38.24 | 403.03 | 51.79 | - | 297.32 | - |
| | Emcure Pharmaceuticals South Africa (Pty) Ltd | - | 0.21 | - | - | - | - |
| | Emcure Pharma Chile SpA | - | - | 0.71 | - | 0.66 | - |
| | Emcure Nigeria Limited | - | 0.03 | - | - | - | - |
| | Emcure Pharma Mexico S.A. DE C.V. | - | 0.12 | - | - | - | - |
| | Emcure Brasil Farmaceutica Ltda. | - | 0.04 | - | - | - | - |
| | Emcure Pharma Peru S.A.C. | - | 0.56 | 0.62 | - | 0.57 | - |
| | | 297.27 | 585.54 | 270.59 | - | 494.88 | - |
| 23 | Dividend received | | | | | | |
| | Zuventus Healthcare Limited | 319.20 | 319.20 | - | - | - | - |
| | | 319.20 | 319.20 | - | - | - | - |
| 24 | Rent income | | | | | | |
| | Zuventus Healthcare Limited | 11.85 | 10.11 | - | - | - | - |
| | Gennova Biopharmaceuticals Limited | 154.05 | 92.86 | 155.68 | - | 36.44 | - |
| | Avet Lifesciences Private Limited | 0.35 | 0.41 | 0.44 | - | 0.27 | - |
| | Incredible Ventures Pvt Ltd. | 0.02 | - | - | - | - | - |
| | | 166.27 | 103.38 | 156.12 | - | 36.71 | - |
| 25 | R&D service income | | | | | | |
| | Avet Lifesciences Private Limited | - | 146.85 | - | - | 59.96 | - |
| | | - | 146.85 | - | - | 59.96 | - |
| 26 | Amortisation of financial guarantee liability | | | | | | |
| | Marcan Pharmaceuticals Inc. | - | 32.07 | - | - | - | - |
| | | - | 32.07 | - | - | - | - |
| 27 | Financial guarantee fees charged | | | | | | |
| | Gennova Biopharmaceuticals Limited | 15.07 | 8.26 | 16.27 | - | 8.20 | - |
| | Heritage Pharma Holdings Inc. | - | 55.48 | 15.65 | - | 14.44 | - |
| | Emcure Pharma UK Ltd. | - | - | - | - | 6.97 | - |
| | Marcan Pharmaceuticals Inc. | 42.85 | 7.02 | 51.77 | - | 16.80 | - |
| | Emcure Pharmaceuticals Mena FZ-LLC. | 1.70 | 1.57 | 10.16 | - | 7.72 | - |
| | Tillomed Laboratories Limited | 6.31 | 4.97 | 0.48 | - | 4.93 | - |
| | Avet Lifesciences Private Limited | 52.24 | - | 61.66 | - | - | - |
| | | 118.17 | 77.30 | 155.99 | - | 59.06 | - |
| 28 | Royalty expense | | | | | | |
| | Uth Beverages Factory Pvt. Ltd. | 0.81 | 0.95 | - | 0.15 | - | 0.21 |
| | | 0.81 | 0.95 | - | 0.15 | - | 0.21 |
| 29 | Marketing Support Fees (classified under Advertisement & Promotional Material) | | | | | | |
| | Emcure Pharmaceuticals Mena FZ-LLC. | 130.92 | 99.48 | - | 132.07 | - | 73.86 |
| | Emcure Nigeria Limited | 4.07 | 3.16 | - | 8.40 | - | 5.95 |
| | Emcure Pharma Mexico S.A. DE C.V. | 43.06 | 28.55 | - | 14.21 | - | 1.83 |
| | Emcure Brasil Farmaceutica Ltda. | 5.74 | 8.72 | - | 14.87 | - | 13.63 |
| | Emcure Pharmaceuticals Pty Ltd. | 8.46 | 7.02 | - | 12.68 | - | 12.78 |
| | Emcure NZ Limited | - | 1.79 | - | - | - | - |
| | Emcure Pharma Chile SpA | 11.88 | 26.18 | - | 1.99 | - | 10.77 |
| | Emcure Pharma Philippines Inc | 33.72 | 8.10 | - | 0.84 | - | 4.23 |
| | Emcure Pharma Peru S.A.C. | 260.71 | - | - | 78.17 | - | - |
| | | 498.56 | 183.00 | - | 263.23 | - | 123.05 |
| 30 | Corporate Overhead Cross Charge (Income) (classified under other income) | | | | | | |
| | Heritage Pharmaceuticals Inc. | - | 7.72 | - | - | 2.88 | - |
| | Marcan Pharmaceuticals Inc. | 63.34 | 56.05 | 78.36 | - | 68.61 | - |
| | Tillomed Laboratories Limited | 113.84 | 91.86 | 34.06 | - | 90.62 | - |
| | Avet Lifesciences Private Limited | - | 24.00 | - | - | 13.92 | - |
| | | 177.18 | 179.63 | 112.42 | - | 176.03 | - |
| 31 | Corporate Overhead Cross Charge (Expense) | | | | | | |
| | Heritage Pharmaceuticals Inc. | - | 9.41 | - | - | - | 33.15 |
| | AvetAPI Inc. | - | - | - | - | - | 97.36 |
| | | - | 9.41 | - | - | - | 130.51 |
| 32 | Financial guarantee fees paid (classified under other borrowing costs) | | | | | | |
| | Zuventus Healthcare Limited | 10.15 | 27.04 | - | 2.42 | - | - |
| | | 10.15 | 27.04 | - | 2.42 | - | - |



Note 43 - Related party disclosure (continued)

| Sr. No. | Description of the nature of transaction / balance | Rs. in million | | | | | |
|---------|--|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|
| | | Transaction value | | Balance outstanding as at | | | |
| | | Year ended 31-Mar-23 | Year ended 31-Mar-22 | 31-Mar-23 | | 31-Mar-22 | |
| | | | | Receivable / Advance to supplier | Payable / Advance from customer | Receivable / Advance from customer | Payable / Advance to supplier |
| 33 | Advance paid for goods and services Gennova Biopharmaceuticals Limited | - | - | 22.97 | - | - | - |
| | | - | - | 22.97 | - | - | - |
| 34 | Remuneration paid Key Management Personnel: Whole Time Directors | | | | | | |
| | Mr. Satish Mehta | 215.43 | 234.62 | - | 30.63 | - | 69.69 |
| | Dr. Mukund Gurjar | 53.69 | 48.74 | - | 12.08 | - | 11.00 |
| | Mr. Sunil Mehta | 31.75 | 28.99 | - | 3.64 | - | 3.50 |
| | Mrs. Namita Thapar | 40.52 | 37.02 | - | 4.68 | - | 4.41 |
| | Mr. Samit Mehta | 27.13 | 24.59 | - | 2.99 | - | 2.62 |
| | | 368.52 | 373.96 | - | 54.02 | - | 91.22 |
| 35 | Remuneration paid Key Management Personnel: Relatives | | | | | | |
| | Mr. Vikas Thapar | 42.28 | 38.87 | - | 4.71 | - | 4.47 |
| | Mr. Sanjay Mehta | 32.52 | 28.89 | - | 3.56 | - | 3.36 |
| | | 74.80 | 67.76 | - | 8.27 | - | 7.83 |
| 36 | Remuneration paid Key Management Personnel: Other than Whole Time Directors | | | | | | |
| | Mr. Tajuddin Shaikh | 14.10 | 12.91 | - | 3.64 | - | 3.12 |
| | | 14.10 | 12.91 | - | 3.64 | - | 3.12 |
| 37 | Post-employment obligations Key Management Personnel: Whole Time Directors | | | | | | |
| | Mrs. Namita Thapar | 1.27 | 2.01 | - | 13.36 | - | 12.08 |
| | Mr. Samit Mehta | 1.48 | 3.72 | - | 17.60 | - | 16.12 |
| | | 2.75 | 5.73 | - | 30.96 | - | 28.20 |
| 38 | Post-employment obligations Key Management Personnel: Relatives | | | | | | |
| | Mr. Vikas Thapar | 1.30 | 1.97 | - | 13.28 | - | 11.98 |
| | Mr. Sanjay Mehta | 5.59 | 2.03 | - | - | - | 18.11 |
| | | 6.89 | 4.00 | - | 13.28 | - | 30.09 |
| 39 | Post-employment obligations Key Management Personnel: Other than Whole Time Directors | | | | | | |
| | Mr. Tajuddin Shaikh | 0.49 | 4.11 | - | 4.60 | - | 4.11 |
| | | 0.49 | 4.11 | - | 4.60 | - | 4.11 |
| 40 | Compensated absences Key Management Personnel: Whole Time Directors | | | | | | |
| | Mr. Satish Mehta | 2.29 | 2.04 | - | 21.31 | - | 19.02 |
| | Dr. Mukund Gurjar | 0.44 | 0.48 | - | 4.88 | - | 4.44 |
| | Mr. Sunil Mehta | 0.30 | 0.39 | - | 3.33 | - | 3.02 |
| | Mrs. Namita Thapar | 0.22 | 0.49 | - | 4.79 | - | 4.58 |
| | Mr. Samit Mehta | 0.24 | 0.81 | - | 5.13 | - | 4.89 |
| | | 3.49 | 4.21 | - | 39.44 | - | 35.95 |
| 41 | Compensated absences Key Management Personnel: Relatives | | | | | | |
| | Mr. Vikas Thapar | 0.21 | 0.46 | - | 4.72 | - | 4.51 |
| | Mr. Sanjay Mehta | 0.65 | 0.08 | - | 3.33 | - | 2.68 |
| | | 0.86 | 0.54 | - | 8.05 | - | 7.19 |
| 42 | Compensated absences Key Management Personnel: Other than Whole Time Directors | | | | | | |
| | Mr. Tajuddin Shaikh | 0.63 | 0.78 | - | 1.41 | - | 0.78 |
| | | 0.63 | 0.78 | - | 1.41 | - | 0.78 |
| 43 | Employee share based payments Key Management Personnel: Relatives | | | | | | |
| | Mr. Vikas Thapar | 0.23 | 1.73 | - | 38.11 | - | 37.88 |
| | | 0.23 | 1.73 | - | 38.11 | - | 37.88 |
| 44 | Employee share based payments Key Management Personnel: Other than Whole Time Directors | | | | | | |
| | Mr. Tajuddin Shaikh | 0.62 | 1.07 | - | 7.68 | - | 7.05 |
| | | 0.62 | 1.07 | - | 7.68 | - | 7.05 |
| 45 | Dividend paid Key Management Personnel: Whole Time Directors | 214.17 | 321.26 | - | - | - | - |
| | Key Management Personnel: Other than Whole Time Directors | 1.10 | 1.65 | - | - | - | - |
| | Key Management Personnel: Relatives | 81.74 | 122.60 | - | - | - | - |
| | | 297.01 | 445.51 | - | - | - | - |



Note 43 - Related party disclosure (continued)

| | | Transaction value | | Balance outstanding as at | | | | Rs. in million |
|---------|---|----------------------|----------------------|----------------------------------|---------------------------------|------------------------------------|-------------------------------|----------------|
| Sr. No. | Description of the nature of transaction / balance | Year ended 31-Mar-23 | Year ended 31-Mar-22 | 31-Mar-23 | | 31-Mar-22 | | |
| | | | | Receivable / Advance to supplier | Payable / Advance from customer | Receivable / Advance from customer | Payable / Advance to supplier | |
| 46 | Commission - Other than Whole Time Directors | | | | | | | |
| | Mr. S.K. Bapat | - | 2.50 | - | - | - | - | 2.50 |
| | Mr. Berjis Desai | 5.00 | 5.00 | - | 5.00 | - | - | 5.00 |
| | Mr. P. S. Jayakumar | 2.60 | 3.60 | - | 2.60 | - | - | 3.60 |
| | Dr. Vidya Rajiv Yeravdekar | 1.50 | 1.50 | - | 1.50 | - | - | 1.50 |
| | Mr. Vijay Keshav Gokhale | 1.50 | 2.00 | - | 1.50 | - | - | 2.00 |
| | Mr. Hitesh Jain | - | 3.00 | - | - | - | - | 3.00 |
| | Dr. Shailesh Kripalu Ayyangar | 6.00 | 6.00 | - | 6.00 | - | - | 6.00 |
| | | 16.60 | 23.60 | - | 16.60 | - | - | 23.60 |
| 47 | Sitting fees - Other than Whole Time Directors | | | | | | | |
| | Mr. S.K. Bapat | 0.32 | 0.92 | - | - | - | - | - |
| | Mr. Humayun Dhanrajgir | - | 0.06 | - | - | - | - | - |
| | Mr. Berjis Desai | 0.44 | 0.82 | - | - | - | - | - |
| | Mr. Samonnoi Banerjee | 0.32 | 0.60 | - | - | - | - | - |
| | Mr. P. S. Jayakumar | 0.40 | 0.68 | - | - | - | - | - |
| | Mr. Shailesh Ayyangar | 0.24 | 0.42 | - | - | - | - | - |
| | Mr. Vijay keshav Gokhale | 0.40 | 0.34 | - | - | - | - | - |
| | Ms. Vidya Rajiv Yeravdekar | 0.12 | 0.22 | - | - | - | - | - |
| | Ms. Hitesh Jain | 0.08 | 0.28 | - | - | - | - | - |
| | | 2.32 | 4.34 | - | - | - | - | - |
| 48 | Rent expense | | | | | | | |
| | Key Management Personnel: Whole Time Directors | | | | | | | |
| | Mr. Sunil Mehta | 0.39 | 0.37 | - | - | - | - | - |
| | | 0.39 | 0.37 | - | - | - | - | - |
| 49 | Rent expense | | | | | | | |
| | Key Management Personnel: Relatives | | | | | | | |
| | Mr. Sanjay Mehta | 0.39 | 0.37 | - | - | - | - | - |
| | Mrs. Bhavana Mehta | 0.27 | 0.27 | - | - | - | - | - |
| | | 0.66 | 0.64 | - | - | - | - | - |
| 50 | Reimbursement of IPO expenses received | | | | | | | |
| | Key Management Personnel: Whole Time Directors | 9.21 | - | - | - | - | - | - |
| | Key Management Personnel: Other than Whole Time Directors | 1.90 | - | - | - | - | - | - |
| | Key Management Personnel: Relatives | 18.21 | - | - | - | - | - | - |
| | | 29.32 | - | - | - | - | - | - |

Notes:

(1) Loans and Guarantees are given for the general business purposes of related parties.

(2) Refer note 53 for demerger transaction entered with Avet Lifesciences Private Limited (formerly known as Avet Lifesciences Limited) pursuant to demerger scheme.

(3) During the year ended March 31, 2022, the Company had invested Rs. 5.97 million in Emcure Canada Inc. Emcure Canada Inc. was amalgamated with Marcan Pharmaceuticals Inc. pursuant to articles of amalgamation and amalgamation agreement dated August 13, 2021.

(4) Unsecured loans given to subsidiaries and interest thereon are measured at amortised cost. The difference between the carrying amount and actual amount is accounted as net gain / loss under other income / finance cost, as the case may be. Below are the details of actual amount of loan and interest receivable from subsidiaries:

| Income / finance cost, as the case may be. Below are the details of actual amount of loan and interest receivable from subsidiaries: | | | | | | | Rs. in million |
|--|-----------------------------|-----------------------|-----------|-----------|---------------------------|-----------|----------------|
| Particulars | Tenure of loan and interest | Rate of Interest p.a. | Loans | | Interest accrued on loans | | |
| | | | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 | |
| Emcure Nigeria Limited | 45 months | 6% - 8.3% | 64.11 | 59.13 | 46.08 | 38.60 | |
| Emcure Brasil Farmaceutica Ltda. | 45 months | 5.4% - 9.22% | 121.20 | 111.79 | 70.63 | 56.97 | |
| Emcure Pharma Mexico S.A. DE C.V. | 45 months | 8.3% - 9.22% | 85.62 | 78.97 | 32.39 | 22.92 | |
| Marcan Pharmaceuticals Inc. | 24 months | 5.00% | 23.97 | 1,032.07 | - | - | |
| Emcure Pharma Chile SpA | 36 months | 5.83% | - | 18.95 | - | 0.22 | |
| Lazor Pharmaceuticals Limited | 36 months | 5.37% | - | 15.16 | - | 0.12 | |
| Emcure Pharma Philippines Inc | 36 months | 7.13% | 24.65 | - | 0.22 | - | |
| Total | | | 319.55 | 1,316.07 | 149.32 | 118.83 | |
| % of Loan given to related parties as % of total loans | | | 68% | 91% | - | - | |

(5) Also refer note no. 47 for the details of the collateral security and note no. 42(c) for the details of financial guarantee given by the Company against the loans obtained by the subsidiaries.

(6) All related party transactions entered during the year and outstanding balances were in ordinary course of the business and are on an arm's length basis. Outstanding balances are unsecured and to be settled in cash.



Note 44 : Assets and liabilities relating to employee benefits

a) **Defined contribution plans**

The Company has certain defined contribution plans. Contributions are made as per local regulations. The contributions are made to registered provident fund/pension fund/other fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Defined Contribution Plans: The Company has recognized the following amount in the Statement of Profit and Loss for the year;

| Particulars | Rs. in million | |
|---|-------------------------|-------------------------|
| | Year ended 31-Mar-23 | Year ended 31-Mar-22 |
| Contribution to Employees Provident Fund | 193.62 | 173.08 |
| Contribution to Employees Family Pension Fund | 89.37 | 85.67 |
| Other defined contribution plan | 36.87 | 35.73 |
| Total | 319.86 | 294.48 |

b) **Past-employment obligations**

Gratuity

The Company has a defined benefit gratuity plan for employees governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to fund managed by Life Insurance Corporation of India. Contributions are made as per the demands by LIC of India.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, etc.

c) **Defined benefit plans**

The amounts recognised in the balance sheet, profit or loss, other comprehensive income and the movements in the net defined benefit obligation are as follows:

| Particulars | Rs. in million | | |
|--|--------------------------------|------------------------------|----------------|
| | Present value of obligation | Fair value of plan assets | Total |
| As at April 1, 2022 | 616.21 | (511.52) | 104.69 |
| Current service cost | 110.47 | - | 110.47 |
| Transfer In/ (out) | (1.60) | 2.18 | 0.58 |
| Interest expenses/(income) | 35.16 | (32.12) | 3.04 |
| Mortality charges and taxes | - | 4.15 | 4.15 |
| Total amount recognised in profit and loss | 144.03 | (25.79) | 118.24 |
| Remeasurement of: | | | |
| - Return on plan assets, excluding amounts included in interest expense/(income) | | | |
| Actuarial (gain)/ losses - experience | - | (2.76) | (2.76) |
| Actuarial (gain)/ losses - financial assumptions | - | (3.69) | (3.69) |
| - Defined benefit obligations | | | |
| Actuarial (gain)/ losses - experience | (15.28) | - | (15.28) |
| Actuarial (gain)/ losses - demographic changes | - | - | - |
| Actuarial (gain)/ losses - financial assumptions | (32.55) | - | (32.55) |
| Total amount recognised in other comprehensive income | (47.83) | (6.45) | (54.28) |
| Employer contribution | - | (110.23) | (110.23) |
| Benefit payments | (77.71) | 77.71 | - |
| As at March 31, 2023 | 634.70 | (576.28) | 58.42 |

| Particulars | Rs. in million | | |
|--|--------------------------------|------------------------------|---------------|
| | Present value of obligation | Fair value of plan assets | Total |
| As at April 1, 2021 | 558.46 | (483.26) | 75.20 |
| Current service cost | 97.85 | - | 97.85 |
| Transfer In/ (out) | (23.09) | 19.70 | (3.39) |
| Interest expenses/(income) | 27.46 | (25.75) | 1.71 |
| Mortality charges and taxes | - | 4.58 | 4.58 |
| Total amount recognised in profit and loss | 102.22 | (1.47) | 100.75 |
| Remeasurement of: | | | |
| - Return on plan assets, excluding amounts included in interest expense/(income) | | | |
| Actuarial (gain)/ losses - experience | - | (11.60) | (11.60) |
| Actuarial (gain)/ losses - financial assumptions | - | 1.47 | 1.47 |
| - Defined benefit obligations | | | |
| Actuarial (gain)/ losses - experience | 15.28 | - | 15.28 |
| Actuarial (gain)/ losses - demographic changes | 3.95 | - | 3.95 |
| Actuarial (gain)/ losses - financial assumptions | 1.46 | - | 1.46 |
| Total amount recognised in other comprehensive income | 20.69 | (10.13) | 10.56 |
| Employer contribution | - | (81.82) | (81.82) |
| Benefit payments | (65.16) | 65.16 | - |
| As at March 31, 2022 | 616.21 | (511.52) | 104.69 |



Note 44 : Assets and liabilities relating to employee benefits (continued)

d) The net liability disclosed above relating to funded plans are as follows:

| Particulars | Rs. in million | |
|-----------------------------|--------------------|--------------------|
| | As at 31-Mar-23 | As at 31-Mar-22 |
| Present value of obligation | 634.70 | 616.21 |
| Fair value of plan assets | (576.28) | (511.52) |
| Deficit of funded plan | 58.42 | 104.69 |

The Company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans as per the demand from LIC of India.

Principal actuarial assumptions as at the reporting date:

| Particulars | Rs. in million | |
|---|--------------------|--------------------|
| | As at 31-Mar-23 | As at 31-Mar-22 |
| a) Discount rate | 7.30% | 6.10% |
| b) Expected rate of return on plan assets | 6.10% | 5.40% |
| c) Salary escalation rate | 9.00% | 9.00% |
| d) Withdrawal rate | | |
| Field staff | 30.00% | 30.00% |
| Factory staff | 20.00% | 20.00% |
| e) Mortality table | IAIM(2012-14) ult | IAIM(2012-14) ult |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Normal retirement age is 58 years.

e) Sensitivity analysis :

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions , holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

| Change In assumption | Rs. in million | | | |
|--|--------------------------------------|-----------|------------------------|-----------|
| | Impact on defined benefit obligation | | | |
| | Increase in assumption | | Decrease in assumption | |
| | 31-Mar-23 | 31-Mar-22 | 31-Mar-23 | 31-Mar-22 |
| Discount rate by 1% (Mar 31, 2022 : 1%) | (24.84) | (24.83) | 26.94 | 26.99 |
| Salary escalation rate by 1% (Mar 31, 2022 : 1%) | 20.29 | 20.20 | (19.09) | (18.97) |
| Withdrawal rate by 1% (Mar 31, 2022 : 1%) | (2.34) | (3.45) | 2.56 | 3.72 |

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in the domicile country of the company.

f) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed

- i) Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.
- ii) Changes in bond yields: A decrease in bond yields will increase plan liabilities.
- iii) Future salary escalation and inflation risk : Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence company is encouraged to adopt asset-liability management.

The Company's assets are maintained in a trust fund managed by public sector insurance company via, LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Company has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Company makes contribution as per the instructions received from LIC. The Company compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Company considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for next year is Rs. 58.40 million (March 31, 2022 - Rs. 105.00 million).

The weighted average duration of the defined benefit obligation is 4.9 years (March 31, 2022: 5.18 years). The following benefits payments are expected to be paid:

| | Rs. in million | | | | |
|---------------------------------------|------------------|-------------------|-------------------|--------------|----------|
| | Less than 1 year | between 1-2 years | between 2-5 years | over 5 years | Total |
| March 31, 2023 | | | | | |
| Defined benefit obligation - gratuity | 136.30 | 126.53 | 355.15 | 469.15 | 1,087.13 |
| March 31, 2022 | | | | | |
| Defined benefit obligation - gratuity | 139.84 | 114.00 | 320.35 | 424.84 | 999.03 |

h) Major plan assets

| | Rs. in million | |
|--|--------------------|--------------------|
| | As at 31-Mar-23 | As at 31-Mar-22 |
| | Unquoted | Unquoted |
| Investment funds | | |
| - Insurance Funds (LIC Pension and Group Schemes fund) | 576.28 | 511.52 |
| Total | 576.28 | 511.52 |

The category wise details of the plan assets is not available as it's maintained by LIC.



EMCURE PHARMACEUTICALS LIMITED
Special purpose Interim Standalone Financial Statements
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 45: Employees stock option plan

As at March 31, 2022, the Company has the following share-based payment arrangement:

Share option plans (equity settled)

"Emcure ESOS 2013": The Board vide its resolution granted employee stock options as under to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder.

| Resolution date | Tranche No | Grant Date | Original Exercise Price | Total Options Granted | Revised Exercise Price # |
|-----------------|--------------|------------|-------------------------|-----------------------|--------------------------|
| 10-Oct-13 | Tranche - 01 | 01-Oct-13 | 221.25* | 22,70,000 | 165.07 |
| 14-Mar-16 | Tranche - 02 | 14-Mar-16 | 508.75 | 5,80,000 | 452.57 |
| 07-Jul-17 | Tranche - 03 | 07-Jul-17 | 300.00 | 1,00,000 | 243.82 |
| 01-Nov-18 | Tranche - 04 | 01-Nov-18 | 522.00 | 8,40,000 | 465.82 |
| 01-Dec-18 | Tranche - 05 | 01-Dec-18 | 522.00 | 2,40,000 | 465.82 |
| 01-Feb-19 | Tranche - 06 | 01-Feb-19 | 522.00 | 2,30,000 | 465.82 |
| 06-Jun-19 | Tranche - 07 | 06-Jun-19 | 522.00 | 6,25,000 | 465.82 |
| 08-Nov-19 | Tranche - 08 | 08-Nov-19 | 580.00 | 4,55,000 | 523.82 |
| 04-Feb-20 | Tranche - 09 | 04-Feb-20 | 580.00 | 70,000 | 523.82 |
| 22-Jul-20 | Tranche - 10 | 22-Jul-20 | 620.00 | 1,80,000 | 563.82 |
| 09-Nov-20 | Tranche - 11 | 09-Nov-20 | 620.00 | 40,000 | 563.82 |
| 27-May-21 | Tranche - 12 | 27-May-21 | 918.25 | 3,40,000 | 862.07 |
| 22-Feb-22 | Tranche - 13 | 22-Feb-22 | 1,000.05 | 1,10,000 | N/A |
| 20-Oct-22 | Tranche - 14 | 20-Oct-22 | 1,008.21 | 30,000 | N/A |
| 13-Feb-23 | Tranche - 15 | 13-Feb-23 | 1,008.21 | 2,50,000 | N/A |

*During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.

Pursuant to Composite scheme of arrangement as disclosed in note 53, the exercise price of ESOP's outstanding was revised. The fair value of such options post modification of exercise price is lower than fair valuation of options before modification. The details of model and inputs for measuring incremental fair value are as below:

| Sr. | Particulars | July 25, 2021 |
|-----|---|-----------------|
| a. | Options outstanding | 17,85,000 |
| b. | Expected price volatility of the company's shares | 27.59% ~ 37.32% |
| c. | Expected dividend yield | 1.00% |
| d. | Risk free interest rate | 3.45% ~ 4.69% |
| e. | Expected life of options | 0.52 ~ 2.84 |

The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or were allowed to be exercised till March 31, 2023.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Movement of the options granted under the plan is as below:

| March 31, 2023 | Grant Date | Balance as on 01-Apr-22 | Grant during the year | Cancelled during the year | Exercised during the year | Balance as on 31-Mar-23 | Exercisable | Revised Exercise Price |
|---|------------|-------------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------|------------------------|
| Tranche - 01 | 01-Oct-13 | 7,30,000 | - | (60,000) | - | 6,70,000 | - | 165.07 |
| Tranche - 02 | 14-Mar-16 | 60,000 | - | - | - | 60,000 | - | 452.57 |
| Tranche - 06 | 01-Feb-19 | 30,000 | - | - | - | 30,000 | - | 465.82 |
| Tranche - 07 | 06-Jun-19 | 1,30,000 | - | - | - | 1,30,000 | - | 465.82 |
| Tranche - 08 | 08-Nov-19 | 1,85,000 | - | (1,05,000) | - | 80,000 | - | 523.82 |
| Tranche - 09 | 04-Feb-20 | 10,000 | - | - | - | 10,000 | - | 523.82 |
| Tranche - 10 | 22-Jul-20 | 1,80,000 | - | (85,000) | - | 95,000 | - | 563.82 |
| Tranche - 11 | 09-Nov-20 | 40,000 | - | - | - | 40,000 | - | 563.82 |
| Tranche - 12 | 27-May-21 | 3,40,000 | - | (45,000) | - | 2,95,000 | - | 862.07 |
| Tranche - 13 | 22-Feb-22 | 1,10,000 | - | (30,000) | - | 80,000 | - | 1,000.05 |
| Tranche - 14 | 20-Oct-22 | - | 30,000 | (30,000) | - | - | - | 1,008.21 |
| Tranche - 15 | 13-Feb-23 | - | 2,50,000 | - | - | 2,50,000 | - | 1,008.21 |
| Total/ Weighted average exercise price | | 18,15,000 | 2,80,000 | (3,55,000) | - | 17,40,000 | | 529.83 |

| March 31, 2022 | Grant Date | Balance as on 01-Apr-21 | Grant during the year | Cancelled during the year* | Exercised during the year | Balance as on 31-Mar-22 | Exercisable | Exercise Price |
|---|------------|-------------------------|-----------------------|----------------------------|---------------------------|-------------------------|-------------|----------------|
| Tranche - 01 | 01-Oct-13 | 9,00,000 | - | (1,70,000) | - | 7,30,000 | - | 165.07 |
| Tranche - 02 | 14-Mar-16 | 60,000 | - | - | - | 60,000 | - | 452.57 |
| Tranche - 06 | 01-Feb-19 | 30,000 | - | - | - | 30,000 | - | 465.82 |
| Tranche - 07 | 06-Jun-19 | 1,30,000 | - | - | - | 1,30,000 | - | 465.82 |
| Tranche - 08 | 08-Nov-19 | 1,85,000 | - | - | - | 1,85,000 | - | 523.82 |
| Tranche - 09 | 04-Feb-20 | 70,000 | - | (60,000) | - | 10,000 | - | 523.82 |
| Tranche - 10 | 22-Jul-20 | 1,80,000 | - | - | - | 1,80,000 | - | 563.82 |
| Tranche - 11 | 09-Nov-20 | 40,000 | - | - | - | 40,000 | - | 563.82 |
| Tranche - 12 | 27-May-21 | - | 3,40,000 | - | - | 3,40,000 | - | 862.07 |
| Tranche - 13 | 22-Feb-22 | - | 1,10,000 | - | - | 1,10,000 | - | 1,000.05 |
| Total/ Weighted average exercise price | | 15,95,000 | 4,50,000 | (2,30,000) | - | 18,15,000 | | 469.14 |



Note 45: Employees stock option plan (continued)

No options have expired or exercised during the periods covered in the above table.

Weighted average remaining contractual life of options as at year end is 6.46 Years (March 31, 2022 : 6.00 Years)

Fair value of equity settled share based payment arrangements:

2,80,000 employee stock options were granted during the year ended March 31, 2023. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2023 included:

| Sr. | Particulars | Tranche - 14 | Tranche - 15 |
|-----|---|--------------|--------------|
| a. | Options granted | 30,000 | 2,50,000 |
| b. | Exercise Price Rs. | 1,008.21 | 1,008.21 |
| c. | Share Price at grant date | 1,008.21 | 1,008.21 |
| d. | Date of grant | 20-Oct-22 | 13-Feb-23 |
| e. | Expected price volatility of the company's shares | 33.00% | 33.00% |
| f. | Expected dividend yield | 1.00% | 1.00% |
| g. | Risk free interest rate | 7.26% | 7.26% |
| h. | Expected life of options | 3.03 | 3.03 |

4,50,000 employee stock options were granted during the year ended March 31, 2022. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2022 included:

| Sr. | Particulars | Tranche - 12 | Tranche - 13 |
|-----|---|--------------|--------------|
| a. | Options granted | 3,40,000 | 1,10,000 |
| b. | Exercise Price Rs. | 918.25 | 1,000.05 |
| c. | Share Price at grant date | 918.25 | 1,000.05 |
| d. | Date of grant | 27-May-21 | 22-Feb-22 |
| e. | Expected price volatility of the company's shares | 34.54% | 33.60% |
| f. | Expected dividend yield | 1.00% | 1.00% |
| g. | Risk free interest rate | 5.38% | 5.75% |
| h. | Expected life of options | 3.00 | 3.00 |

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Expenses recognised in statement of profit and loss:

| Particulars | Rs. in million | |
|------------------------------|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Employee share-based payment | 22.68 | 32.63 |



Note 46 : Revenue from operations

| Particulars | Rs. in million | |
|---|-------------------------|-------------------------|
| | Year ended 31-Mar-23 | Year ended 31-Mar-22 |
| Revenue recognised from contracts with customers | 30,889.94 | 33,789.25 |
| Other operating revenue | 180.92 | 83.17 |
| Total | 31,070.86 | 33,872.42 |
| Disaggregation of revenue | | |
| Based on markets | | |
| Within India | 19,536.82 | 19,630.70 |
| Outside India - | | |
| a. Europe | 1,774.60 | 3,760.60 |
| b. North America | 2,305.64 | 1,596.56 |
| c. Other continents | 7,453.80 | 8,884.56 |
| Total | 31,070.86 | 33,872.42 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year | 80.70 | 237.47 |

A) There is no significant change in the contract liabilities.

B) The Company satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract (except for contracts with subsidiaries, wherein there is variable consideration) subject to refund due to returns and do not contain any financing component. The payment is generally due within 7-180 days. The Company is obliged for returns/refunds due to expiry & saleable returns. There are no other significant obligations attached in the contract with customer.

C) There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Company is agreed in the contract with the customer. Further, the variable consideration is an estimate amount arrived by using expected value method.

D) Reconciliation of contract price with revenue recognised in statement of profit and loss:

| Particulars | Rs. in million | |
|---|------------------|------------------|
| | 31-Mar-23 | 31-Mar-22 |
| Contract price | 31,508.96 | 34,516.00 |
| Less: | | |
| Amount recognised as sales returns & breakage expiry | (603.42) | (739.10) |
| Allowance for interest loss | (15.60) | 12.35 |
| Revenue recognised in statement of profit and loss | 30,889.94 | 33,789.25 |

E) Major customer

There is no customer having sales of more than 10% of Company's total revenue for the year ended March 31, 2023.

Revenue from Tillomed Laboratories Limited which caters 'Europe' segment is Rs. 3,433.24 million which is more than 10% of the Company's total revenue for the year ended March 31, 2022.

Receivable from Avet Lifesciences Private Limited of Rs. 1,628.71 million and from Emcure Pharma Peru S.A.C. of Rs. 1,600.32 million is more than 10% of the Company's total receivable for the year ended March 31, 2023.

Receivable from Emcure Pharma Peru S.A.C. of Rs. 1,644.30 million and from Tillomed Laboratories Limited of Rs. 1,171.10 million is more than 10% of the Company's total receivable for the year ended March 31, 2022.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 47 : Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | Note | Rs. in million | |
|--|--------------|------------------|------------------|
| | | 31-Mar-23 | 31-Mar-22 |
| Current | | | |
| Financial assets | | | |
| Cash and cash equivalents | 11 | 1,220.15 | 309.23 |
| Bank balances other than cash and cash equivalents | 12 | 190.02 | 169.58 |
| Trade receivables | 10 | 10,544.96 | 10,090.92 |
| Other current financial assets | 13 | 894.48 | 1,830.89 |
| Non-financial assets | | | |
| Inventories | 9 | 7,099.33 | 7,304.42 |
| Other current assets | 14 | 1,446.11 | 1,655.45 |
| Total current assets pledged as security | | 21,395.05 | 21,360.49 |
| Non Current | | | |
| Financial assets | | | |
| Deposits with banks | 7 | 22.00 | 19.51 |
| Investments | 5 | 3,110.08 | 3,110.08 |
| Non-financial assets | | | |
| Property, plant, equipment, leasehold land, intangible assets and capital work-in-progress | 2A, 2B, 3, 4 | 13,721.78 | 13,077.03 |
| Total non-current assets pledged as security | | 16,853.86 | 16,206.62 |
| Total assets pledged as security | | 38,248.91 | 37,567.11 |



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EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 48 : Segment reporting

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

Note 49 : Expenditure on research and development

The total expenditure incurred on Research and Development including in house Research and Development during the year is as follows;

| | Rs. in million | |
|--|-----------------|-----------------|
| | 31-Mar-23 | 31-Mar-22 |
| Particulars | | |
| Revenue | 1,604.73 | 1,494.78 |
| Capital | 56.18 | 43.38 |
| Total | 1,660.91 | 1,538.16 |
| R&D expenditure as a % of revenue from operations | 5.35% | 4.54% |

Note 50 : Information regarding Micro, Small and Medium Enterprises

The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

| | Rs. in million | |
|--|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Particulars | | |
| i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year | - | - |
| a. Principal outstanding and not overdue as per MSME act | 130.88 | 216.44 |
| b. Principal outstanding and overdue as per MSME act and interest due thereon | - | - |
| ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | 81.82 | 35.23 |
| iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006 | - | - |
| iv) The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.07 | 0.02 |
| v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006 | - | - |

Note 51 : Indirect tax refund received

The Company is entitled to receive subsidy in the form of Budgetary Support under Goods and Service Tax as per fixed percentage of Central Tax / IGST paid in cash after full utilisation of input tax credit by its unit at Jammu and Kashmir which is valid till May 2026. There are no unfulfilled conditions or other contingencies related to the Scheme.

Note 52 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the Company. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below:

| | Rs. in million | |
|---|---|---|
| | 31-Mar-23 | 31-Mar-22 |
| Particulars | | |
| (a) amount required to be spent by the company for the year | 92.03 | 75.57 |
| (b) amount of expenditure incurred till date; | | |
| Paid | | |
| (i) Construction/acquisition of any asset | | - |
| (ii) On purposes other than (i) above | 101.19 | 77.29 |
| Yet to be paid | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | - | - |
| Total | 101.19 | 77.29 |
| (c) shortfall at the end of the year | - | - |
| (d) reason for shortfall | N/A | N/A |
| (e) total of previous years shortfall | - | - |
| (f) nature of CSR activities | Promoting Healthcare, Education, Rural development projects, Environment Sustainability & Training to promote rural and/or nationally recognised sports | Promoting Healthcare, Education, Rural development projects, Environment Sustainability & Training to promote rural and/or nationally recognised sports |



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 53 : Composite Scheme of arrangement

The Board of Directors of the Company, in its meeting held on November 09, 2020, had approved Composite Scheme of Arrangement between Emcure Pharmaceuticals Limited ("Demerged Company") and Avet Lifesciences Limited ("Resulting Company") and their respective shareholders ('Scheme') which was filed before the National Company Law Tribunal ("NCLT"), Mumbai, on November 30, 2020, for demerger of the Company's United States of America ('US') market business and vesting the same into the Resulting Company, under Sections 230 to 232 read with Section 52, section 66 and other applicable provisions of the Companies Act, 2013. The Composite Scheme of arrangement has been approved by NCLT on June 4, 2021 with an appointed date of April 01, 2021.

Accounting of Demerger as per approved Composite Scheme:

(i) the Company reduced the book values of assets, liabilities and reserves of the US market business as at the close of business on the day immediately preceding the Demerger Appointed Date in its books of accounts. Reserves such as Capital reserve, Securities premium, General Reserve and Retained earnings are reduced in the proportions of net assets transferred to the Resulting Company;

(ii) the carrying value of the investment in equity shares and loans of the Resulting Entity to the extent held by the Company amounting to Rs. 1.40 million were cancelled; and

(iii) the Company made an adjustment equal to the difference between net assets transferred and reserves, first in the Capital Reserve to the extent available, thereafter in the Securities Premium to the extent available and residual balance in the General Reserve under the head "Other Equity".

The book value of assets, liabilities and reserves transferred are as under:

| Particulars | Rs. in million |
|---|-----------------|
| | 31-Mar-22 |
| Property, plant and equipment | 2.22 |
| Financial assets - Investments | 3,306.69 |
| Financial assets - Loans | 2,485.74 |
| Financial assets - Other non-current financial assets | 30.70 |
| Financial assets - Trade receivables | 1,587.37 |
| Financial assets - Cash and cash equivalents | 2,050.00 |
| Financial assets - Other current financial assets | 483.26 |
| Total Assets (A) | 9,945.98 |
| Deferred tax liabilities | (10.65) |
| Financial liabilities - Trade payables | 107.27 |
| Financial liabilities - Other current financial liabilities | 0.36 |
| Current provisions | 2.52 |
| Total Liabilities (B) | 99.50 |
| Equity (A-B) | 9,846.48 |

(c) Appointed date and effective date accounting

Had this not been an NCLT approved Scheme, the effect of scheme would have been given on July 25, 2021 instead of April 01, 2021 and the total revenue for the year ended March 31, 2022 would have been higher by Rs. 509.57 million and the total expenses would have been higher by Rs. 223.97 million.

Note 54 : Government Grant

During the current year, the Company has received eligibility under Production Linked Incentive scheme of the Government of India. The Company has recognized income of Rs. 71.70 million (March 31, 2022 : Nil) under the said scheme. Balance receivable under this scheme of Rs. 34.05 million as on March 31, 2023 (March 31, 2022: Nil) is disclosed under 'other current financial assets'. There are no unfulfilled conditions or other contingencies attached to this grant.

Note 55 : Additional regulatory information required by Schedule III

- No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- The Company has not entered into any scheme of arrangement which has an accounting impact on current financial year.
- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- 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:
 - 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
- There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 2A to the financial statements, are held in the name of the company.
- There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.



Note 56 : Ratios as per the Schedule III requirements

(a) **Current Ratio = Current Assets divided by Current Liabilities**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Current Assets | 21,395.05 | 21,360.49 |
| Current Liabilities | 19,963.32 | 19,340.64 |
| Ratio | 1.07 | 1.10 |
| % change from 31 March 2023 | -3% | |

Reason for change more than 25%:
Change is not more than 25%.

(b) **Debt Equity ratio/ Gearing ratio = Total debt divided by Total equity**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Total debt | 16,574.96 | 15,737.89 |
| Total equity | 18,418.68 | 17,125.29 |
| Ratio | 0.90 | 0.92 |
| % change from 31 March 2023 | -2% | |

Reason for change more than 25%:
Change is not more than 25%.

(c) **Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest, Lease payments and principal repayments**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|---|-----------|-----------|
| Profit for the year | 1,600.62 | 4,468.11 |
| Add: Depreciation and amortizations | 1,785.24 | 1,657.92 |
| Add: Finance cost | 1,668.33 | 1,451.37 |
| Add: (Profit)/loss on sale of property, plant and equipment | 2.53 | (1.30) |
| Earnings available for debt services | 5,056.72 | 7,576.10 |
| Finance cost paid | 1,420.67 | 1,313.72 |
| Lease payments | 188.97 | 161.17 |
| Principal repayments (including certain prepayments) | 1,901.21 | 2,134.69 |
| Total Interest and Principal repayments | 3,510.85 | 3,609.58 |
| Ratio | 1.44 | 2.10 |
| % change from previous year | -31% | |

Reason for change more than 25%:
Lower profitability on account of decrease in sales and increase in costs has lead to decline in debt service coverage ratio.

(d) **Return on Equity Ratio / Return on Investment Ratio = Profit for the year divided by average equity**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Profit for the year | 1,600.62 | 4,468.11 |
| Average equity | 17,771.99 | 20,071.51 |
| Ratio | 9% | 22% |
| % change from previous year | -60% | |

Reason for change more than 25%:
Lower profitability on account of decrease in sales and increase in costs has lead to decline in return on equity ratio.

(e) **Inventory Turnover Ratio = Cost of goods sold divided by average inventory**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Cost of goods sold | 12,136.94 | 13,188.91 |
| Average Inventory | 7,201.88 | 6,761.08 |
| Ratio | 1.69 | 1.95 |
| % change from previous year | -14% | |

Reason for change more than 25%:
Change is not more than 25%.



(f) **Trade Receivables turnover ratio = Revenue from operations (excluding other operating revenue) divided by average trade receivables**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-------------------------------|-----------|-----------|
| Revenue from operations | 31,070.86 | 33,872.42 |
| Less: other operating revenue | (180.92) | (83.17) |
| Net sales | 30,889.94 | 33,789.25 |
| Average Trade Receivables | 10,317.94 | 10,042.59 |
| Ratio | 2.99 | 3.36 |
| % change from previous year | -11% | |

Reason for change more than 25%:
Change is not more than 25%.

(g) **Trade payables turnover ratio = Credit purchases divided by average trade payables**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Credit Purchases | 19,665.42 | 20,587.27 |
| Average Trade Payables | 6,374.03 | 5,878.28 |
| Ratio | 3.09 | 3.50 |
| % change from previous year | -12% | |

Reason for change more than 25%:
Change is not more than 25%.

(h) **Net capital Turnover Ratio = Net sales divided by Net Working Capital (whereas net working capital = current assets - current liabilities)**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Net Sales* | 30,889.94 | 33,789.25 |
| Net working capital | 1,431.73 | 2,019.85 |
| Ratio | 21.58 | 16.73 |
| % change from previous year | 29% | |

Reason for change more than 25%:
Lower turnover, higher working capital requirement and increase in holding period has lead to increase net capital turnover ratio.

(i) **Net profit ratio = Profit for the year divided by net sales**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Profit for the year | 1,600.62 | 4,468.11 |
| Net Sales* | 30,889.94 | 33,789.25 |
| Ratio | 5% | 13% |
| % change from previous year | -61% | |

Reason for change more than 25%:
Lower profitability on account of decrease in sales and increase in costs has lead to decline in net profit ratio.

(j) **Return on capital employed = EBIT divided by Capital Employed (total equity plus debt and deferred tax liability)**

| Particulars | 31-Mar-23 | 31-Mar-22 |
|--|-----------|-----------|
| Profit for the year | 1,600.62 | 4,468.11 |
| Add: Depreciation and amortisation expense | 1,785.24 | 1,657.92 |
| Add: Finance costs | 1,668.33 | 1,451.37 |
| Add: Tax expenses | 522.76 | 1,696.12 |
| EBITDA | 5,576.95 | 9,273.52 |
| EBIT | 3,791.71 | 7,615.60 |
| Total equity | 17,771.99 | 20,071.51 |
| Deferred tax liability | 302.41 | 297.02 |
| Non-current borrowings | 6,006.50 | 5,123.96 |
| Current borrowings | 10,671.07 | 10,664.23 |
| Less: Interest accrued but not due on borrowings | (102.61) | (50.30) |
| Total debt | 16,574.96 | 15,737.89 |
| EBIT | 3,791.71 | 7,615.60 |
| Capital Employed | 34,649.36 | 36,106.42 |
| Ratio | 11% | 21% |
| % change from previous year | -48% | |

Reason for change more than 25%:
Lower profitability on account of decrease in sales and increase in costs has lead to decline in return on capital employed.



EMCURE PHARMACEUTICALS LIMITED
Notes to the standalone financial statements (continued)
For the year ended March 31, 2023

Note 57 : Code of Social Security

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.

Note 58 : Initial Public Offering ("IPO")

During the year ended March 31, 2022, the Company had filed Draft Red Herring Prospectus ('DRHP') with the Securities and Exchange Board of India ("SEBI"), and an application for In-principle approval from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") in connection with proposed Initial Public Offering ("IPO") of its equity shares. The Company in connection with proposed Initial Public Offering ("IPO") of its Equity Shares, received observation letter dated December 08, 2021 from the Securities and Exchange Board of India ("SEBI"), which was valid until December 07, 2022 and has since then lapsed. Accordingly the In-principle approvals received from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on August 30, 2021 & September 08, 2021, respectively are no longer valid.

Note 59 : Events occurring after the March 31, 2023

There are no significant events subsequent to year ended March 31, 2023.

Note 60 : Authorisation of Standalone Financial statements

The standalone financial statements were approved by the Board of Directors on June 1, 2023.

The notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

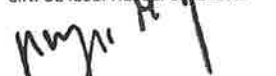


Abhishek
Partner
Membership No. 062343

Place: Pune

Date: 9/6/2023

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN: U24231PN1981PLC024251

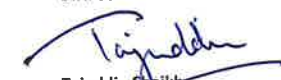

Benjis Desai
Non-executive Director & Chairman
DIN: 00153675


Chetan Sharma
Company Secretary
Membership No. F8352

Place: Pune

Date: 01-June-2023


Satish Mehta
Managing Director & CEO
DIN: 00118691


Tajuddin Shaikh
Chief Financial Officer

B S R & Co. LLP

Chartered Accountants

8th floor, Business Plaza,
Westin Hotel Campus,
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411 001, India
Telephone: +91 (20) 6747 7300
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Independent Auditors Report

To the Members of Emcure Pharmaceuticals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emcure Pharmaceuticals Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of Matters

- a. We draw attention to Note 42 to the consolidated financial statements, which describes the uncertainty related to the ultimate outcome of the Search and Seizure operation conducted by the Income Tax Department. The Holding Company has not received any demand notices in relation to the Search and Seizure as at this date. Management is confident that no taxes will devolve on the Group and hence no provision has been recognised in these consolidated financial statements as at 31 March 2023. Though the Holding Company has not received any demand notice till date, the uncertainty in the matter remains till the proceedings are concluded.

Registered Office:

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

- b. We draw attention to Note 42 to the consolidated financial statements which describes the uncertainty related to the ultimate outcome of the Arbitration proceedings filed against Gennova Biopharmaceuticals Limited ('Gennova') in the London Court of International Arbitration and the lawsuit filed against Emcure Pharmaceuticals Limited ('the Company') in the United States District Court- Seattle Division by HDT Bio Corp. ("HDT") in the matter relating to the COVID vaccine being developed by Gennova. The uncertainty in the matter, including financial impact, if any, will remain till the proceedings are concluded. Given the uncertainty of outcome of the proceedings, the merits of HDT's claims can neither be fully assessed at present nor the possible loss or range of loss, if any, that may result from the proceedings can be estimated. Accordingly, no provision has been recognised in these financial statements as at 31 March 2023.

Our opinion is not modified in respect of these matter.

Management's and Board of Directors Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

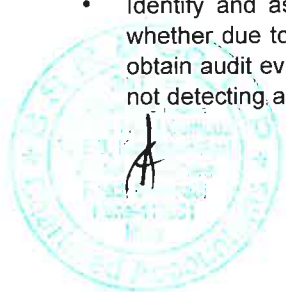
The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

As part of an audit in accordance with SAs, 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,



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

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.

Other Matters

- a. We did not audit the financial statements / financial information of 12 subsidiaries, whose financial statements/financial information reflects total assets (before consolidation adjustments) of Rs.23,625.01 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs.18,402.92 million and net cash out flows (before consolidation adjustments) amounting to Rs. 311.02 for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information has been audited by other auditor whose reports 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 these subsidiaries, 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 is based solely on the reports of the other auditor.



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

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

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

- c. The financial statements/financial information of 8 subsidiaries, whose financial statements/financial information reflects total assets (before consolidation adjustments) of Rs. 4,030.80 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs.4,141.60 million and net cash in flows (before consolidation adjustments) amounting to Rs.234.87 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements/unaudited financial information 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 these subsidiaries, 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, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.
- d. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, 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 purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 the Ind AS specified under Section 133 of the Act.



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

- e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies in India incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, 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 of the subsidiaries, as noted in the "Other Matters" paragraph:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 42 to the consolidated financial statements.
 - b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.
 - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023.
 - d (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the Note 61 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall 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 of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the Note 61 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The Interim dividend declared and paid by the Holding company and one of its subsidiaries, which is a company incorporated in India, during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013. The final dividend paid by the Holding



Independent Auditor's Report (Continued)

Emcure Pharmaceuticals Limited

company and one of its subsidiaries, which is a company incorporated in India, during the year in respect of the same declared for the previous year is in accordance with section 123 of the Companies Act 2013 to the extent it applies to payment of dividend. As stated in Note 16 to the consolidated financial statements, the Board of Directors of the Holding company and one of its subsidiaries, which is a company incorporated in India, have proposed final dividend for the year 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.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248WW-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTO7985

B S R & Co. LLP

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTO7985

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Emcure Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 its business, including adherence to the respective 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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.



Annexure B to the Independent Auditor's Report on the consolidated financial statements of Emcure Pharmaceuticals Limited for the year ended 31 March 2023 (Continued)

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248WW-100022



Abhishek

Partner

Place: Pune

Date: 09 June 2023

Membership No.: 062343

ICAI UDIN:23062343BGYFTO7985

EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Balance Sheet as at March 31, 2023

Rs. in million

| Particulars | Note | March 31, 2023 | March 31, 2022 |
|---|------|------------------|------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2A | 16,046.34 | 14,702.77 |
| Capital work-in-progress | 2B | 4,035.31 | 3,098.03 |
| Right-of-use assets | 3 | 2,065.91 | 2,053.77 |
| Goodwill | 51 | 2,177.37 | 2,173.95 |
| Other Intangible assets | 4 | 1,179.31 | 1,512.63 |
| Intangible assets under development | 5 | 78.80 | 100.95 |
| Financial assets | | | |
| i) Investments | 6 | 250.00 | 250.00 |
| ii) Other non current financial assets | 7 | 645.80 | 477.86 |
| Deferred tax assets (net) | 37 | 991.26 | 1,160.80 |
| Income tax assets (net) | 25 | 633.07 | 509.97 |
| Other non-current assets | 8 | 263.02 | 352.97 |
| Total non-current assets | | 28,366.19 | 26,393.70 |
| Current assets | | | |
| Inventories | 9 | 13,830.27 | 14,494.15 |
| Financial assets | | | |
| i) Trade receivables | 10 | 16,483.00 | 13,085.06 |
| ii) Cash and cash equivalents | 11 | 2,423.42 | 1,628.49 |
| iii) Bank balances other than (ii) above | 12 | 2,159.13 | 1,504.48 |
| iv) Other current financial assets | 13 | 589.32 | 555.83 |
| Other current assets | 14 | 2,873.98 | 2,972.98 |
| Total current assets | | 38,359.12 | 34,240.99 |
| Total assets | | 66,725.31 | 60,634.69 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 1,808.52 | 1,808.52 |
| Other equity | 16 | 23,202.74 | 18,066.96 |
| Equity attributable to owners of the company | | 25,011.26 | 19,875.48 |
| Non-controlling interest | 55 | 1,485.34 | 1,265.94 |
| Total equity | | 26,496.60 | 21,141.42 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | 17 | 7,441.35 | 7,172.82 |
| ii) Lease Liabilities | 3 | 1,151.80 | 1,112.78 |
| iii) Other non current financial liabilities | 18 | 495.14 | 439.79 |
| Provisions | 19 | 396.65 | 421.05 |
| Deferred tax liabilities (net) | 37 | 388.95 | 426.14 |
| Other non-current liabilities | 20 | 162.90 | 272.40 |
| Total non-current liabilities | | 10,036.79 | 9,844.98 |
| Current liabilities | | | |
| Financial liabilities | | | |
| i) Borrowings | 21 | 14,507.99 | 13,663.47 |
| ii) Lease Liabilities | 3 | 241.90 | 222.96 |
| iii) Trade payables | 22 | | |
| Total outstanding dues of micro and small enterprises | | 190.53 | 330.91 |
| Total outstanding dues to others | | 10,670.57 | 10,920.99 |
| iv) Other current financial liabilities | 23 | 2,805.87 | 2,706.22 |
| Provisions | 24 | 400.92 | 438.62 |
| Current tax liabilities (net) | 25 | 487.75 | 621.52 |
| Other current liabilities | 26 | 886.39 | 743.60 |
| Total current liabilities | | 30,191.92 | 29,648.29 |
| Total liabilities | | 40,228.71 | 39,493.27 |
| Total equity and liabilities | | 66,725.31 | 60,634.69 |

The notes referred to above form an integral part of the consolidated financials statements.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Abhishek
Abhishek
Partner
Membership No. 062343

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN : U74231PN2887PLC024251

Arjish Desai
Arjish Desai
Non-executive Director & Chairman
DIN : 00153675

Satish Mehta
Satish Mehta
Managing Director & CEO
DIN : 00118691

Chetan Sharma
Chetan Sharma
Company Secretary
Membership No. F8352

Tajuddin Shaikh
Tajuddin Shaikh
Chief Financial Officer

Place: Pune
Date: 9/6/2023

Place: Pune
Date: 01-June-2023

EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Statement of Profit and Loss (including Other Comprehensive Income) for the year ended March 31, 2023

Rs. in million

| Particulars | Note | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------|------------------------------|------------------------------|
| Revenue: | | | |
| Revenue from operations | 27 | 59,858.11 | 58,553.87 |
| Other income | 28 | 459.05 | 634.73 |
| Total income | | 60,317.16 | 59,188.60 |
| Expenses: | | | |
| Cost of materials consumed | 29 | 11,465.92 | 12,961.01 |
| Purchases of stock-in-trade | | 10,472.45 | 10,824.50 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 30 | 666.90 | (1,453.95) |
| Employee benefit expenses | 31 | 11,173.32 | 10,118.20 |
| Depreciation and amortisation expense | 33 | 2,601.18 | 2,448.55 |
| Finance cost | 34 | 2,136.08 | 1,759.78 |
| Other expenses | 32 | 14,267.70 | 12,805.03 |
| Total expenses | | 52,783.55 | 49,463.12 |
| Profit before exceptional items and tax | | 7,533.61 | 9,725.48 |
| Exceptional items | 35 | 61.46 | - |
| Profit before tax | | 7,472.15 | 9,725.48 |
| Tax expenses | | | |
| Current tax | 36 | 1,732.96 | 2,860.53 |
| Deferred tax | 36 | 120.74 | (160.61) |
| Total tax expenses | | 1,853.70 | 2,699.92 |
| Profit for the year | | 5,618.45 | 7,025.56 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurement of post-employment benefit obligations | 49 | 74.52 | (52.24) |
| Tax on post-employment benefit obligations | 36 | (18.78) | 13.57 |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences in translating financials statement of foreign operations | 16 | 108.32 | (51.67) |
| | | 164.06 | (90.34) |
| Total comprehensive income for the year | | 5,782.51 | 6,935.22 |
| Profit attributable to: | | | |
| Owners of the company | | 5,320.19 | 6,622.00 |
| Non-controlling interests (refer note under statement of changes in equity) | 55 | 298.26 | 403.56 |
| Other comprehensive income attributable to: | | | |
| Owners of the company | | 161.01 | (84.70) |
| Non-controlling interests | 55 | 3.05 | (5.64) |
| Total comprehensive income attributable to: | | | |
| Owners of the company | | 5,481.20 | 6,537.30 |
| Non-controlling interests | 55 | 301.31 | 397.92 |
| Earnings per share | | | |
| Basic | 46 | 29.42 | 36.62 |
| Diluted | 46 | 29.42 | 36.62 |
| [Face value per share: Rs.10 (Previous year: Rs.10)] | | | |

The notes referred to above form an integral part of the consolidated financial statements.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Abhishek
Abhishek
Partner
Membership No. 062343

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN : U24231PN19819000251

Verjit Desai
Verjit Desai
Non-executive Director & Chairman
DIN : 00153675

Satish Mehta
Satish Mehta
Managing Director & CEO
DIN : 00118691

Chetan Sharma
Chetan Sharma
Company Secretary
Membership No. F8352

Tajuddin Shams
Tajuddin Shams
Chief Financial Officer

Place: Pune
Date: 9/6/2023

Place: Pune
Date: 01-June-2023

EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Statement of Changes In Equity for the year ended March 31, 2023

| Equity share capital | Note | Rs. In million |
|---------------------------------|------|----------------|
| As at April 1, 2021 | | 1,808.52 |
| Changes in equity share capital | 15 | - |
| As at March 31, 2022 | | 1,808.52 |

| Equity share capital | Note | Rs. in million |
|---------------------------------|------|----------------|
| As at April 1, 2022 | | 1,808.52 |
| Changes in equity share capital | 15 | - |
| As at March 31, 2023 | | 1,808.52 |

| Other equity | Note | Reserves and Surplus | | | | | Other Comprehensive Income | Total | Non controlling Interest | Total |
|--|------|----------------------|--------------------|-----------------------------------|-----------------|------------------|--------------------------------------|------------|--------------------------|------------|
| | | Capital reserve | Securities premium | Share options outstanding account | General reserve | Retained earning | Foreign currency translation reserve | | | |
| As at April 1, 2021 | | 12.92 | 840.37 | 117.22 | 1,751.35 | 17,439.67 | 760.17 | 20,921.70 | 949.92 | 21,871.62 |
| Others including adjustment on account of demerger | | (12.92) | (840.37) | - | (964.72) | (6,533.03) | (551.79) | (8,902.83) | - | (8,902.83) |
| Profit for the year | | - | - | - | - | 6,622.00 | - | 6,622.00 | 403.56 | 7,025.56 |
| Remeasurement of post-employment benefit obligations (Net Of tax) | 16 | - | - | - | - | (33.03) | - | (33.03) | (5.64) | (38.67) |
| Exchange differences in translating financials statement of foreign operations | 16 | - | - | - | - | - | (51.67) | (51.67) | - | (51.67) |
| Transactions with owners, recorded directly in equity | | - | - | - | - | 6,588.97 | (51.67) | 6,537.30 | 397.92 | 6,935.22 |
| Interim dividend on equity Shares | 16 | - | - | - | - | (361.70) | - | (361.70) | (61.43) | (423.13) |
| Final dividend on equity shares | 16 | - | - | - | - | (180.85) | - | (180.85) | (20.48) | (201.33) |
| Others | | - | - | - | - | (542.55) | - | (542.55) | (81.90) | (624.45) |
| Employee share based expense | 50 | - | - | 57.16 | - | - | - | 57.16 | - | 57.16 |
| Options forfeited | 16 | - | - | (15.18) | 15.18 | - | - | - | - | - |
| Income tax on above | 36 | - | - | - | (3.82) | - | - | (3.82) | - | (3.82) |
| | | - | - | 41.98 | 11.36 | - | - | 53.34 | - | 53.34 |
| As at March 31, 2022 | | - | - | 159.20 | 797.99 | 16,953.06 | 156.71 | 18,066.96 | 1,265.94 | 19,332.90 |

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EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Statement of Changes In Equity for the year ended March 31, 2023

| Other equity | Note | Reserves and Surplus | | | | | Other Comprehensive Income | Total | Non controlling Interest | Total |
|--|------|----------------------|--------------------|-----------------------------------|-----------------|------------------|--------------------------------------|-----------|--------------------------|-----------|
| | | Capital reserve | Securities premium | Share options outstanding account | General reserve | Retained earning | Foreign currency translation reserve | | | |
| As at April 1, 2022 | | - | - | 159.20 | 797.99 | 16,953.06 | 156.71 | 18,066.96 | 1,265.94 | 19,332.90 |
| Profit for the year | | - | - | - | - | 5,320.19 | - | 5,320.19 | 298.26 | 5,618.45 |
| Remeasurement of post-employment benefit obligations (Net of tax) | 16 | - | - | - | - | 52.69 | - | 52.69 | 3.05 | 55.74 |
| Exchange differences in translating financials statement of foreign operations | 16 | - | - | - | - | - | 108.32 | 108.32 | - | 108.32 |
| Transactions with owners, recorded directly in equity | | - | - | - | - | 5,372.88 | 108.32 | 5,481.20 | 301.31 | 5,782.51 |
| Interim dividend on equity Shares | | - | - | - | - | (180.85) | - | (180.85) | (61.43) | (242.28) |
| Final dividend on equity Shares | 16 | - | - | - | - | (180.85) | - | (180.85) | (20.48) | (201.33) |
| Dividend distribution tax on above | | - | - | - | - | (361.70) | - | (361.70) | (81.91) | (443.61) |
| Others | | - | - | - | - | - | - | - | - | - |
| Employee share based expense | 50 | - | - | 52.76 | - | - | - | 52.76 | - | 52.76 |
| Options settled in cash during the year | | - | - | (27.41) | - | - | - | (27.41) | - | (27.41) |
| Options forfeited | 16 | - | - | (36.04) | 36.04 | - | - | - | - | - |
| Income tax on above | 36 | - | - | (9.07) | (9.07) | - | - | (9.07) | - | (9.07) |
| | | - | - | (10.69) | 26.97 | - | - | 16.28 | - | 16.28 |
| As at March 31, 2023 | | - | - | 148.51 | 824.96 | 21,964.24 | 265.03 | 23,202.74 | 1,485.34 | 24,688.08 |

Note :

- The notes referred to above form an integral part of the consolidated financials statements.
- For description of nature and purpose of Reserves refer note 16.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants

Abhishek

Abhishek
Partner
Membership No. 062343

Place: Pune

Date: 9/6/2023

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN : U24231PN1981PLC024251

Berjis Desai
Berjis Desai
Non-Executive Director & Chairman
DIN : 00153675

Chetan Sharma
Chetan Sharma
Company Secretary
Membership No. F8352

Place: Pune
Date: 01-June-2023

Satish Mehta
Satish Mehta
Managing Director & CEO
DIN : 00118691

Tajuddin Shaikh
Tajuddin Shaikh
Chief Financial Officer

EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Cash flow statement for the year ended March 31, 2023

| | | Rs. in million | |
|--|------------------------------|------------------------------|--|
| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 | |
| Cash flows from operating activities: | | | |
| Profit before tax | 7,472.15 | 9,725.48 | |
| Adjustment for: | | | |
| Depreciation and amortisation | 2,601.18 | 2,448.55 | |
| Unrealised exchange loss / (gain) | 279.39 | (155.15) | |
| Finance costs | 2,136.08 | 1,759.78 | |
| Employee share-based payment expense | 52.76 | 57.16 | |
| Interest income from banks and others | (118.34) | (101.97) | |
| Income arising from government grant (EPCG) | (29.70) | (25.03) | |
| Loss on sale of property, plant and equipments | 3.33 | 4.08 | |
| (Profit) on Sale of Investment | (1.21) | - | |
| | 12,395.64 | 13,712.90 | |
| Working capital adjustments: | | | |
| - (Increase) / decrease in inventories | 663.85 | (3,071.63) | |
| - Increase in trade receivables | (3,397.94) | (1,728.71) | |
| - Increase in other financial assets | (83.95) | (156.54) | |
| - (Increase)/decrease in other assets | 39.91 | (1,077.09) | |
| - Increase / (decrease) in trade payables | (391.80) | 3,157.03 | |
| - Increase in other financial liabilities | 197.85 | 122.01 | |
| - Increase/(decrease) in other liabilities | 35.58 | (302.85) | |
| - Increase in provisions | 14.15 | 138.72 | |
| | (2,922.35) | (2,919.06) | |
| Cash generated from operating activities | 9,473.29 | 10,793.84 | |
| Income tax paid (net of refunds) | (2,004.76) | (3,111.77) | |
| Net cash generated from operating activities (A) | 7,468.53 | 7,682.07 | |
| Cash flows from investing activities | | | |
| Acquisition of property, plant and equipment, and capital work-in-progress | (3,905.97) | (3,782.04) | |
| Acquisition of intangible assets and intangible assets under development | (127.67) | (187.87) | |
| Proceeds from sale of property, plant and equipment | 12.75 | 31.21 | |
| Purchase of Investment | (807.00) | - | |
| Sale of Investment | 808.21 | - | |
| Government grant (refer note 2A) | - | 50.00 | |
| Deferred consideration paid on acquisition of subsidiary, net of cash acquired (refer note 62) | - | (2,750.78) | |
| Investment in LLP | - | (250.00) | |
| Interest received from banks and others | 52.40 | 59.49 | |
| Deposits (placed)/ matured (net) | (709.57) | (1,057.92) | |
| Net cash generated (used) in investing activities (B) | (4,676.85) | (7,887.91) | |
| Cash flows from financing activities | | | |
| Repayment of long-term borrowings (refer note 1 below) | (3,427.30) | (4,467.02) | |
| Proceeds from long term borrowings | 3,575.88 | 3,714.18 | |
| Proceeds from / (Repayment) short-term borrowing (net) | 976.79 | 1,759.03 | |
| Interest paid (refer note 2 below) | (1,785.60) | (1,553.23) | |
| Repayment of lease liabilities | (350.13) | (347.01) | |
| Dividend paid by holding company | (361.71) | (542.56) | |
| Dividend paid to non controlling interest | (81.90) | (81.90) | |
| Net cash generated (used) in financing activities (C) | (1,453.97) | (1,518.51) | |
| Net decrease in cash and cash equivalents (A+B+C) | 1,337.71 | (1,724.35) | |
| Cash and cash equivalent as at 1 April (refer below) | (3,081.72) | (3,500.42) | |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | 2,141.19 | |
| Effect of exchange rate fluctuations on cash and cash equivalent | (1.28) | 1.86 | |
| Cash and cash equivalent as at March 31 | (1,745.29) | (3,081.72) | |
| Breakup of cash and cash equivalent as at March 31 | | | |
| Cash on hand | 1.84 | 1.20 | |
| Balances with bank in current accounts | 2,224.46 | 1,585.28 | |
| Balances with bank in cash credit accounts | 196.36 | 41.32 | |
| Demand deposits (with original maturity of less than 3 months) | 0.76 | 0.69 | |
| Bank overdrafts used for cash management purpose | (4,168.71) | (4,710.21) | |
| Total cash and cash equivalent* | (1,745.29) | (3,081.72) | |
| * Cash and cash equivalent includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management. | | | |



EMCURE PHARMACEUTICALS LIMITED
Cash flow statement for the year ended March 31, 2023 (continued)

| | Rs. in million | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Changes in liabilities arising from financing activities | | |
| Borrowings: | | |
| Opening balance | 16,311.69 | 15,140.81 |
| Amount borrowed during the year | 4,552.67 | 5,473.21 |
| Amount repaid during the year | (3,427.30) | (4,467.02) |
| Others (includes unrealised foreign exchange differences, foreign exchange differences on translation of subsidiaries, etc.) | 418.44 | 164.69 |
| Closing balance (refer note 17 & 21) | 17,855.50 | 16,311.69 |
| Interest accrued on borrowings: | | |
| Opening balance | 63.64 | 103.57 |
| Transferred pursuant to composite scheme of arrangement (Refer Note 59) | | (15.84) |
| Finance cost incurred during the year | 2,136.08 | 1,759.78 |
| Amount paid during the year | (1,785.60) | (1,553.23) |
| Interest accrued on lease liability | (119.49) | (123.96) |
| Others (includes borrowing cost capitalised during the year, foreign exchange differences, transaction cost, etc.) | (161.35) | (106.68) |
| Closing balance (refer note 23) | 133.28 | 63.64 |

Footnotes to the cash flow statement:

1. This includes prepayment of term loan amounting to Rs. NIL (March 31, 2022: Rs. 160.90 million) and swap of loan with other banks amounting to Rs. 457.50 million (March 31, 2022- 695.04)
2. Includes interest expense of Rs. 146.96 million (March 31, 2022 Rs. 91.93 million) which have been capitalised in accordance with Ind AS 23, Borrowing Costs.
3. Consolidated Statement of Cash flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"
4. For non- cash transaction pursuant to Composite to the Composite scheme, refer note 59.
5. Refer note 3 for movement in lease liabilities.
6. Refer note 57 for corporate social responsibility expenditure paid- in cash during the year.

The notes referred to above form an integral part of the consolidated financials statements.

As per our report of even date attached.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants


Abhishek
Partner
Membership No. 062343

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN : U24231PN1981PLC024251


Berjis Desai
Non-executive Director & Chairman
DIN : 00153675


Satish Mehta
Managing Director
DIN : 00118691


Chetan Sharma
Company Secretary
Membership No. F8352


Tajuddin Shaikh
Chief Financial Officer

Place: Pune
Date: 9/6/2023

Place: Pune
Date: 01-June-2023

EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Notes to the financial statements (continued)
For the year ended March 31, 2023

1A. General information:

Emcure Pharmaceuticals Limited, the parent company ("the Holding company") is a public limited company incorporated and domiciled in India. The Holding company has its registered office in Pune and is engaged in developing, manufacturing and marketing a broad range of pharmaceutical products globally. The Holding company's core strength lies in developing and manufacturing differentiated pharmaceutical products in-house, which are commercialised through its marketing infrastructure across geographies and business relationships with multi-national pharmaceutical companies.

The Composite Scheme of Arrangement ("Composite Scheme") for demerger of the Holding Company's United States of America ('US') market business into Avet Lifesciences Limited, the Resulting entity, was approved by Honourable National Company Law Tribunal ("NCLT"), Mumbai Bench vide its order dated June 04, 2021, formal order received on July 15, 2021. The said NCLT order was filed with the Registrar of Companies by the Holding Company and Avet Lifesciences Limited on July 25, 2021, thereby making the Composite Scheme effective. Accordingly, all assets and liabilities of the US market business stand transferred and vested into Avet Lifesciences Limited on April 01, 2021, being the Appointed date as per the Composite Scheme for the demerger of US market business. Both the entities are controlled by same promoters.

The consolidated financial statements comprise the financial statements of the Holding Company and the following subsidiaries/ step down subsidiaries (together referred to as "Group").

| Name of subsidiaries | Percentage of Holding (%) | Country of incorporation |
|---|---------------------------|--------------------------|
| Direct subsidiaries | | |
| Gennova Biopharmaceuticals Limited | 87.95% | India |
| Zuventus Healthcare Limited | 79.58% | India |
| Emcure Nigeria Limited | 100% | Nigeria |
| Emcure Pharmaceuticals Mena FZ LLC. | 100% | UAE |
| Emcure Pharmaceuticals South Africa (Pty) Limited | 100% | South Africa |
| Emcure Brasil Farmaceutica Ltda | 100% | Brazil |
| Emcure Pharma UK Ltd | 100% | United Kingdom |
| Emcure Pharma Peru S.A.C. | 100% | Peru |
| Emcure Pharma Mexico S.A. DE C.V. | 100% | Mexico |
| Emcure Pharmaceuticals Pty Ltd | 100% | Australia |
| Marcan Pharmaceuticals Inc. | 100% | Canada |
| Emcure Pharma Chile SpA | 100% | Chile |
| Lazor Pharmaceuticals Limited | 100% | Kenya |
| Emcure Pharma Philippines Inc ⁽²⁾ | 100% | Philippines |
| Emcure Pharma Panama Inc ⁽¹⁾ | 100% | Panama |
| Step down subsidiaries ⁽³⁾ | | |
| Tillomed Laboratories Ltd | 100% | United Kingdom |
| Tillomed Pharma GmbH | 100% | Germany |
| Laboratories Tillomed Spain S.L.U. | 100% | Spain |
| Tillomed Italia S.R.L. | 100% | Italy |
| Tillomed France SAS | 100% | France |
| Emcure NZ Limited ⁽⁶⁾ | 100% | New Zealand |
| Tillomed Laboratories BV ⁽⁴⁾ | 100% | Netherlands |
| Tillomed Malta Ltd. ⁽⁷⁾ | 100% | Malta |
| Tillomed d.o.o ⁽⁸⁾ | 100% | Croatia |

Notes:

- Emcure Pharma Panama, Inc was incorporated on December 01, 2022
- Emcure Pharma Philippines Inc was incorporated on May 07, 2021
- Effective holding % of the Company through its subsidiaries.
- Tillomed Laboratories BV., subsidiary of Emcure Pharma UK Ltd., dissolved on March 29, 2023
- Direct subsidiaries / Step down subsidiaries till March 31, 2023 (refer note 55)
- Emcure NZ Limited. subsidiary of Emcure Pharmaceuticals Pty Ltd dissolved on October 13, 2021
- Tillomed Malta Ltd, subsidiary of Emcure Pharma UK Ltd was incorporated on June 06, 2022
- Tillomed d.o.o, subsidiary of Emcure Pharma UK Ltd was incorporated on August 26, 2021



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EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Notes to the financial statements (continued)
For the year ended March 31, 2023

1B. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act as amended from time to time.
Details of the Group's accounting policies are included in Note 1C. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Holding company's functional currency. All the amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million, unless otherwise indicated.

c) Basis of Measurement

The consolidated financial statements are prepared under the historical cost convention except for the following items:

| Items | Measurement Basis |
|--|---|
| Equity settled shared based payment options | Fair value |
| Investments in LLP | Fair value |
| Contingent consideration in business combination | Fair value |
| Net defined benefit (asset) / liability | Fair value of plan assets less present value of defined benefit obligations |

d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimations uncertainties that have a significant risk resulting in a material adjustment in the year ending March 31, 2023 is included in following notes:

Note 1C. a) Valuation of assets acquired as a part of contingent consideration;

Note 1C. d) Useful lives of property, plant, equipment and intangibles assets;

Note 1C. e) Useful lives of intangible assets;

Note 1C (i) - Sales return, rebates and chargebacks;

Note 3 - Measurement of discount rate for initial recognition of ROU and Lease Liability as per IND AS 116

Note 9. Valuation of inventories

Note 24(i) - Recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources;

Note 37 - Recognition of deferred tax assets: availability of future taxable profit against which tax credit can be used;

Note 49 - Measurement of defined benefit obligations: key actuarial assumptions.

Note 51- Impairment assessment for goodwill

e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Head of Treasury .

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 41 – fair value measurement;
- Note 50 – employee stock options plan.

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1B. Basis of preparation (Continued)

f) Current versus non current classification:

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the 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 – non current classification of assets and liabilities.

All assets and liabilities are classified into current and non-current.

Assets

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

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets / non-current financial assets. All other assets are classified as non-current.

Liabilities

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

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be settled within 12 months after the reporting date; or
- the Group does not have any unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include the current portion of non-current liabilities / non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle of the Group is less than 12 months.

1C. Significant accounting policies

a) Basis of consolidation

The Group consolidates all entities which it controls. Control is established when the Group has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

i) Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

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 through goodwill 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 recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by-acquisition basis.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

ii. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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1C. Significant accounting policies (continued)

'a) Basis of consolidation (continued)

iii. 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iv. Non-controlling interests (NCI)

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss / reserves as applicable.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign Currency Transaction, translation and foreign operation

Transaction in foreign currencies are translated into the respective functional currency of the respective components at the exchange rates at the dates of transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when the fair value was determined. Exchange difference are recognised in statement of profit and loss, except exchange differences arising from the translation of the following items which are recognised in OCI/property, plant and equipment and intangible assets:

i. Translation of long term foreign currency monetary items pertaining to period prior to transition to Ind AS and are related to purchase of property, plant and equipment and intangible assets.

ii. Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the other comprehensive income.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal or in case of a common control demerger, it is netted off against the loss of control number that would be accounted for in the reserves and surplus. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of cumulative amount is reclassified to profit or loss.

c) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Trade receivables that do not contain a significant financing component are measured at transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- Fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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1C. Significant accounting policies (continued)
c) Financial instruments (continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policy and objectives for the portfolio and the operation of those policies in practice.

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of asset;

- How the performance of portfolio is evaluated and reported to the Group's management;
- The risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and other basic leading risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- term that would adjust the contractual rate, including variable interest rate features;
- prepayment and extension features; and
- term that limits the Group's claim to cash flows for specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amount of principal and interest on principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired on a significant premium or discount to its contractual par amount, a feature that permits or require prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is significant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Notes to the financial statements (continued)
For the year ended March 31, 2023
d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimate costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separated items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognised in the statement of profit and loss. Freehold land is not depreciated.

Depreciation is provided on pro-rata basis using the straight-line method over the estimated useful lives of the assets prescribed under Schedule II to the Companies Act 2013 except for vehicles and furnitures and fixtures at leasehold premises. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset | Management estimate of useful life | Useful life as per schedule II |
|-------------------------|------------------------------------|--------------------------------|
| Leasehold improvements | As per lease term | NA |
| Building | 30 years | 30 years |
| Plant and machinery | 15 years | 15 years |
| Electrical installation | 10 years | 10 years |
| Air handling equipment | 15 years | 15 years |
| Computers | 3-6 years | 3-6 years |
| Office equipment | 5 years | 5 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 5 years | 8-10 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives represents the period over which the management expects to use these assets.

Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

e) Intangible assets

- Intangible assets

i. Initial recognition:

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to Group.

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives are as follows:

| Intangible Asset | Management estimated useful life |
|--|----------------------------------|
| Product Development, Abbreviated New Drug Applications (ANDAs) | 5 to 10 years |
| Customer relationships | 5 years |
| Brands acquired | 5 to 10 years |
| Software, License rights | 2 to 10 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

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1C. Significant accounting policies (continued)

e) Intangible assets (continued)

- Intangible Assets under Development

Intangible assets under development are initially recognized at cost. Such intangible assets are subsequently capitalized only if it is probable that the future economic benefit associated with the expenditure will flow to the Group.

The Group irrespective of whether there is any indication of impairment, test an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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. An impairment loss is recognised if the carrying amount of the intangible asset not yet available for use exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula, and includes expenditure incurred in acquiring the inventories, production or conversion cost and other cost incurred in bringing them to their present location and condition. In case of manufactured inventory and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The net realisable value of work-in-progress is determined with reference to the selling price of related finished products.

Raw materials, components and other supplies held for use in production of finished products are not written down below cost except in cases where material price have declined and it is estimated that the cost of finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

The Group considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Group's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Group considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

g) Impairment

i. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit - impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on estimated future cash flows of financial assets have occurred.

Evidence that a financial asset is credit impaired includes the following observed data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being overdue for a period of more than 12 months from the credit term offered to the customer;
- the restructuring of loan or advance by the Company on the terms that the Company would not consider otherwise;
- it is probable that borrower will enter bankruptcy or the financial reorganization;
- the disappearance of active market for a security because of financial difficulties.

In accordance with Ind-AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets the Group recognises 12 month expected credit losses for all originated or acquired financial assets if at the reporting date, the credit risk has not increased significantly since its original recognition. However, if credit risk has increased significantly, lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized in the statement of profit and loss.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis based on Group's historical experience and informed credit assessment and including forward - looking information.

The Group considers financial asset to be in default when:

- a. The borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to action such as realising security (if any is held); or
- b. The financial asset is 360 days or more past due.

Measurement of expected credit loss

Expected credit loss are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flow that the Group expects to receive).

Presentation of allowance of expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write - off

The Gross carrying amount of financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when Group determines that the debtor does not have asset or source of income that could generate sufficient cash flows to repay the amount subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with Group's procedures for recovery of amounts due.



1C. Significant accounting policies (continued)
g) Impairment (continued)

ii. Impairment of non-financial asset

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 such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU (or the asset).

The Group's corporate assets (e.g. central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

h) Employee benefits

i. Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. 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 amount of obligation can be estimated reliably.

ii. Share-based payment transactions

Share-based payment are provided to employees via the Group's Employees Stock Option Plan ("Emcure ESOS 2013").

The Group accounts for the share based payment transactions as equity settled.

The grant date fair value of equity settled share-based payment awards granted to employees of the Group is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

The Group also grants the options to the employees of its subsidiaries for which subsidiary does not have an obligation to settle the share based payment transaction. Total expense for such options issued to employees of subsidiary is recognised as an expense and corresponding increase in share options outstanding account.

If options granted cancelled or settled during the vesting period/ after vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) then group immediately recognises the remaining amount of goods & services that have not been recorded in Profit & loss statement so far through accelerated vesting and then any payment made to the employee on the cancellation or settlement of the grant shall be accounted for as the repurchase of an equity interest, i.e. as a deduction from equity, except to the extent that the payment exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess shall be recognised as an expense.

iii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

iv. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gain and losses on the settlement of a defined benefit plan when the settlement occurs.

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1C. Significant accounting policies (continued)
h) Employee benefits (continued)

v. Stock Appreciation Rights (SAR's)

Stock Appreciation Rights (SAR's) are provided to certain senior executives level employees of the Group. Payout related to these SAR's is dependent on the achievement of the defined EBITDA level by the wholly own subsidiary of the Parent. As the final payout is not based on the subsidiary's share price these SAR's are not within the scope of Ind AS 102 and hence the payment is an employee benefit expense which is accounted for under Ind AS 19 'Employee Benefits'. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

vi. Other long term employee benefit

The Group's liability in respect of other long-term employee benefits (compensated absences) is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the Projected Unit Credit method. Remeasurement gains or losses are recognised in profit or loss in the period in which they arise.

i) Provisions (other than for employee benefits), Contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered onerous when the expected economic benefits to be derived by the Group from the contract are lower the unavoidable cost of meeting its obligation under the contract. The provision for an onerous contract is measured at present value of lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, the Group recognises any impairment loss on the assets associated with the contract.

Contingencies

Provision in respect of contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefit will arise, the asset and related income are recognized in the period in which the change occurs. A contingent asset is disclosed, where an inflow of economic benefits is probable.

j) Revenue (Refer note 52)

Sale of goods

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The Group recognises revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary. The transaction price is also adjusted for the effect of time value of money if the contract includes significant financing component.

The consideration can be fixed or variable. Where the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

The Group recognises refund liability where the Group receives consideration from a customer and expects to refund some or all of that consideration to the customer. The refund liability is measured at the amount of consideration received (or receivable) for which the entity does not expect to be entitled (i.e. amounts not included in the transaction price). The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The provision on account of the expected amount of returns is included in provisions and the right to recover returned goods is included in inventory.

Rendering of services (other than sale of know-how, rights and licenses)

Revenue from rendering of services is recognised in statement of profit and loss by reference to percentage completion method. The Company is involved in rendering services related to its products to its customers. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services.

Rendering of services - sale of know-how, rights and licenses

Income from sale of technology / know-how, rights and licenses is recognised in accordance with the terms of the contract with customers when the related performance obligation is completed, or when control is transferred, as applicable.

Sales returns and breakage expiry

When a customer has a right to return the product within a given period, the Group has recognised a allowance for returns. The allowance is measured equal to the value of the sales expected to return in the future period. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned.

The Group has an obligation to replace the goods which will expire. The Group has recognised an allowance for the returns due to expiry. The allowance is measured on the basis of historical trend of expiry against the sales occurred in the current and earlier period. Management considers the sales value for the periods which are equivalent to average general shelf life of products. Revenue is adjusted for the expected value of the returns.

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1C. Significant accounting policies (continued)

k) Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense in the statement of profit and loss.

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

l) Leases

The Group as a lessee

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The group uses judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate in the country of domicile of the leases. The lease payments shall include fixed payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

m) Recognition of interest income or expenses

Interest income is recognised using effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

n) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss of the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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EMCURE PHARMACEUTICALS LIMITED
Consolidated Financial Statements
Notes to the financial statements (continued)
For the year ended March 31, 2023

1C. Significant accounting policies (continued)

n) Income tax (continued)

ii. Deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized

o) Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group are identified as Chief operating decision maker. Refer note 47 for segment information.

r) Earnings per share

The basic earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

Diluted earnings per share is computed by dividing the net profit / (loss) after tax attributable to the equity shareholders for the period by the weighted average number of equity and equivalent dilutive equity shares outstanding during the reporting period, except where the results would be anti-dilutive.

s) Exceptional item

In certain instances, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expenses is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the consolidated financials statements.

t) Cash flow statement

Cash flow from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. For the purpose of cash flow statement bank overdraft that are repayable on demand are considered as cash and cash equivalent as it form an integral part of the Group's cash management.

u) Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

v) Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- (a) Represents a separate major line of business or geographical area of operations or
- (b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

w) Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III, unless otherwise stated.

Note 1D. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 2A - Property, plant and equipment | Gross book value | | | | | Accumulated depreciation | | | Rs. in million | |
|---|------------------|---------------------------|--------------------------|--|------------------|--------------------------|---------------------|--------------------------|--|------------------|
| | April 1, 2022 | Additions during the year | Deletion during the year | Exchange difference on translation of foreign operations | March 31, 2023 | April 1, 2022 | Charge for the year | Deletion during the year | Exchange difference on translation of foreign operations | March 31, 2023 |
| Freehold land | 522.55 | 10.67 | - | - | 533.22 | - | - | - | - | 533.22 |
| Leasehold improvements | 324.63 | 46.82 | (2.58) | (0.04) | 368.83 | 207.31 | 28.81 | (1.70) | 0.04 | 134.37 |
| Building | 4,900.82 | 576.95 | - | - | 5,477.77 | 876.92 | 180.05 | - | - | 4,420.80 |
| Plant and machinery | 14,414.42 | 1,867.50 | (39.06) | 0.04 | 16,242.90 | 6,146.87 | 1,224.78 | (26.31) | 0.04 | 8,897.52 |
| Electrical installation | 979.79 | 194.57 | (0.47) | 0.17 | 1,174.06 | 527.05 | 76.26 | (0.47) | 0.02 | 571.20 |
| Air handling equipment | 1,240.38 | 138.94 | (2.71) | - | 1,376.61 | 556.07 | 87.09 | (2.23) | - | 735.68 |
| Computers | 646.25 | 123.85 | (18.83) | 0.36 | 751.63 | 444.38 | 91.87 | (18.64) | 0.44 | 233.58 |
| Office equipment | 203.99 | 26.89 | (0.68) | 0.85 | 231.05 | 152.03 | 23.54 | (0.67) | 0.79 | 55.96 |
| Furniture and fixtures | 479.30 | 105.65 | (5.73) | 1.80 | 581.02 | 215.72 | 45.22 | (4.57) | 0.45 | 324.20 |
| Vehicles | 306.48 | 63.85 | (14.50) | 0.28 | 356.11 | 189.49 | 39.82 | (13.89) | 0.28 | 140.41 |
| Total | 24,018.61 | 3,155.69 | (84.56) | 3.46 | 27,093.20 | 9,315.84 | 1,797.44 | (68.48) | 2.06 | 11,046.86 |
| | | | | | | | | | | 16,046.34 |



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 2A - Property, plant and equipment | Gross book value | | | | Accumulated depreciation | | | | Rs. in million | | | | | |
|---|------------------|---|---------------------------|--------------------------|--------------------------|----------------|---------------|---|---------------------|--------------------------|--|---------|----------------|----------------|
| | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Additions during the year | Deletion during the year | Others * | March 31, 2022 | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Charge for the year | Deletion during the year | Exchange difference on translation of foreign operations | Others | March 31, 2022 | March 31, 2022 |
| Freehold land | 42.28 | | 480.27 | - | - | 522.55 | | | | | | | | 522.55 |
| Leasehold Improvements | 1,794.21 | (1,506.77) | 32.95 | - | - | 324.63 | | 831.67 | 21.23 | - | - | - | 207.31 | 117.31 |
| Building | 4,609.14 | | 291.68 | | - | 4,900.82 | | 708.32 | 168.60 | - | - | - | 876.92 | 4,073.90 |
| Plant and machinery | 14,060.34 | (897.75) | 1,541.26 | (134.63) | (0.03) | 14,414.42 | 5,764.67 | (501.68) | 1,023.77 | (308.50) | (0.03) | (31.36) | 6,146.87 | 8,267.55 |
| Electrical installation | 855.92 | - | 125.07 | (1.40) | 0.20 | 979.79 | 402.44 | | 125.92 | (1.31) | - | - | 527.05 | 452.74 |
| Air handling equipment | 1,121.80 | | 120.46 | (1.88) | - | 1,240.38 | 438.10 | | 118.44 | (0.47) | - | - | 556.07 | 684.31 |
| Computers | 623.76 | (109.21) | 137.93 | (6.85) | 0.60 | 645.72 | 445.72 | (67.74) | 68.59 | (2.67) | 0.48 | - | 444.38 | 201.87 |
| Office equipment | 204.07 | (23.20) | 23.41 | (0.44) | (0.05) | 203.99 | 150.48 | (18.90) | 20.93 | (0.39) | (0.09) | - | 152.03 | 51.86 |
| Furniture and fixtures | 442.43 | (23.07) | 60.23 | (0.40) | 0.11 | 479.30 | 156.97 | (21.80) | 40.99 | (0.39) | (0.05) | - | 263.58 | 116.99 |
| Vehicles | 218.01 | (1.91) | 102.06 | (12.00) | 0.32 | 306.48 | 164.91 | | 34.98 | (10.60) | 0.20 | - | 189.49 | 116.99 |
| Total | 23,975.88 | (2,561.91) | 2,915.32 | (157.40) | 1.39 | 24,018.61 | 9,103.28 | (1,255.90) | 1,623.45 | (124.33) | 0.70 | (31.36) | 9,315.84 | 14,702.77 |

*During the year ended March 31, 2022, the holding company has sold certain plant & machinery having gross block of Rs. 104.77 million and accumulated depreciation of Rs. 31.36 million to Gennova Biopharmaceuticals Limited, one of its group companies who has recognised this as an addition to Capital work-in-progress.

Also during the year Zuventus Healthcare Limited, subsidiary of the company has received government grant of Rs. 50.00 million for capital expenditure. Such grant has been adjusted against gross block of the asset. There are no unfulfilled conditions or other contingencies attached to this grant.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Rs. in million | | | | | | |
|---------------------------------------|---------------|---|-----------|-------------|----------|----------------|
| Note 2B - Capital in work in progress | April 1, 2022 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Additions | Capitalised | Disposal | March 31, 2023 |
| Capital in work in progress | 3,098.03 | - | 3,263.56 | (2,285.43) | (40.85) | 4,035.31 |
| Total | 3,098.03 | - | 3,263.56 | (2,285.43) | (40.85) | 4,035.31 |

| Rs. in million | | | | | | |
|---------------------------------------|---------------|---|---------------------------|-----------------------------|--------------------------|----------------|
| Note 2B - Capital In work in progress | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Additions during the year | Capitalised during the year | Disposal during the year | March 31, 2022 |
| Capital in work in progress | 2,215.95 | (98.72) | 2,375.64 | (1,394.84) | - | 3,098.03 |
| Total | 2,215.95 | (98.72) | 2,375.64 | (1,394.84) | - | 3,098.03 |

Capital work-in-progress ageing schedule

| Rs. in million | | | | | |
|--|------------------|-------------|-------------|-------------------|----------|
| March 31, 2023 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 3,060.24 | 282.67 | 317.72 | 74.54 | 3,735.17 |
| Projects overdue from original planned completion date | 17.94 | 11.58 | 97.33 | 173.29 | 300.14 |
| Total | 3,078.18 | 294.25 | 415.05 | 247.83 | 4,035.31 |

Capital work-in-progress completion schedule

| Rs. in million | | | | | |
|---------------------------------|------------------|-------------|-------------|-------------------|--------|
| March 31, 2023 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| New line at Hinjewadi Plant III | - | 300.14 | - | - | 300.14 |
| Total | - | 300.14 | - | - | 300.14 |

Capital work-in-progress ageing schedule

| Rs. in million | | | | | |
|--|------------------|-------------|-------------|-------------------|----------|
| March 31, 2022 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 1,820.08 | 382.10 | 178.75 | 478.12 | 2,859.05 |
| Projects overdue from original planned completion date | 60.68 | 86.52 | 51.94 | 39.84 | 238.98 |
| Total | 1,880.76 | 468.62 | 230.69 | 517.96 | 3,098.03 |

Capital work-in-progress completion schedule

| Rs. in million | | | | | |
|---------------------------------|------------------|-------------|-------------|-------------------|--------|
| March 31, 2022 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| New line at Hinjewadi Plant III | - | 189.29 | - | - | 189.29 |
| Central testing Lab at Pimpri | 49.69 | - | - | - | 49.69 |
| Total | 49.69 | 189.29 | - | - | 238.98 |

1. The capital work in progress at the year end mainly consists of plant and machinery, building and other assets pertaining to various projects/ plants, expansion of existing facilities, etc.

2. The effect of changes in foreign currency exchange rates on foreign currency translation on gross block of capital assets, relating to eligible assets have been added/ (deducted) from the gross block and accumulated depreciation of such assets. The information of such effect for respective year is;

| Rs. in million | | |
|---|---------------------------|---------------------------|
| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
| Foreign currency exchange gain/ (loss) - Gross block | 3.46 | 1.39 |
| Foreign currency exchange gain/ (loss) - Accumulated depreciation | 2.06 | 0.70 |

3. There is no effect of changes in foreign currency exchange rates on foreign currency translation of Capital-work-in-progress, have been deducted from the cost of such assets in Capital work in progress. The information of such effect for respective year is NIL

4. The borrowing cost capitalised on qualifying assets amounting to Rs. 146.96 million (March 31, 2022 Rs. 91.93 million) have been added to the cost of assets.

5. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is @ 6.92% (March 31, 2022 : 6.95%)

6. The group does not have any CWIP projects which are suspended or which have exceeded its cost compared to its original plan.

Refer note 53 for information on property, plant and equipment pledged as security by the group.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 3 : Leases

Lease contracts entered by the Group majorly pertains for Land & buildings taken on lease to conduct its business in the ordinary course. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date. Typically lease payments are renegotiated at the time of renewal. Certain leases have restrictions on further sub-leasing. Information about leases for which the company is lessee is presented as below:

Right-of-use assets

| Rs. in million | | | | | |
|--|---------------|-----------------|-------------------|--------------|-----------------|
| Particulars | Land | Land & Building | Plant & Machinery | Computers | Total |
| Balance As On April 1, 2022 | 971.10 | 929.23 | 112.14 | 41.30 | 2,053.77 |
| Additions for new leases entered during the year | 19.15 | 323.48 | - | - | 342.63 |
| Deletions for leases terminated during the year | - | (50.87) | - | - | (50.87) |
| Depreciation charge for the year | (18.88) | (241.59) | (7.96) | (12.07) | (280.50) |
| Translation exchange differences | - | 0.88 | - | - | 0.88 |
| Balance As On March 31, 2023 | 971.37 | 961.13 | 104.18 | 29.23 | 2,065.91 |

| Rs. in million | | | | | |
|---|---------------|-----------------|-------------------|--------------|-----------------|
| Particulars | Land | Land & Building | Plant & Machinery | Computers | Total |
| Balance As On April 1, 2021 | 888.52 | 1,300.95 | - | 53.38 | 2,242.85 |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | (394.36) | - | - | (394.36) |
| Additions for new leases entered during the year | 98.83 | 279.55 | 119.44 | - | 497.82 |
| Deletions for leases terminated during the year | - | (1.33) | - | - | (1.33) |
| Depreciation charge for the year | (16.25) | (255.82) | (7.30) | (12.08) | (291.45) |
| Translation exchange differences | - | 0.24 | - | - | 0.24 |
| Balance As On March 31, 2022 | 971.10 | 929.23 | 112.14 | 41.30 | 2,053.77 |

Lease Liabilities

| Rs. in million | | |
|---|-----------------|-----------------|
| Particulars | March 31, 2023 | March 31, 2022 |
| Balance as at the beginning of the year | 1,335.74 | 1,492.48 |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | (428.29) |
| Additions for new leases entered during the year | 338.07 | 496.57 |
| Deletions for leases terminated during the year | (51.18) | (1.45) |
| Interest on lease liabilities | 119.49 | 123.96 |
| Repayment of lease liabilities | (350.13) | (347.01) |
| Translation exchange differences | 1.71 | (0.53) |
| Balance as at the end of the year | 1,393.70 | 1,335.74 |
| Current | 241.90 | 222.96 |
| Non-current | 1,151.80 | 1,112.78 |

Maturity analysis - contractual undiscounted cash flows-

| Rs. in million | | |
|---|-----------------|-----------------|
| Particulars | March 31, 2023 | March 31, 2022 |
| Less than one year | 342.53 | 355.33 |
| One to five years | 776.21 | 862.13 |
| More than five years | 1,045.61 | 974.03 |
| Total undiscounted lease liabilities | 2,164.35 | 2,191.49 |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Amount recognised in Consolidated Statement of Profit and Loss

| Particulars | Rs. in million | |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Interest on lease liabilities | (119.49) | (123.96) |
| Depreciation on ROU | (280.50) | (291.45) |
| Expenses relating to short term leases | (23.85) | (21.92) |
| Expenses relating to leases of low value assets | (37.53) | (26.28) |
| Expenses relating to variable lease payments | (5.68) | (5.33) |
| Total | (467.05) | (468.94) |

Amounts recognised in Consolidated Cash Flow Statement

| Particulars | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Cash flow from financing activities | | |
| - Repayment of lease liabilities | (350.13) | (347.01) |

The weighted average incremental borrowing rate in the range of 2.5% - 10.25% (March 31, 2022 : 2.5% - 10.13% p.a) has been applied to lease liabilities recognised in the balance sheet.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 4 - Other intangible assets | Gross book value | | | | Accumulated amortisation & impairment loss | | | | Rs. in million | |
|---|------------------|---------------------------|--------------------------|--|--|---------------|---------------------------|--------------------------|--|----------------|
| | April 1, 2022 | Additions during the year | Deletion during the year | Exchange difference on translation of foreign operations | March 31, 2023 | April 1, 2022 | Amortisation for the year | Disposal during the year | Exchange difference on translation of foreign operations | March 31, 2023 |
| Brands | 1,270.61 | - | - | (0.11) | 1,270.50 | 925.80 | 139.79 | - | (0.09) | 1,065.50 |
| Software | 692.44 | 97.15 | (1.43) | 0.44 | 788.60 | 560.21 | 89.04 | (1.43) | 0.42 | 648.24 |
| Licensing Rights | 1,943.26 | 30.66 | (7.29) | 5.64 | 1,972.27 | 1,275.65 | 245.42 | - | 4.45 | 1,525.52 |
| Product Development | 27.48 | - | - | 59.05 | 86.53 | 8.91 | - | - | - | 8.91 |
| Customer relationships | 1,894.16 | - | - | (0.83) | 1,893.33 | 1,799.43 | - | - | (0.79) | 1,798.64 |
| Product pipeline | 202.75 | - | - | (0.09) | 202.66 | 96.30 | - | - | (0.04) | 96.26 |
| Abbreviated new drug application's/ Marketing Authorisation | 442.64 | 0.60 | - | 31.17 | 474.41 | 294.41 | 48.99 | - | 22.52 | 365.92 |
| Total | 6,473.34 | 128.41 | (8.72) | 95.27 | 6,688.30 | 4,960.71 | 523.24 | (1.43) | 26.47 | 5,508.99 |
| | | | | | | | | | | 1,179.31 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 4 - Other Intangible assets | Gross book value | | | | Accumulated amortisation & impairment loss | | | | Rs. in million | | | |
|---|------------------|---|---------------------------|--------------------------|--|---------------|---|---------------------------|--------------------------|--|----------------|-------------------------------|
| | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Additions during the Year | Deletion during the Year | March 31, 2022 | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Amortisation for the year | Disposal during the Year | Exchange difference on translation of foreign operations | March 31, 2022 | Net book value March 31, 2022 |
| Brands | 1,260.60 | - | - | - | 1,270.61 | 780.59 | - | 139.27 | - | 5.94 | 925.80 | 344.81 |
| Software | 631.05 | (4.60) | 70.16 | (4.67) | 692.44 | 468.89 | (4.60) | 100.28 | (4.67) | 0.31 | 560.21 | 132.23 |
| Licensing Rights | 1,904.11 | (137.69) | 115.67 | - | 1,943.26 | 1,093.24 | (101.13) | 243.17 | - | 40.37 | 1,275.65 | 667.61 |
| Product Development | 26.72 | - | - | - | 27.48 | 8.54 | - | - | - | 0.37 | 8.91 | 18.57 |
| Customer relationships | 1,816.22 | - | - | - | 1,894.16 | 1,725.39 | - | - | - | 74.04 | 1,799.43 | 94.73 |
| Product pipeline | 194.41 | - | - | - | 202.75 | 92.34 | - | - | - | 3.96 | 96.30 | 106.45 |
| Abbreviated new drug application/s/ Marketing Authorisation | 2,897.91 | (2,443.83) | - | - | 442.64 | 1,530.15 | (1,279.30) | 50.93 | - | (7.37) | 294.41 | 148.23 |
| Total | 8,731.02 | (2,586.12) | 185.83 | (4.67) | 6,473.94 | 5,699.14 | (1,385.03) | 533.65 | (4.67) | 117.62 | 4,960.71 | 1,512.63 |

Footnotes for note 4:

1. The effect of changes in foreign currency exchange rates on foreign currency translation on gross block of capital assets, relating to eligible assets have been adjusted from the cost of such assets and on accumulated amortisation, have been deducted to the accumulated amortisation of such assets. The information of such effect for respective periods is:

| Particulars | Year ended | | Year ended | |
|---|----------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Foreign currency exchange gain/ (loss) - Gross block | 95.27 | 147.28 | | |
| Foreign currency exchange gain/ (loss) - Accumulated amortisation | 26.47 | 117.62 | | |



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Rs. in million

| Note 5 - Intangible assets under development | April 1, 2022 | Additions during the year year | Capitalised during the year year | Exchange difference on | Deletion during the year year | March 31, 2023 |
|--|---------------|--------------------------------|----------------------------------|------------------------|-------------------------------|----------------|
| Intangible assets under development | 100.95 | 20.88 | (21.62) | 1.34 | (22.75) | 78.80 |
| Total | 100.95 | 20.88 | (21.62) | 1.34 | (22.75) | 78.80 |

Rs. in million

| Note 5 - Intangible assets under development | April 1, 2021 | Transferred pursuant to composite scheme of arrangement (Refer Note 59) | Additions during the year | Capitalised during the year | Exchange difference on translation of foreign operations | March 31, 2022 |
|--|---------------|---|---------------------------|-----------------------------|--|----------------|
| Intangible assets under development | 800.31 | (700.45) | 11.20 | (9.15) | (0.96) | 100.95 |
| Total | 800.31 | (700.45) | 11.20 | (9.15) | (0.96) | 100.95 |

Intangible assets under development ageing schedule

Rs. in million

| March 31, 2023 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--|------------------|-------------|-------------|-------------------|-------|
| Projects in progress | 17.88 | 9.36 | - | 25.38 | 52.62 |
| Projects overdue from original planned completion date | - | - | 0.04 | 26.14 | 26.18 |
| Total | 17.88 | 9.36 | 0.04 | 51.52 | 78.80 |

Intangible assets under development completion schedule

Rs. in million

| March 31, 2023 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--|------------------|-------------|-------------|-------------------|-------|
| Cell line at Gennova Research & Development lab, Hinjewadi | - | - | 0.04 | 26.14 | 26.18 |

Intangible assets under development ageing schedule

Rs. in million

| March 31, 2022 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--|------------------|-------------|-------------|-------------------|--------|
| Projects in progress | 12.98 | 6.80 | 12.00 | 42.99 | 74.77 |
| Projects overdue from original planned completion date | - | - | 0.04 | 26.14 | 26.18 |
| Total | 12.98 | 6.80 | 12.04 | 69.13 | 100.95 |

Intangible assets under development completion schedule

Rs. in million

| March 31, 2022 | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--|------------------|-------------|-------------|-------------------|-------|
| Cell line at Gennova Research & Development lab, Hinjewadi | - | 0.04 | 26.14 | - | 26.18 |

Footnotes for note :

- The effect of changes in foreign currency exchange rates on foreign currency translation on Intangible under development, amount to Rs. 1.34 million in relation to eligible assets for the year ended March 31, 2023 has been deducted from cost of such asset in intangible asset under development (March 31, 2022: loss of Rs. 0.95 million).
- Intangible assets under development at the year end mainly consist of licencing rights and other intangible assets under development (March 31, 2022: licencing rights and other intangible assets under development).
- The group does not have any ITUD projects which are suspended or which have exceeded its cost compared to its original plan.
- The management has assessed the impairment of intangible assets under development taking into account the potential revenues from the current marketed products, time required for bringing the pipeline products into the market and the incremental investments required over the foreseeable future. The management's assessment do not indicate any impairment. There are no significant estimate involved in the impairment assessment.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| | Rs. in million | |
|--|----------------|----------------|
| Note 6 | March 31, 2023 | March 31, 2022 |
| Non-current Investments | | |
| Investment in LLP | | |
| Unquoted (valued at FVOCI) | | |
| ABCD Technologies LLP, India | 250.00 | 250.00 |
| Aggregate value of unquoted Investments | 250.00 | 250.00 |

| | Rs. in million | |
|---|----------------|----------------|
| Note 7 | March 31, 2023 | March 31, 2022 |
| Other non-current financial assets | | |
| Unsecured considered good (unless otherwise stated) | | |
| Term deposits with banks having remaining maturity period of more than 12 months (refer note below) | 331.46 | 211.30 |
| Security deposits | 288.91 | 244.23 |
| Deposit with Provident Fund authority | 20.00 | 20.00 |
| Interest accrued on deposits with bank | 5.43 | 2.33 |
| Total | 645.80 | 477.86 |

Note: Out of above certain fixed deposits are held as lien by bank for performance bank guarantees & others, (refer note no. 53)

| | Rs. in million | |
|---|----------------|----------------|
| Note 8 | March 31, 2023 | March 31, 2022 |
| Other non-current assets | | |
| Unsecured considered good (unless otherwise stated) | | |
| Capital advances | 150.44 | 309.61 |
| Prepaid expenses | 62.00 | 10.64 |
| Balances with government authorities | 40.58 | 32.72 |
| Total | 263.02 | 352.97 |

| | Rs. in million | |
|---|------------------|------------------|
| Note 9 | March 31, 2023 | March 31, 2022 |
| Inventories | | |
| Raw materials [includes in transit Rs.167.02 million (March 31, 2022 - Rs. 52.01 million)] | 3,787.65 | 4,201.53 |
| Packing materials [includes in transit Rs. 2.30 million (March 31, 2022 - Rs. 8.15 million)] | 1,037.11 | 727.37 |
| Work-in-progress | 1,515.98 | 1,551.38 |
| Finished goods | 1,936.35 | 2,314.18 |
| Stock-in-trade [includes in transit Rs. 222.59 million (March 31, 2022 - Rs. 394.38 million)] | 4,873.35 | 5,127.02 |
| Stores and spares [includes in transit 15.59 million (March 31, 2022 - Rs. 2.93 million)] | 679.83 | 572.67 |
| Total | 13,830.27 | 14,494.15 |

Notes :

1. Amounts recognised in Consolidated statement of profit or loss

Write-downs of inventories as at the year end amounted to Rs. 389.39 million (March 31, 2022 - Rs. 647.04 million). Increase/decrease in write-down provision is recognised as an expense during the year and included in cost of materials consumed or changes in inventories of finished goods, work-in-progress and traded goods in statement of profit and loss.

2. Refer note 53 for information on Inventories pledged as security by the group.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 10 Trade receivables | Rs. in million | |
|---|------------------|------------------|
| | March 31, 2023 | March 31, 2022 |
| Unsecured | | |
| Unsecured receivables - considered good | 16,949.64 | 13,439.31 |
| Disputed receivables - which have significant increase in credit risk | 29.37 | 30.53 |
| Less: Loss allowance | (496.01) | (384.78) |
| Total | 16,483.00 | 13,085.06 |

Of the above, trade receivables from related parties are as below

| Particulars | Rs. in million | |
|--|-----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Total trade receivables from related parties (refer note 48) | 1,789.72 | 1,016.03 |
| Less: Loss allowance | (27.26) | (16.86) |
| Net trade receivables | 1,762.46 | 999.17 |

Refer note 53 for information on trade receivables pledged as security by the group.

The Group's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 40.

Break-up of security details and ageing schedule;

| As at March 31, 2023 | Rs. in million | | | | | | |
|---|------------------|--------------------|-------------------|-----------------|---------------|-------------------|------------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Undisputed receivables - considered good | 10,524.98 | 4,647.24 | 346.28 | 1,148.58 | 197.87 | 84.69 | 16,949.64 |
| Undisputed receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed receivables - considered good | - | - | - | - | - | - | - |
| Disputed receivables - which have significant increase in credit risk | - | - | - | - | - | 29.37 | 29.37 |
| Disputed receivables - credit impaired | - | - | - | - | - | - | - |
| Total | 10,524.98 | 4,647.24 | 346.28 | 1,148.58 | 197.87 | 114.06 | 16,979.01 |
| Less: Loss allowance | - | - | - | - | - | - | (496.01) |
| Net trade receivables | | | | | | | 16,483.00 |

| As at March 31, 2022 | Rs. in million | | | | | | |
|---|-----------------|--------------------|-------------------|---------------|---------------|-------------------|------------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Undisputed receivables - considered good | 7,412.49 | 4,533.84 | 842.89 | 364.16 | 155.47 | 130.46 | 13,439.31 |
| Undisputed receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed receivables - credit impaired | - | - | - | - | - | - | - |
| Disputed receivables - considered good | - | - | - | - | - | - | - |
| Disputed receivables - which have significant increase in credit risk | - | - | - | - | - | 30.53 | 30.53 |
| Disputed receivables - credit impaired | - | - | - | - | - | - | - |
| Total | 7,412.49 | 4,533.84 | 842.89 | 364.16 | 155.47 | 160.99 | 13,469.84 |
| Less: Loss allowance | - | - | - | - | - | - | (384.78) |
| Net trade receivables | | | | | | | 13,085.06 |

| Note 11 Cash and cash equivalents | Rs. in million | |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Cash on hand | 1.84 | 1.20 |
| Balances with bank in current accounts | 2,224.46 | 1,585.28 |
| Balances with bank in cash credit accounts | 196.36 | 41.32 |
| Demand deposits (with original maturity of less than 3 months) | 0.76 | 0.69 |
| Total | 2,423.42 | 1,628.49 |

Refer note 53 for information on Cash and cash equivalents pledged as security by the group.



EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
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Rs. in million

| Note 12 | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Bank balances other than cash and cash equivalents | | |
| Term deposits with banks having initial maturity of more than 3 months but remaining maturity of less than 12 months (refer note below) | 2,044.83 | 1,455.42 |
| Interest accrued on deposits with bank | 114.30 | 49.06 |
| Total | 2,159.13 | 1,504.48 |

Note: Out of above certain fixed deposits are held as lien by bank for performance bank guarantees, bid bonds & others (refer note 53).

Rs. in million

| Note 13 | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Other current financial assets | | |
| Unsecured considered good (unless otherwise stated) | | |
| Government grant receivable (refer note 60) | 278.95 | 80.92 |
| Security deposits | - | 22.91 |
| Financial guarantee fees receivable from related parties (refer note 48) | 77.30 | 14.44 |
| Other amount due from related parties (refer note 48) | 55.60 | 317.49 |
| Other receivables (refer note below) | 177.47 | 120.07 |
| Total | 589.32 | 555.83 |

(a) Includes amount receivable from related parties for reimbursement of expenses

(b) Refer note 53 for information on Other financial assets pledged as security by the group.

Rs. in million

| Note 14 | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| Other current assets | | |
| Unsecured considered good (unless otherwise stated) | | |
| Advances for supply of goods and services | 763.10 | 1,098.50 |
| Balances with government authorities | 1,837.67 | 1,490.38 |
| Prepaid expenses | 198.60 | 330.53 |
| Others * | 74.61 | 53.57 |
| Total | 2,873.98 | 2,972.98 |

* Other includes advances to employees

Refer note 53 for information on Other assets pledged as security by the group.



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| Note 15 Equity Share Capital | March 31, 2023 | | March 31, 2022 | |
|--|------------------|----------|------------------|----------|
| | Number of shares | Value | Number of shares | Value |
| a. Authorised share capital Equity Shares of Rs. 10 each | 25,00,00,000 | 2,500.00 | 20,00,00,000 | 2,000.00 |
| b. Issued, subscribed and paid up capital* Equity Shares of Rs. 10 each | 18,08,52,116 | 1,808.52 | 18,08,52,116 | 1,808.52 |

* All issued shares are fully paid up.

c. Reconciliation of the number of the shares outstanding at the beginning and at the end of the year

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|------------------|----------|------------------|----------|
| | Number of shares | Value | Number of shares | Value |
| Equity Shares outstanding at the beginning and at the end of the year | 18,08,52,116 | 1,808.52 | 18,08,52,116 | 1,808.52 |

The Holding Company has also issued share options to its employees and employees of the subsidiaries, refer note 50.

d. Rights, preferences and restrictions attached to equity shares

The Holding Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. 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, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

e. Employee stock options

Terms attached to stock options granted to employees of the Holding Company and subsidiaries are described in note 50 regarding share-based payments.

f. Information regarding shares in the last five years

No shares were issued for consideration other than cash during the period of five years immediately preceding the year ended March 31, 2023. Further the group has not undertaken any buy back of shares during the period of five years immediately preceding the year ended March 31, 2023.

g. Details of equity shareholders holding shares more than 5%

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | No. of Shares held | % of Shareholding | No. of Shares held | % of Shareholding |
| Promoters | | | | |
| Satish Mehta | 7,58,16,748 | 41.92% | 7,58,16,748 | 41.92% |
| Sunil Mehta | 1,10,85,012 | 6.13% | 1,10,85,012 | 6.13% |
| Others | | | | |
| BC Investments IV Limited | 2,36,73,544 | 13.09% | 2,36,73,544 | 13.09% |
| Sanjay Mehta | 1,57,64,028 | 8.72% | 1,57,64,028 | 8.72% |
| Samit Mehta | 1,35,47,632 | 7.49% | 1,35,47,632 | 7.49% |
| Bhavana Mehta | 93,88,288 | 5.19% | 93,88,288 | 5.19% |
| Total | 14,92,75,252 | 82.54% | 14,92,75,252 | 82.54% |

h. Increase/(decrease) in percentage of shares held by promoters

| Particulars | March 31, 2023 | March 31, 2022 |
|--------------|----------------|----------------|
| Satish Mehta | - | 0.02% |
| Sunil Mehta | - | - |

i. Shares reserved for issue under options:

| Particulars | March 31, 2023 | | March 31, 2022 | |
|--|------------------|--------------|------------------|--------------|
| | Number of shares | Value | Number of shares | Value |
| Equity shares with face value of Rs. 10 each (refer note 50) | | | | |
| a. At an exercise price of Rs. 165.07 per share | 6,70,000 | 6.70 | 7,30,000 | 7.30 |
| b. At an exercise price of Rs. 452.57 per share | 60,000 | 0.60 | 60,000 | 0.60 |
| c. At an exercise price of Rs. 465.82 per share | 1,60,000 | 1.60 | 1,60,000 | 1.60 |
| d. At an exercise price of Rs. 523.82 per share | 90,000 | 0.90 | 1,95,000 | 1.95 |
| e. At an exercise price of Rs. 563.82 per share | 1,35,000 | 1.35 | 2,20,000 | 2.20 |
| f. At an exercise price of Rs. 862.07 per share | 2,95,000 | 2.95 | 3,40,000 | 3.40 |
| g. At an exercise price of Rs. 1000.05 per share | 80,000 | 0.80 | 1,10,000 | 1.10 |
| h. At an exercise price of Rs. 1008.21 per share | 2,50,000 | 2.50 | | |
| Total | 17,40,000 | 17.40 | 18,15,000 | 18.15 |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Rs. in million | | | |
|--------------------------------------|-------|------------------|------------------|
| Note 16 | Note | March 31, 2023 | March 31, 2022 |
| Other Equity | | | |
| Reserves and Surplus | | | |
| Capital reserve | (i) | - | - |
| Securities premium | (ii) | - | - |
| Share options outstanding account | (iii) | 148.51 | 159.20 |
| Foreign currency translation reserve | (iv) | 265.03 | 156.71 |
| General reserve | (v) | 824.96 | 797.99 |
| Retained earnings | (vi) | 21,964.24 | 16,953.06 |
| Total | | 23,202.74 | 18,066.96 |

| Rs. in million | | |
|--|------------------|------------------|
| Other Equity | March 31, 2023 | March 31, 2022 |
| i) Capital reserve | | |
| Balance as at the beginning of the year | - | 12.92 |
| Less: Adjustment on account of demerger (refer Note 59) | - | (12.92) |
| Balance as at the end of the year | - | - |
| ii) Securities premium | | |
| Balance as at the beginning of the year | - | 840.37 |
| Less: Adjustment on account of demerger (refer Note 59) | - | (840.37) |
| Balance as at the end of the year | - | - |
| iii) Share options outstanding account | | |
| Balance as at the beginning of the year | 159.20 | 117.22 |
| Employee share - based expense recognised in statement of profit and loss | 52.76 | 57.16 |
| Options forfeited, transferred to general reserve | (36.04) | (15.18) |
| Options settled in cash during the year | (27.41) | - |
| Balance as at the end of the year | 148.51 | 159.20 |
| iv) Foreign currency translation reserve | | |
| Balance as at the beginning of the year | 156.71 | 760.17 |
| Less: Adjustment on account of demerger (refer Note 59) | - | (551.79) |
| Exchange differences in translating financials statement of foreign operations | 108.32 | (51.67) |
| Balance as at the end of the year | 265.03 | 156.71 |
| v) General reserve | | |
| Balance as at the beginning of the year | 797.99 | 1,751.35 |
| Less: Adjustment on account of demerger (refer Note 59) | - | (964.72) |
| Options forfeited, transferred from share options outstanding account | 36.04 | 15.18 |
| Income tax on above items | (9.07) | (3.82) |
| Balance as at the end of the year | 824.96 | 797.99 |
| vi) Retained earnings | | |
| Balance as at the beginning of the year | 16,953.06 | 17,439.67 |
| Others including adjustment on account of demerger | - | (6,533.03) |
| Profit for the year attributable to the owners | 5,320.19 | 6,622.00 |
| Remeasurement of post-employment benefit obligations (net of taxes) attributable to the owners | 52.69 | (33.03) |
| Dividend (refer note below) | (361.70) | (542.55) |
| Balance as at the end of the year | 21,964.24 | 16,953.06 |
| Total | 23,202.74 | 18,066.96 |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 16 : Other equity (continued)

The following dividends were declared and paid by the Holding company during the year:

| Particulars | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Interim dividend on equity Shares March 31, 2023: Rs. 1 per equity share (March 31, 2022: Rs. 2 per equity share) | 180.85 | 361.70 |
| Final dividend on equity shares March 31, 2023: Rs. 1 per equity share (March 31, 2022: Rs. 1 per equity share)* | 180.85 | 180.85 |
| Total | 361.70 | 542.55 |

* Final dividend paid during the year ended March 31, 2023 is related to dividend proposed for the year ended March 31, 2022. Final dividend paid during the year ended March 31, 2022 is related to dividend proposed for the year ended March 31, 2021.

Note: After the reporting dates the following dividend were proposed by the directors; the dividends have not been recognised as liabilities.

| Particulars | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| By Holding company Final dividend on equity shares - Rs. 1 per equity share, (March 31, 2022: Rs. 1 per equity share) subject to approval at the annual general meeting. | 180.85 | 180.85 |
| By subsidiary- Zuventus Healthcare Limited* Final dividend on equity shares - Rs. 5 per equity share, (March 31, 2022: Rs 5 per equity share) subject to approval at the annual general meeting. | 100.28 | 100.28 |
| Total | 281.13 | 281.13 |

* It also includes dividend payable to holding company, which gets eliminated at consolidated level.

Nature and purpose of other reserves

Capital reserve

Capital reserve was created on account of amalgamation of companies prior to 2001.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The Parent has established equity-settled share-based payment plans for certain categories of employees of the Group. Refer note 50 for further details of these plans.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Retained earnings

Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the group.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| Note 17 | Rs. in million | |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Non current borrowings | | |
| Secured | | |
| Term loans: | | |
| Indian currency loans from banks | 1,937.12 | 1,705.54 |
| Indian currency loans from others | 3,588.93 | 2,959.80 |
| Foreign currency loans from banks | 5,026.97 | 5,309.72 |
| Vehicle loans | 69.56 | 95.27 |
| | 10,622.58 | 10,070.33 |
| Unsecured | | |
| Indian currency loans from others | 69.03 | 85.40 |
| Less: Current maturities of non current borrowing (refer note 21) | (3,031.91) | (2,728.12) |
| Less: Current maturities of vehicle loan and others (refer note 21) | (22.81) | (25.72) |
| Less: Transaction cost attributable to the borrowings | (195.54) | (229.07) |
| Total | 7,441.35 | 7,172.82 |

Note: Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 40.

(a) Security information of outstanding loans is as below;

| Nature of facility | Security offered | Rs. in million | |
|--------------------|---|------------------|------------------|
| | | March 31, 2023 | March 31, 2022 |
| Term Loan | Secured by hypothecation of Property, plant and equipment, Capital work-in-progress, Intangible assets (DMFs and acquired brands) and Second pari passu (hypothecation) charge on current assets of the Holding Company | 4,324.05 | 3,640.10 |
| Term Loan | Secured by hypothecation of Property, plant and equipment, Capital work-in-progress and Second pari passu (hypothecation) charge on current assets of the Holding Company | 1,232.55 | - |
| Term Loan | Secured by hypothecation of Property, plant and equipment and Capital work-in-progress owned by the Holding company | 2,592.59 | 3,163.68 |
| Term Loan | Secured by hypothecation of Property, plant and equipment and Capital work-in-progress owned by Zuventus Healthcare Limited (a subsidiary of the Company) and Corporate Guarantee of Zuventus Healthcare Limited | 419.43 | 561.12 |
| Term Loan | Secured by hypothecation of the entire movable fixed assets, both present and future owned by Gennova Biopharmaceuticals Limited; Second Pari Passu Charge over the entire current assets, both present and future of Gennova Biopharmaceuticals Limited and Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company). | 399.06 | 214.21 |
| Term Loan | Secured by hypothecation of all fixed assets, current assets and intangibles assets of Marcan Pharmaceuticals Inc. and Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company). | 190.63 | 785.44 |
| Term Loan | Secured by hypothecation of all current assets and intangibles assets of Marcan Pharmaceuticals Inc. and Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company). | 1,394.71 | 1,610.51 |
| Vehicle Loan | Secured by vehicles for which loan is availed | 69.56 | 95.27 |
| | Total | 10,622.58 | 10,070.33 |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

(b) Repayment terms of secured borrowing outstanding as on March 31, 2023.

| Nature of facility | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|--------------------|--|----------|------------------------------------|-----------------|-----------------|-----------------|---------------|
| Term Loan | 48 monthly installments from January 2020 ** | INR | 12 | 71.63 | - | - | - |
| Term Loan | 16 quarterly installments from January 2021 | INR | 7 | 125.00 | 93.75 | - | - |
| Term Loan | 16 equal quarterly installments from April 2018 ** | INR | 1 | 53.13 | - | - | - |
| Term Loan | 16 equal quarterly installments from April 2020 ** | INR | 5 | 121.88 | 80.95 | - | - |
| Term Loan | 60 monthly installments from December 2019 | INR | 23 | 50.00 | 45.83 | - | - |
| Term Loan | 20 Equal Quarterly Installments from May 2021 | INR | 12 | 200.00 | 200.00 | 200.00 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 36 | 140.00 | 140.00 | 140.00 | - |
| Term Loan | 8 Equal Quarterly Installments from June 2023 | INR | 8 | 186.92 | 250.00 | 63.08 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | 15.34 | - | - |
| Term Loan | 60 monthly installments from August 2019 | INR | 19 | 100.00 | 58.33 | - | - |
| Term Loan | 48 monthly installments from August 2021 | INR | 29 | 37.96 | 37.96 | 15.82 | - |
| Term Loan | 28 quarterly ballooning installments from April 2019 | INR | 9 | 106.25 | 141.70 | 141.70 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 29.76 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 36 | 160.00 | 160.00 | 160.00 | - |
| Term Loan | 16 Equal Quarterly Installments from April 2023 | INR | 16 | 350.00 | 350.00 | 700.00 | - |
| Term Loan | 8 Equal Quarterly Installments from January 2024 | INR | 8 | 50.00 | 200.00 | 150.00 | - |
| Term Loan | Monthly instalments starting from October 2022 and ending on September 2026 of Rs 10.42 million each | INR | 39 | 125.04 | 125.04 | 148.98 | - |
| Term Loan | 48 monthly installments from March 2019 ** | USD | 2 | 58.95 | - | - | - |
| Term Loan | 12 equal half yearly installments from September 2020 | USD | 7 | 82.17 | 82.17 | 123.26 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 8 | 260.21 | 260.21 | 520.41 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 8 | 205.43 | 205.41 | 410.85 | - |
| Term Loan | 15 Quarterly Installments from September 2023 | USD | 15 | 110.93 | 221.86 | 899.76 | - |
| Term Loan | 16 equal Quarterly Installments from March 2022 | CAD | 11 | 69.32 | 69.32 | 51.99 | - |
| Term Loan | 12 equal half yearly installments from February 2022 | USD | 8 | 348.68 | 348.68 | 697.36 | - |
| Vehicle Loan | Monthly installments starting from March 2017 | INR | 06-41 | 21.06 | 18.87 | 23.27 | - |
| Vehicle Loan | Monthly installments starting from October 2017 | INR | 40 | 1.75 | 1.88 | 2.73 | - |
| | Total | | | 3,036.31 | 3,107.30 | 4,478.97 | - |

** Repayment Terms are further elongated by 6 Months on account of availment of Moratorium based on RBI Guidelines vide no. RBI/2019-20/186.

(c) Repayment terms of unsecured borrowing outstanding as on March 31, 2023.

| Nature of facility | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|---|---|----------|------------------------------------|---------------|--------------|--------------|---------------|
| Loan under New Millennium Indian Technology Leadership Initiative | 10 Yearly installments starting from August 1, 2017 | INR | 4.00 | 18.41 | 18.41 | 32.21 | - |
| | | | | 18.41 | 18.41 | 32.21 | - |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

(d) Repayment terms of secured borrowing outstanding as on March 31, 2022

| Nature of facility | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|--------------------|---|----------|------------------------------------|-----------------|-----------------|-----------------|---------------|
| Term Loan | 48 monthly installments from January 2020 ** | INR | 24 | 73.77 | 71.71 | - | - |
| Term Loan | 16 quarterly installments from January 2021 | INR | 11 | 125.00 | 125.00 | 93.75 | - |
| Term Loan | 16 equal quarterly installments from April 2018 ** | INR | 10 | 162.50 | 162.50 | 80.95 | - |
| Term Loan | 16 equal quarterly installments from April 2020 ** | INR | 6 | 212.50 | 106.25 | - | - |
| Term Loan | 60 monthly installments from December 2019 | INR | 35 | 40.84 | 50.00 | 45.83 | - |
| Term Loan | 20 Equal Quarterly Installments from May 2021 | INR | 16 | 200.00 | 200.00 | 400.00 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 48 | 140.00 | 140.00 | 280.00 | - |
| Term Loan | 8 Equal Quarterly Installments from June 2023 | INR | 8 | - | 73.85 | 73.85 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 15.34 | - |
| Term Loan | 60 monthly installments from August 2019 | INR | 31 | 88.33 | 100.01 | 58.33 | - |
| Term Loan | 48 monthly installments from August 2021 | INR | 40 | 38.75 | 38.75 | 52.20 | - |
| Term Loan | 28 quarterly ballooning installments from April 2019 | INR | 13 | 106.27 | 141.70 | 283.39 | - |
| Term Loan | 2 Equal Monthly Installment Post Completion of Original Term Loans Tenure | INR | 2 | - | - | 29.76 | - |
| Term Loan | 60 monthly installments from April 2021 | INR | 48 | 160.00 | 160.00 | 320.00 | - |
| Term Loan | 48 Equal Monthly Installments from October 2022 | INR | 48 | 26.78 | 53.55 | 133.88 | - |
| Term Loan | 48 monthly installments from March 2019 ** | USD | 18 | 250.80 | 127.24 | - | - |
| Term Loan | 12 equal half yearly installments from September 2020 | USD | 9 | 75.79 | 75.79 | 189.47 | - |
| Term Loan | 16 equal quarterly installments from May 2018 ** | USD | 2 | 47.37 | - | - | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 10 | 239.99 | 239.99 | 719.98 | - |
| Term Loan | 12 equal half yearly installments from April 2021 | USD | 10 | 189.47 | 189.47 | 568.41 | - |
| Term Loan | 12 equal half yearly installments from February 2022 | USD | 10 | 322.10 | 322.09 | 966.31 | - |
| Term Loan | 12 equal Quarterly Installments from March 2022 | CAD | 15 | 209.45 | 209.45 | 366.54 | - |
| Vehicle Loan | Monthly installments starting from March 2017 | INR | 05-53 | 23.72 | 21.06 | 42.14 | - |
| Vehicle Loan | Monthly installments starting from October 2017 | INR | 06-52 | 1.99 | 1.75 | 4.61 | - |
| | Total | | | 2,735.42 | 2,610.16 | 4,724.75 | - |

** Repayment Terms are further elongated by 6 Months on account of availment of Moratorium based on RBI Guidelines vide no. RBI/2019-20/186.

(e) Repayment terms of unsecured borrowing outstanding as on March 31, 2022.

| Nature of facility | Repayment terms | Currency | Number of Installments outstanding | Within 1 year | 1 to 2 years | 2 to 5 years | Above 5 years |
|---|---|----------|------------------------------------|---------------|--------------|--------------|---------------|
| Loan under New Millennium Indian Technology Leadership Initiative | 10 Yearly installments starting from August 1, 2017 | INR | 5.00 | 18.41 | 18.41 | 48.58 | - |
| | | | | 18.41 | 18.41 | 48.58 | - |

(f) The long term borrowing facilities are repayable with a range of interest for foreign currency loans in USD at Libor or SOFR with spread ranging from 154 bps to 365 bps (March31,2022: 325 bps to 350 bps), foreign currency loans in CAD at Prime rate with spread 75bps (March31,2022: 75 bps). For Rupee loans MCLR, LTRR, LTLR or MIBOR with various spreads ranging from 50 bps to 359 bps and vehicle loan ranging from 7.20% to 9.39%. (March31,2022 : 7.20% p.a. to 9.39% p.a.)

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| Rs. in million | | |
|--|----------------|----------------|
| Note 18 | March 31, 2023 | March 31, 2022 |
| Other non-current financial liabilities | | |
| Trade deposits (refer note below) | 144.42 | 121.30 |
| Allowance for expected sales returns (refer note 23) | 350.00 | 317.62 |
| Other liabilities | 0.72 | 0.87 |
| Total | 495.14 | 439.79 |

Note : Includes deposit from firm in which directors of the Holding Company are interested - Rs. 10.00 million (March 31, 2022 - Rs. 10.00 million).

| Rs. in million | | |
|------------------------------------|----------------|----------------|
| Note 19 | March 31, 2023 | March 31, 2022 |
| Non-current provisions | | |
| Provision for employee benefits | 396.65 | 421.05 |
| Provision for compensated absences | | |
| Total | 396.65 | 421.05 |

| Rs. in million | | |
|---|----------------|----------------|
| Note 20 | March 31, 2023 | March 31, 2022 |
| Other non-current liabilities | | |
| Deferred government grant (refer note 44B and 60) | 162.31 | 158.02 |
| Deferred revenue (refer note 52) | 0.59 | 114.38 |
| Total | 162.90 | 272.40 |

| Rs. in million | | |
|--|------------------|------------------|
| Note 21 | March 31, 2023 | March 31, 2022 |
| Current borrowings | | |
| Secured | | |
| Current maturities of non current borrowing (refer note 17) | 3,054.72 | 2,753.84 |
| Term Loans | - | 225.00 |
| Working capital loans from banks | 7,163.89 | 5,930.96 |
| Cash credit facilities / bank overdraft repayable on demand from banks | 4,168.71 | 4,710.21 |
| Interest accrued but not due on borrowings | 133.28 | 63.64 |
| Less: Transaction cost attributable to the borrowings | (12.61) | (20.18) |
| Total | 14,507.99 | 13,663.47 |

Note:

a) Statement of principal terms of secured short term loans outstanding as on March 31, 2022 (Nil as at March 31, 2023)

| Repayment terms | Rate of interest % (per annum) | Currency | Amount outstanding (Rs. in million) | Security |
|-------------------------------|--------------------------------|----------|-------------------------------------|--|
| Bullet Repayment in July 2022 | 7% | INR | 225.00 | Was Secured by hypothecation of the entire movable fixed assets, both present and future owned by Gennova Biopharmaceuticals Limited; Second Pari Passu Charge over the entire current assets, both present and future of Gennova Biopharmaceuticals Limited and Corporate Guarantee of Emcure Pharmaceuticals Limited (holding company) |

b) Working capital loans from banks are secured by hypothecation of inventories, book debts and receivables, in addition, Working capital loans of few subsidiaries are also secured by corporate guarantee of parent company (refer note 53).

c) The cash credit facilities / bank overdraft facilities are repayable on demand and working capital loans are repayable within a year with a range of interest of foreign currency loans in USD at SOFR+70 bps to SOFR + 110 bps, foreign currency loans in EURO at EURIBOR + 100 bps, foreign currency loans in CAD at Prime rate +0.75%, Foreign currency loans in GBP at SONIA+3.00%, foreign currency loan in Dubai at EIBOR+ 2.47% and for Rupee loans 7.60% p.a. to 9.60% p.a. (March 31, 2022 : USD at LIBOR+85 bps to LIBOR + 250 bps, foreign currency loans in GBP at GBP LIBOR+115 bps and SONIA+ 3.00%, foreign currency loans in EURO at EURIBOR + 85 bps, Prime Rate + 75 BPS for foreign currency loans in Canada, EIBOR+2.47% in Dubai and for Rupee loans 6 M MCLR+0.95% to MCLR+1.25% i.e. 7.50% p.a. to 8.55% p.a.)

d) Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 40.



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Rs. in million

| Note 22 | March 31, 2023 | March 31, 2022 |
|--|------------------|------------------|
| Trade payables | | |
| Trade payables to related parties (refer note 48) | 88.58 | 191.91 |
| Other trade payables | 190.53 | 330.91 |
| Total outstanding dues of micro and small enterprises (refer note 58) | 10,581.99 | 10,729.08 |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| Total | 10,861.10 | 11,251.90 |

Note :

1. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 40.
2. All trade payables are current.

Rs. in million

| As at March 31, 2023 | Unbilled dues | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------|------------------|---------------|--------------|-------------------|------------------|
| Micro and small enterprises | 0.10 | 190.43 | - | - | - | 190.53 |
| Others | 2,267.12 | 7,633.95 | 702.54 | 43.65 | 23.31 | 10,670.57 |
| Disputed dues - Micro and small enterprises | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 2,267.22 | 7,824.38 | 702.54 | 43.65 | 23.31 | 10,861.10 |

Rs. in million

| As at March 31, 2022 | Unbilled dues | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---|-----------------|------------------|---------------|--------------|-------------------|------------------|
| Micro and small enterprises | - | 330.91 | - | - | - | 330.91 |
| Others | 2,004.28 | 8,339.79 | 547.33 | 13.27 | 16.32 | 10,920.99 |
| Disputed dues - Micro and small enterprises | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| Total | 2,004.28 | 8,670.70 | 547.33 | 13.27 | 16.32 | 11,251.90 |



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| Note 23 Other current financial liabilities | Rs. in million | |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Employee benefits payable | 1,736.86 | 1,557.87 |
| Allowance for expected sales return (refer footnote (c) below) | 620.54 | 617.80 |
| Other payables (refer note (b) below) | 53.40 | 45.65 |
| Payables for capital asset | 395.07 | 484.90 |
| Total | 2,805.87 | 2,706.22 |

Notes :

- a) The Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 40.
b) Includes amount payable to related parties for commission / interest amounting to Rs. 24.27 million (March 31, 2022 - Rs. 34.77 million).
c) Movements in provisions for sales return and breakage expiry

| Particulars | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Beginning of the year | 935.42 | 1,394.43 |
| Less: Transferred pursuant to composite scheme of arrangement (refer note 59) | - | (517.36) |
| Provisions made during the year | 1,119.76 | 1,239.79 |
| Effect for unwinding of discounts | 49.48 | 40.73 |
| Provisions utilised during the year | (1,133.80) | (1,223.96) |
| Change due to translation of provision of foreign operation | (0.32) | 1.79 |
| At the end of the year | 970.54 | 935.42 |

| Note 24 Current provisions | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Provision for employee benefits | | |
| Provision for compensated absences | 214.10 | 190.97 |
| Provision for gratuity (refer note 49) | 183.40 | 245.29 |
| Other provisions | 3.42 | 2.36 |
| Total | 400.92 | 438.62 |

| Note 25 Income tax assets / (liabilities) (net) | Rs. in million | |
|--|-----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Income tax assets (net of provisions) | 633.07 | 509.97 |
| Income tax liabilities (net of advance tax) | (487.75) | (621.52) |
| Net | (145.32) | 111.55 |

| Note 26 Other current liabilities | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Statutory dues including provident fund and withholding taxes | 623.63 | 460.11 |
| Contract liabilities (advances from customers) | 168.33 | 153.57 |
| Deferred government grant (refer note 60) | 10.32 | 117.82 |
| Other liabilities | 84.11 | 12.10 |
| Total | 886.39 | 743.60 |

The amount of Rs. 153.57 million included in contract liabilities at March 31, 2022 has been recognised as revenue during the year ended March 31, 2023 (March 31, 2022 : Rs. 121.31 million).

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

| | Rs. in million | |
|--|------------------|------------------|
| Note 27 | March 31, 2023 | March 31, 2022 |
| Revenue from operations | | |
| Revenue from contracts with customers | | |
| Sale of products | 58,743.26 | 56,586.44 |
| Sale of services | 567.50 | 1,075.60 |
| Other operating revenues | | |
| Scrap sales | 63.88 | 58.58 |
| Export incentives | 36.90 | 28.01 |
| GST refund received (refer note 45) | 31.00 | 7.04 |
| Income arising from other government grant (refer note 60) | 415.57 | 798.20 |
| Total | 59,858.11 | 58,553.87 |

| | Rs. in million | |
|---|----------------|----------------|
| Note 28 | March 31, 2023 | March 31, 2022 |
| Other income | | |
| Interest income under the effective interest method from banks and others | 118.34 | 101.97 |
| Profit on sale of investments | 1.21 | - |
| Gains on foreign exchange fluctuation (net) | 190.15 | 367.78 |
| Miscellaneous income (refer note below) | 149.35 | 164.98 |
| Total | 459.05 | 634.73 |

Majorly include income from related parties like financial guarantee fees, etc. Refer note 48 for details.

| | Rs. in million | |
|---|------------------|------------------|
| Note 29 | March 31, 2023 | March 31, 2022 |
| Cost of material consumed | | |
| A: Raw material consumed | | |
| Opening inventory | 4,201.53 | 4,022.91 |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | (1,092.80) |
| Add : Purchases (net) | 9,157.71 | 12,172.86 |
| | 13,359.24 | 15,102.97 |
| Less: Closing inventory | (3,787.65) | (4,201.53) |
| Cost of raw materials consumed during the year | 9,571.59 | 10,901.44 |
| B: Packing material consumed | | |
| Opening inventory | 727.37 | 647.83 |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | (76.09) |
| Add : Purchases (net) | 2,204.07 | 2,215.20 |
| | 2,931.44 | 2,786.94 |
| Less: Closing inventory | (1,037.11) | (727.37) |
| Cost of packing materials consumed during the year | 1,894.33 | 2,059.57 |
| Total (A+B) | 11,465.92 | 12,961.01 |

| | Rs. in million | |
|--|----------------|-------------------|
| Note 30 | March 31, 2023 | March 31, 2022 |
| Changes In Inventory of finished goods, work In progress and stock-in-trade | | |
| Opening inventory | | |
| Work-in-process | 1,551.38 | 1,541.04 |
| Finished goods | 2,314.18 | 2,041.93 |
| Stock-in-trade | 5,127.02 | 6,508.60 |
| | 8,992.58 | 10,091.57 |
| Less: Closing inventory | | |
| Work-in-process | 1,515.98 | 1,551.38 |
| Finished goods | 1,936.35 | 2,314.18 |
| Stock-in-trade | 4,873.35 | 5,127.02 |
| | 8,325.68 | 8,992.58 |
| Transferred pursuant to composite scheme of arrangement (Refer Note 59) | - | (2,552.94) |
| Changes in inventory of finished goods, work in progress and stock-in-trade | 666.90 | (1,453.95) |

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Rs. in million

| Note 31 | March 31, 2023 | March 31, 2022 |
|---|------------------|------------------|
| Employee benefit expenses | | |
| Salaries, wages and bonus | 9,766.99 | 8,908.91 |
| Contribution to provident and other funds (refer note 49) | 643.39 | 588.13 |
| Gratuity (refer note 49) | 188.13 | 158.42 |
| Employee share-based payment expenses (refer note 50) | 52.76 | 57.16 |
| Staff welfare expenses | 522.05 | 405.58 |
| Total | 11,173.32 | 10,118.20 |

Rs. in million

| Note 32 | March 31, 2023 | March 31, 2022 |
|---|------------------|------------------|
| Other expenses | | |
| Processing charges | 593.38 | 651.37 |
| Factory consumables | 1,676.65 | 1,718.84 |
| Contractual Services | 547.74 | 456.93 |
| Power and fuel | 1,085.82 | 972.77 |
| Insurance | 230.46 | 188.19 |
| Repair and maintenance | 579.91 | 532.78 |
| Rent (refer note 3) | 67.06 | 53.53 |
| Rates and taxes | 145.48 | 171.21 |
| Freight | 795.98 | 927.91 |
| Advertisement and promotional materials | 1,828.19 | 1,633.22 |
| Travelling and conveyance | 1,574.46 | 1,054.29 |
| Commission on sales | 1,030.33 | 904.53 |
| Printing and stationery | 137.33 | 116.67 |
| Legal and professional fees | 2,063.91 | 1,554.09 |
| Payment to auditors (refer note below) | 8.56 | 9.49 |
| Inventory handling charges | 490.74 | 507.97 |
| Commission to non-whole time directors | 31.98 | 35.35 |
| Directors sitting fees | 3.96 | 5.41 |
| Loss allowance for doubtful debts | 53.44 | 55.77 |
| Loss on sale of property, plant and equipment | 3.33 | 4.08 |
| Bad debts written off | 192.29 | 19.57 |
| Expenditure towards corporate social responsibility (refer note 57) | 145.44 | 109.10 |
| Miscellaneous expenses | 981.26 | 1,121.96 |
| Total | 14,267.70 | 12,805.03 |

Rs. in million

| Note : Payment to auditors | March 31, 2023 | March 31, 2022 |
|----------------------------|----------------|----------------|
| As auditor: | | |
| Audit fees excluding taxes | 7.34 | 7.34 |
| Other services * | 0.69 | 1.87 |
| Out of pocket expenses | 0.53 | 0.28 |
| Total | 8.56 | 9.49 |

* Excludes payment to auditors amounting to Rs. 27.43 million towards IPO related services grouped under Prepaid expenses for year ended March 31, 2022.

Rs. in million

| Note 33 | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Depreciation and amortisation expenses | | |
| Depreciation on property, plant and equipment | 1,797.44 | 1,623.45 |
| Depreciation on right-of-use assets | 280.50 | 291.45 |
| Amortisation of intangible assets | 523.24 | 533.65 |
| Total | 2,601.18 | 2,448.55 |

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Rs. in million

| Note 34 | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Finance cost | | |
| Interest on long-term borrowings measured at amortised cost (refer note 2A & 2B of Property, plant and equipment and Capital work-in-progress) | 789.61 | 696.84 |
| Interest on short-term borrowings measured at amortised cost (refer note 2A & 2B of Property, plant and equipment and Capital work-in-progress) | 710.85 | 469.54 |
| Interest on shortfall of advance tax | 9.20 | 34.30 |
| Interest accrued on lease liability | 119.49 | 123.96 |
| Other borrowing costs | 286.90 | 289.90 |
| Exchange differences to the extent regarded as an adjustment to borrowing costs | 220.03 | 145.24 |
| Total | 2,136.08 | 1,759.78 |

Rs. in million

| Note 35 | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Exceptional items | | |
| Share issue expenses written off (see footnote below) | 61.46 | - |
| Total | 61.46 | - |

Notes :

Share issue expenses written off in the current year were in respect of the Company's Proposed Initial Public Offer (refer note 65).

Rs. in million

| Note 36 | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| Tax expenses recognised in statement of profit and loss | | |
| Current tax | | |
| Current Period | 1,694.84 | 2,717.60 |
| Tax related to prior years | 38.12 | 142.93 |
| Total current tax expense | 1,732.96 | 2,860.53 |
| Deferred tax | | |
| Originating and reversal of temporary differences | 120.74 | (248.76) |
| Change in tax rate | - | (7.03) |
| Changes in temporary differences of earlier years | - | 95.18 |
| Total deferred tax | 120.74 | (160.61) |
| Total | 1,853.70 | 2,699.92 |

Rs. in million

| Tax income recognised in OCI | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Remeasurements of post-employment benefit obligations | (18.78) | 13.57 |
| Total | (18.78) | 13.57 |

Rs. in million

| Tax expense recognised in other equity | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| General reserve | (9.07) | (3.82) |
| Total | (9.07) | (3.82) |





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| Rs. in million | | |
|--|-----------------|-----------------|
| Note 37 | March 31, 2023 | March 31, 2022 |
| Deferred tax assets | | |
| Deferred tax assets : | | |
| Intangible assets | 237.62 | 427.81 |
| Allowance for doubtful debts - trade receivables | 4.97 | 4.34 |
| Provision - employee benefit | 18.95 | 22.22 |
| Carry forward of tax losses | 225.84 | 199.49 |
| Government grant | 17.06 | 47.11 |
| Minimum alternate tax credit entitlement | 171.93 | 178.36 |
| Inventories | 474.13 | 641.61 |
| Others | 18.53 | 21.97 |
| Lease Liability | 36.60 | 48.92 |
| Total | 1,205.63 | 1,591.83 |
| Deferred tax liabilities : | | |
| Property, Plant and Equipment | 180.83 | 182.17 |
| Intangible assets | 1.16 | 1.76 |
| Others | 2.66 | 204.74 |
| Right-of-use assets | 29.72 | 42.36 |
| Total | 214.37 | 431.03 |
| Deferred tax assets - net | 991.26 | 1,160.80 |

| Rs. in million | | |
|--|----------------|----------------|
| Note 37 | March 31, 2023 | March 31, 2022 |
| Deferred tax liabilities | | |
| Deferred tax liabilities : | | |
| Intangible assets | 50.32 | 66.60 |
| Property, Plant and Equipment | 625.58 | 625.75 |
| Others | 34.73 | 39.10 |
| Right-of-use assets | 271.17 | 251.50 |
| Total | 981.80 | 982.95 |
| Deferred tax assets : | | |
| Allowance for doubtful debts - trade receivables | 98.08 | 71.76 |
| Provision - Employee benefit | 182.48 | 201.93 |
| Lease Liability | 312.29 | 283.12 |
| Total | 592.85 | 556.81 |
| Deferred tax liabilities - net | 388.95 | 426.14 |

Note: Balances of deferred tax assets and deferred tax liability above, as on the reporting date includes the effects of changes in foreign exchange rates of foreign operations whose functional currency is different than the Group's functional currency, are considered in foreign currency translation reserve and is shown as others in deferred tax movement note 38



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EMCURE PHARMACEUTICALS LIMITED
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For the year ended March 31, 2023

Note 37 : Tax expenses (continued)

Significant estimates

In assessing the realisability of the deferred tax asset balance with respect to Minimum alternate tax (MAT) credit entitlements and carry forward tax losses, management has considered whether partial or all of the MAT credit entitlement and carry forward tax losses will not be realised. The ultimate realisation of benefit related to MAT credit and carry forward tax losses is dependent upon the generation of future taxable income greater than book profit as per provisions of Income Tax Act, 1961, before expiry of credit and carry forward period. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the MAT credit are deductible as well carry forward losses will be utilised, management believes that the Group will realise the benefit. The amount of deferred tax asset on account of MAT credit and carry forward losses is considered to be realisable, however, could be reduced in the near term if estimates of future taxable income undergo any change as compared to the estimates made by the management as at reporting date. Management has performed the sensitivity analysis on the future expected taxable profits and do not expect any loss of benefit related to these items.

| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: | Rs. in million | | Rs. in million | |
|--|----------------|-----------------|----------------|-----------------|
| | March 31, 2023 | | March 31, 2022 | |
| | % | Amount | % | Amount |
| Profit before tax from continuing operations | | 7,472.15 | | 9,725.48 |
| | | 7,472.15 | | 9,725.48 |
| Tax using the Holding Company tax rate of 25.17% | 25.17% | 1,880.74 | 25.17% | 2,447.90 |
| <i>Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:</i> | | | | |
| Non taxable income | 0.00% | - | -0.65% | (63.35) |
| Non deductible expenses | 1.84% | 137.65 | 0.84% | 82.06 |
| Change in tax rate | 0.00% | - | -0.07% | (7.03) |
| Difference in tax rates in foreign jurisdictions | -2.08% | (155.43) | -0.91% | (88.19) |
| Difference in tax rates of Indian Subsidiaries | 0.23% | 17.06 | 0.10% | 10.00 |
| Tax related to prior years | 0.51% | 38.12 | 1.47% | 142.93 |
| Unrecognised deferred tax assets | 0.47% | 35.38 | 0.54% | 52.25 |
| Changes in temporary differences of earlier years | -0.67% | (50.15) | 0.98% | 95.18 |
| Other items | -0.66% | (49.67) | 0.29% | 28.17 |
| Effective tax rate | 24.81% | 1,853.70 | 27.75% | 2,699.92 |



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EMCURE PHARMACEUTICALS LIMITED
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For the year ended March 31, 2023

| Rs. in million | | | | | |
|--|--|-----------------------|-----------------------|---------------------------------|--|
| Note 38 Movement of Deferred tax assets / liabilities | Opening balance as at April 1, 2022* | Transferred to P&L | Transferred to OCI | MAT credit utilised / Others | Closing Balance as at March 31, 2023* |
| Minimum alternate tax credit entitlement | 178.36 | - | - | (6.43) | 171.93 |
| Carry forward of tax losses | 199.49 | 26.35 | - | - | 225.84 |
| Provision - Employee benefit | 224.15 | (3.95) | (18.78) | - | 201.42 |
| Inventories | 641.61 | (167.47) | - | - | 474.14 |
| Government grant | 47.11 | (30.05) | - | - | 17.06 |
| Allowance for doubtful debts - trade receivables | 76.10 | 26.90 | - | - | 103.00 |
| Others | (221.87) | 189.42 | - | 13.60 | (18.85) |
| Lease Liability | 332.04 | 16.85 | - | - | 348.89 |
| Property, Plant and Equipment | (807.92) | 1.55 | - | - | (806.37) |
| Intangible assets | 359.45 | (173.31) | - | - | 186.14 |
| Right-of-use assets | (293.86) | (7.03) | - | - | (300.89) |
| Total | 734.66 | (120.74) | (18.78) | 7.17 | 602.31 |

| Rs. in million | | | | | | |
|--|--|-----------------------|-----------------------|---|---------------------------------|---|
| Note 38 Movement of Deferred tax assets / liabilities | Opening balance as at April 1, 2021* | Transferred to P&L | Transferred to OCI | Transferred pursuant to composite scheme of arrangement (Refer Note S9) | MAT credit utilised / Others | Closing Balance as at March 31, 2022* |
| Minimum alternate tax credit entitlement | 156.95 | 25.62 | - | - | (4.21) | 178.36 |
| Carry forward of tax losses | 370.12 | 72.07 | - | (242.70) | - | 199.49 |
| Stock appreciation rights | 20.86 | - | - | (20.86) | - | - |
| Provision - Employee benefit | 211.35 | (0.77) | 13.57 | - | - | 224.15 |
| Inventories | 763.14 | 143.39 | - | (264.92) | - | 641.61 |
| Insurance receivable | 66.43 | - | - | (66.43) | - | (0.00) |
| Government grant | 71.56 | (24.45) | - | - | - | 47.11 |
| Sales return | 128.03 | - | - | (128.03) | - | - |
| Allowance for doubtful debts - trade receivables | 70.36 | 5.74 | - | - | - | 76.10 |
| Others | (555.25) | (12.10) | - | 531.80 | (186.32) | (221.87) |
| Lease Liability | 282.09 | 49.95 | - | - | - | 332.04 |
| Property, Plant and Equipment | (702.57) | (122.39) | - | 17.04 | - | (807.92) |
| Intangible assets | 457.48 | 60.95 | - | - | (158.98) | 359.45 |
| Right-of-use assets | (256.46) | (37.40) | - | - | - | (293.86) |
| Total | 1,084.09 | 160.61 | 13.57 | (174.10) | (349.51) | 734.66 |

* Deferred tax assets (net) and deferred tax liabilities (net) as shown in the consolidated financial statements has been clubbed for the aforesaid disclosure.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
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Note 39 : Capital 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 capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Generally consistent with others in the industry, the group monitors capital on the basis of the gearing ratio

Net debt (total bank borrowings excluding transaction cost, net of cash and cash equivalent and other bank balances) divided by

Equity attributable to the owners of Emcure Pharmaceuticals Limited (as shown in the Balance Sheet).

The group strategy is to maintain a gearing ratio less than 1.50x. The gearing ratio at year end is as follow:

| Particulars | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Net Debt (as defined above) | 17,238.05 | 17,741.28 |
| Equity attributable to the owners of Emcure Pharmaceuticals Limited | 25,011.26 | 19,875.48 |
| Gearing ratio | 0.69 | 0.89 |

Note 40 : Financial risk management

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is carried out by central treasury department in under guidance of the board of directors and the core management team of the Group, and it focuses on actively ensuring the minimal impact of Group's financial position.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk and the impact of hedge accounting in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Aging analysis, Credit ratings | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other financial liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk - foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (Rs.) | Cash flow forecasting Sensitivity analysis | Effective management of foreign exchange inflow and outflow. Borrowing in foreign currency to fulfil foreign currency obligation |
| Market risk - interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Ongoing review of existing borrowing rates and seeking for new facilities at lower rate. |

A) 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 other financial assets. 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. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables.

Other financial assets that are potentially subject to credit risk consists of cash equivalents and deposits.

Further, the Group also recognises loss allowance by using a provision matrix based on historical credit loss experience wherein fixed provision rates are defined for each financial asset which is past due / not due. The Group depending on the diversity of its asset base, uses appropriate Groupings if the historical credit loss experience shows significant different loss patterns for different customer segments / financial assets.

Also, the Group limits its exposure to credit risk from receivables by establishing a maximum payment period for customers.

The Group considers the recoverability from financial assets on regular intervals so that such financial assets are received within the due dates.

The Group has exposure to credit risk which is limited to carrying amount of financial assets recognised at the date of Balance Sheet

Trade receivables

Trade receivables are usually due within 7-180 days. Generally, and by practice most domestic customers enjoy a credit period of approximately 7-45 days and for export customers, the credit period ranges from 30 to 180 days. The receivables are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentration of credit risk with regard to trade receivables, as the amounts recognized represent a large number of receivables from various customers. Certain receivables are also backed by letter of credit from the banks, resulting into negligible credit risk in recovery of such receivables.

The Company's exposure to credit risk for trade receivables, other receivables, loans and contract assets by geographic region was as follows;

| | Rs. in million | |
|---------------|------------------|------------------|
| | 31-Mar-23 | 31-Mar-22 |
| Within India | 14,053.38 | 9,916.50 |
| Outside India | 8,497.29 | 7,585.22 |
| | 22,550.67 | 17,501.72 |

The Group uses a provision matrix (simplified approach) to measure the expected credit loss of trade receivables and other financial assets measured at amortised cost.

Year ended March 31, 2023:

Expected credit loss for trade receivables under simplified approach

| Ageing | Rs. in million | | | | | | |
|---|----------------|---------------------|-----------------------|------------------------|------------------------|------------------------------|----------|
| | Not Due | 0-90 days past dues | 91-180 days past dues | 181-270 days past dues | 271-360 days past dues | More than 360 days past dues | Total |
| Gross carrying amount* | 6,169.67 | 2,023.23 | 366.94 | 214.11 | 64.68 | 481.16 | 9,319.79 |
| Weighted-average loss rate (includes interest as well as credit loss) | -2.64% | -1.57% | -3.20% | -11.67% | -19.76% | -33.85% | -4.37% |
| Expected credit losses (loss allowance provision) | (162.61) | (31.82) | (11.75) | (24.98) | (12.78) | (162.88) | (406.82) |
| Carrying amount of trade receivables (net of impairment) | 6,007.06 | 1,991.41 | 355.19 | 189.13 | 51.90 | 318.28 | 8,912.97 |



Note 40 : Financial risk management (continued)
A) Credit risk (Continued)

Year ended March 31, 2022:
Expected credit loss for trade receivables under simplified approach

| Ageing | Not Due | 0-90 days past dues | 91-180 days past dues | 181-270 days past dues | 271-360 days past dues | More than 360 days past dues | Total |
|---|----------|---------------------|-----------------------|------------------------|------------------------|------------------------------|----------|
| Gross carrying amount* | 4,190.13 | 1,551.98 | 615.72 | 169.44 | 108.70 | 213.38 | 6,849.35 |
| Weighted-average loss rate (includes interest as well as credit loss) | -1.48% | -1.56% | -4.77% | -15.60% | -10.65% | -68.56% | -4.38% |
| Expected credit losses (loss allowance provision) | (62.21) | (24.16) | (29.38) | (26.44) | (11.58) | (146.29) | (300.06) |
| Carrying amount of trade receivables (net of impairment) | 4,127.92 | 1,527.82 | 586.34 | 143.00 | 97.12 | 67.09 | 6,549.29 |

During the year, the Group has made write-offs of trade receivables amount to Rs 202.64 million (March 31, 2022- Rs. 19.57 million)
There are no financial assets which have been written off during the year which are subject to enforcement activity.

* In case of certain subsidiaries located in geographical segments - Africa, Asia (except India), Australia, North America, South America, Europe, management do not expect any expected credit loss against trade receivables based on the past trend of recovery and actual write offs. Therefore trade receivable at the date of financial position with respect to these subsidiaries are not included in the analysis above. Provision amounting to Rs 89.19 million (March 31, 2022 - Rs. 84.72 million) was made against receivables of certain specific subsidiaries based on management assessment of recovery of these subsidiaries and such loss provision is not considered in analysis above.

ii) Reconciliation of loss allowance provision — Trade receivables

| Particulars | Rs. in million |
|--------------------------------------|----------------|
| Loss allowance on April 1, 2021 | 494.65 |
| Amounts written off | (19.57) |
| Net remeasurement of loss allowances | (90.30) |
| Loss allowance on March 31, 2022 | 384.78 |
| Amounts written off | (192.29) |
| Net remeasurement of loss allowances | 303.52 |
| Loss allowance on March 31, 2023 | 496.01 |

Cash and Cash Equivalents and Deposits with Banks:

With respect to the cash and cash equivalents and deposits with banks, the concentration of credit risk is negligible as these are kept with the reputed banks with very high credit worthiness.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and availability of funds through adequate amount of committed credit facility to meet the commitments arising out of financial liabilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit lines. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet future requirements, monitoring balance sheet liquidity ratios against debt covenants and maintaining debt financing plans and ensuring compliance with regulatory requirements.

The Group manages its liquidity needs by carefully monitoring scheduled debt payments as well as cash requirement for day-to-day business. Liquidity needs are monitored regularly as well as on the basis of a 30-day cash flow projection. Long-term liquidity needs for a period from 180 to 360 days period are identified and reviewed at regular intervals.

The Group maintains cash and marketable securities to meet its liquidity requirements. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities. The Group is confident of being able to roll forward its short term borrowings.

i) Financing arrangements

The Group has access to undrawn borrowing facilities including overdraft facility at the end of the reporting period.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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Note 40 : Financial risk management (continued)

B) Liquidity risk (continued)

ii) *Maturities of financial liabilities (continued)*

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Contractual maturities of financial liabilities | Rs. in million | | | | |
|--|------------------|-----------------|-----------------|-------------------|------------------|
| | within 1 year | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
| March 31, 2023 | | | | | |
| Trade Payable | 10,861.10 | - | - | - | 10,861.10 |
| Borrowings | 14,507.99 | 3,012.99 | 4,428.36 | - | 21,949.34 |
| Trade deposits | - | - | 144.42 | - | 144.42 |
| Lease Liabilities | 342.53 | 321.12 | 455.09 | 1,045.61 | 2,164.35 |
| Other financial liabilities | 2,805.87 | 263.22 | 87.50 | - | 3,156.59 |
| Total | 28,517.49 | 3,597.33 | 5,115.37 | 1,045.61 | 38,275.80 |
| March 31, 2022 | | | | | |
| Trade Payable | 11,251.90 | - | - | - | 11,251.90 |
| Borrowings | 13,599.83 | 2,573.85 | 4,598.97 | - | 20,772.65 |
| Consideration (including contingent consideration) payable towards | - | - | - | - | - |
| Trade deposits | - | - | 121.30 | - | 121.30 |
| Lease Liabilities | 355.33 | 321.12 | 541.01 | 974.03 | 2,191.49 |
| Other financial liabilities | 2,769.85 | 239.09 | 79.41 | - | 3,088.35 |
| Total | 27,976.91 | 3,134.06 | 5,340.69 | 974.03 | 37,425.69 |

C) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

The Group operates in international market and a major portion of its business is transacted in different currencies and consequently the Group is exposed to foreign exchange risk through its sales and services and imported purchase to / from various countries.

The Group's foreign currency exposure is mainly in USD, EURO and GBP. The Group's financial liabilities mainly constitutes bank loans and trade payable. Further, the Group receives foreign currency against its exports receivables on regular basis against which the Group pays its loan and import commitments. To mitigate the risk arising on account of foreign exchange fluctuation management closely monitors the cash inflows based on review of expected future movement.

The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in USD, Euro and GBP. Foreign currency denominated financial assets and liabilities expressed in Rs. as at the closing are as follows:

Foreign currency risk exposure:

| Particulars | Currency | Foreign currency in million | | Rs. in million | |
|---|----------|-----------------------------|----------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Financial assets | | | | | |
| Receivables (including other receivables) | EURO | 2.22 | 5.53 | 197.64 | 463.70 |
| | USD | 41.70 | 38.78 | 3,426.44 | 2,939.09 |
| | ZAR | 23.77 | - | 109.78 | - |
| | Others* | 0.63 | 2.61 | 34.47 | 49.22 |
| Cash and cash equivalents | USD | 6.32 | 4.13 | 519.28 | 313.26 |
| | EURO | 1.61 | 0.99 | 143.61 | 82.98 |
| | CAD | 1.98 | - | 120.15 | - |
| | GBP | 1.11 | - | 112.48 | - |
| | Others* | 0.02 | 0.06 | 0.06 | 0.06 |
| Total | | | | 4,663.91 | 3,848.31 |
| Financial liabilities | | | | | |
| Trade Payable | EURO | 3.94 | 5.91 | 351.81 | 495.52 |
| | USD | 18.91 | 19.21 | 1,553.55 | 1,456.10 |
| | GBP | 2.23 | 0.04 | 225.50 | 3.58 |
| | Others* | 0.00 | 0.02 | 0.00 | 1.32 |
| Other Financial Liabilities | USD | 1.02 | 0.54 | 83.93 | 41.30 |
| | GBP | - | 0.01 | - | 1.00 |
| | Euro | 0.03 | - | 2.35 | - |
| Loans Payable | USD | 82.57 | 73.68 | 6,784.15 | 5,583.73 |
| | GBP | - | 4.30 | - | 428.07 |
| | Euro | 9.00 | 3.00 | 802.78 | 251.67 |
| Total | | | | 9,804.07 | 8,262.29 |

* Foreign currencies of insignificant value



Note 40 : Financial risk management (continued)

C) Market risk (continued)

i) Foreign currency risk (continued)

Sensitivity:

| Particulars | Rs. in million | |
|--|-----------------------------|----------------|
| | Impact on profit before tax | |
| | March 31, 2023 | March 31, 2022 |
| USD sensitivity | | |
| USD/INR -Increase by 4% (March 31, 2022-4%)* | (179.04) | (153.15) |
| USD/INR -Decrease by -4% (March 31, 2022-4%)* | 179.04 | 153.15 |
| EURO sensitivity | | |
| EURO/INR -Increase by 2% (March 31, 2022-2%)* | (16.27) | (4.01) |
| EURO/INR -Decrease by -2% (March 31, 2022-2%)* | 16.27 | 4.01 |
| GBP sensitivity | | |
| GBP/INR -Increase by 8% (March 31, 2022-8%)* | (9.04) | (34.61) |
| GBP/INR -Decrease by -8% (March 31, 2022-8%)* | 9.04 | 34.61 |

* Holding all other variables constant

iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During March 31, 2023 and March 31, 2022 and the Group's borrowings at variable rate were mainly denominated in INR, USD, CAD and GBP.

a) Interest rate risk exposure

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As a part of Group's interest risk management policy, treasury department closely tracks the base interest rate movements on regular basis. Based on regular review, management assesses the need to enter into interest rate swaps contracts to hedge interest rate risk. Management reviews the future movement in base rate against different factors such as overall micro and macro economic factors, liquidity in the system, expected spending cycle. Further on regular basis management assess the possibility of entering into new facilities which would reduce the future finance cost which helps management to mitigate the risk related to interest rate movement.

All the borrowing are at floating rate, except for those disclosed as fixed rate borrowings under note 17.

b) Sensitivity

The Group's policy is to minimize interest rate cash flow risk exposures on borrowing. The Company has exposure to foreign currency as well as local currency. The local currency loans are linked to bank base rate/ marginal cost of funds based lending (MCLR) whereas foreign currency loans are majorly linked with USD libor linked rates.

The sensitivity of profit or loss to changes in the interest rates arises.

| Particulars | Rs. in million | |
|---|-----------------------------|----------------|
| | Impact on profit before tax | |
| | March 31, 2023 | March 31, 2022 |
| Interest rates — increase by 25 basis points (25 bps) * | (55.06) | (52.55) |
| Interest rates — decrease by 25 basis points (25 bps) * | 55.06 | 52.55 |

* Holding all other variables constant

The bank deposits are placed on fixed rate of interest of approximately 4% p.a. to 8.25% p.a (March 31, 2022: 2.75% to 9.00% p.a.). As the interest rates do not vary unless such deposits are withdrawn and renewed, interest rate risk is considered to be low.



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Notes to the Consolidated Financial Statements
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Note 41 : Fair value measurements

A. Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

| Rs. in million | | | | | | | | |
|---|----------------------------|------------------|----------|------------------|------------|----------|---------------|---------------|
| March 31, 2023 | Carrying amounts valued at | | | | Fair value | | | |
| Carrying amounts and fair values of financial assets and financial liabilities | Fair value | Amortised Cost | Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through other comprehensive income Level 3 | | | | | | | | |
| Investment in LLP (FVOCI) | 250.00 | - | - | 250.00 | - | - | 250.00 | 250.00 |
| Financial assets not measured at fair value* | | | | | | | | |
| Security deposits | - | 288.91 | - | 288.91 | - | - | - | - |
| Trade receivables | - | 16,483.00 | - | 16,483.00 | - | - | - | - |
| Cash and cash equivalents | - | 2,423.42 | - | 2,423.42 | - | - | - | - |
| Term deposits with banks | - | 2,376.29 | - | 2,376.29 | - | - | - | - |
| Other financial assets | - | 729.05 | - | 729.05 | - | - | - | - |
| Total financial assets | 250.00 | 22,300.67 | - | 22,550.67 | - | - | 250.00 | 250.00 |
| Financial liabilities not measured at fair value* | | | | | | | | |
| Long term borrowings (including current maturities) | - | 10,496.07 | - | 10,496.07 | - | - | - | - |
| Short term borrowings | - | 11,453.27 | - | 11,453.27 | - | - | - | - |
| Lease Liabilities | - | 1,393.70 | - | 1,393.70 | - | - | - | - |
| Trade deposits | - | 144.42 | - | 144.42 | - | - | - | - |
| Trade payables | - | 10,861.10 | - | 10,861.10 | - | - | - | - |
| Creditors for capital assets | - | 395.07 | - | 395.07 | - | - | - | - |
| Other financial liabilities | - | 2,761.52 | - | 2,761.52 | - | - | - | - |
| Total financial liabilities | - | 37,505.15 | - | 37,505.15 | - | - | - | - |

| Rs. in million | | | | | | | | |
|--|----------------------------|------------------|----------|------------------|------------|----------|---------------|---------------|
| March 31, 2022 | Carrying amounts valued at | | | | Fair value | | | |
| Carrying amounts and fair values of financial assets and financial liabilities | Fair value | Amortised Cost | Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through Level 3 | | | | | | | | |
| Investment in LLP (FVOCI) | 250.00 | - | - | 250.00 | - | - | 250.00 | 250.00 |
| Financial assets not measured at fair value* | | | | | | | | |
| Investment | - | - | - | - | - | - | - | - |
| Security deposits | - | 267.14 | - | 267.14 | - | - | - | - |
| Trade receivables | - | 13,085.06 | - | 13,085.06 | - | - | - | - |
| Cash and cash equivalents | - | 1,628.49 | - | 1,628.49 | - | - | - | - |
| Term deposits with banks | - | 1,666.72 | - | 1,666.72 | - | - | - | - |
| Other financial assets | - | 604.31 | - | 604.31 | - | - | - | - |
| Total financial assets | 250.00 | 17,251.72 | - | 17,501.72 | - | - | 250.00 | 250.00 |
| Financial liabilities not measured at fair value* | | | | | | | | |
| Long term borrowings (including current maturities) | - | 9,926.66 | - | 9,926.66 | - | - | - | - |
| Short term borrowings | - | 10,909.63 | - | 10,909.63 | - | - | - | - |
| Lease Liabilities | - | 1,335.74 | - | 1,335.74 | - | - | - | - |
| Trade deposits | - | 121.30 | - | 121.30 | - | - | - | - |
| Trade payables | - | 11,251.90 | - | 11,251.90 | - | - | - | - |
| Creditors for capital assets | - | 484.90 | - | 484.90 | - | - | - | - |
| Other financial liabilities | - | 2,539.81 | - | 2,539.81 | - | - | - | - |
| Total financial liabilities | - | 36,569.94 | - | 36,569.94 | - | - | - | - |

* The Group has not disclosed the fair value for financial instruments such as trade receivables, cash and cash equivalents, term deposits with banks, other financial assets and financial liabilities because their carrying amounts are a reasonable approximation of fair value, due to their short-term nature. Fair value of long-term financial assets and financial liabilities carried at amortised cost is not materially different from the carrying amount.

There are no transfers between any levels during the year ended March 31, 2023 and March 31, 2022.

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EMCURE PHARMACEUTICALS LIMITED

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Note 41 : Fair value measurements (continued)

B. Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation process are described in Note .

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
Estimating future cash flow and discounted cash flow analysis.

The fair values have been determined based on present values and the discount rates used were adjusted for counterparty credit risk.

Determination of fair values:

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the balance sheet, as well as the significant unobservable inputs used in measuring Level 3 fair values for financial instruments. Related valuation processes are described in Note 1B(e).

| Investment in LLP | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|--|-----------------------------------|---|
| Net Asset Value Method and CCM : Net asset-valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. CCM method involves valuing a company using the market multiples derived from valuation of comparable companies | Revenue multiple/ EV multiple^ | Increase in revenue/ EV multiple will increase the fair value |

^ EV Multiple - Enterprise Value Multiple

C. Level 3 fair values:

i. Reconciliation of Level 3 fair values:

Investment in LLP: The investment included in Level 3 of fair value hierarchy is valued using the cost approach to arrive at their fair value. The cost of unquoted investment approximates the fair value because there is wide range of possible fair value measurements and the costs represents estimate of fair value within that range.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

| Particulars | Rs. in million | |
|----------------------------------|--|--|
| | Contingent consideration payable towards acquisition of subsidiary | |
| As at April 1, 2021 | 2,750.78 | |
| Interest accrued during the year | - | |
| Payment during the year | (2,750.78) | |
| As at March 31, 2022 | - | |
| Interest accrued during the year | - | |
| Payment during the year | - | |
| Change due to translation | - | |
| As at March 31, 2023 | - | |



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Note 42 : - Contingent liabilities (to the extent not provided for)

Claims against the Group not acknowledged as debts as at year end

| Particulars | Rs. in million | |
|-----------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| a) Provident fund | 53.61 | 53.61 |
| b) Sales/entry tax | 21.57 | 36.69 |
| c) Excise and service tax matters | 10.93 | 30.39 |
| d) Income tax matters | 883.37 | - |
| Total | 969.48 | 120.69 |

Notes:

1) A Search and seizure operation (the operation) was conducted by the Income Tax Department during the month of December 2020 under section 132 of the Income Tax act, 1961. The Holding Company and its two subsidiaries i.e. Zuventus Health Care Ltd and Gennova Biopharmaceuticals Ltd have received notices u/s. 153A and have filed the required returns of income for the respective assessment years. Its subsidiaries i.e. Zuventus Healthcare Ltd and Gennova Biopharmaceuticals Ltd have received orders u/s 153A and have filed appeals with the CIT(A) against the said orders. Based on the enquiries made by the Income tax department and the Group's submissions thereto, management is of the view that the matters involved are normal tax matters in respect of certain tax deductions and allowances, and accordingly the operation will not have any significant impact on the group's financial position and performances as at and for the year ended March 31, 2023 or any of the earlier periods presented herein.

2) Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities.

3) The Holding Company is also contesting other civil claims against the Holding Company which it has not acknowledged as debts and the management believes that its position will likely be upheld in the appellate process. At this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

4) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken in to account while computing an employer's contribution of provident fund under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The group has also obtained a legal opinion on the matter and basis the same there is no material impact on the consolidated financial statements as at 31 March 2022 any of the earlier years presented herein. The group would record any further effect on its financial statements, on receiving additional clarity on the subject.

5) Further, the Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the consolidated financial statements. The management believes that the ultimate outcome of above proceeding will not have a material adverse effect on the Group's financial position and results of operations.

Note 43 : - Other legal matters

AstraZeneca Vs Emcure CS (COMM)-407/2020 (Dapagliflozin Tablet)

On Sep 29, 2020, AstraZeneca filed a patent infringement suit for asserting two patents (IN205147 and IN235625) related to Dapagliflozin, against Emcure and sought injunctive relief. Emcure made a statement in Court that "Emcure will not be manufacturing and/or launching its product as it has lost commercial interest in Dapagliflozin". In view of this statement, Delhi High Court passed an Order. On November 15, 2021, Emcure filed an application to withdraw its earlier statement and sought permission for launching Dapagliflozin due to revival of business interest. On this basis, the Delhi High Court vide its order dated Feb 22, 2022 has modified its earlier order of Oct 22, 2020, thereby allowing Emcure to manufacture and / or launch the said product subject to the undertaking provided in the Order. Both IN '147 and IN '625 patents expired on October 02, 2020 and May 15, 2023 respectively.

HDT Bio Corp, USA ("HDT") Litigation

Gennova Biopharmaceuticals Ltd ("Gennova" – a subsidiary) entered into a License Agreement with HDT Bio Corp., USA ("HDT") in August 2021 ("the Agreement") for the use of HDT's LION technology appropriately to formulate a COVID-19 vaccine, register, market and sell said product in India, which was terminated subsequently.

Emcure Pharmaceuticals, Ltd. ("Emcure") was sued by HDT in the United States District Court – Seattle division for the Western District of Washington on March 21, 2022 alleging that it misappropriated trade secrets arising out of the Agreement. Simultaneously, HDT also filed Arbitration proceedings against Gennova before the London Court of International Arbitration ("LCIA") for breach of certain provisions in the Agreement and for misappropriation of HDT's trade secrets. Emcure is not a party to the Agreement between HDT and Gennova.

Given the uncertainty of the proceedings, the merits of HDT's claims cannot be fully assessed at present and the Group cannot predict the outcome of the proceedings or reasonably estimate the possible loss or range of loss, if any, that may result from the proceedings.

However, Management believes that it has strong grounds of defense in the matter.

Bristol Myers Squibb (BMS) Vs Emcure CS(COMM)-684/2019

In Dec 2019, BMS sued Emcure in Delhi High Court for infringement of Indian Patent No.247381, expiring on Sep 17, 2022. On Dec 12, 2019, the court granted an ad-interim injunction in favour of BMS and against Emcure. The court directed parties to maintain status quo for launch of its product till the disposal of the application. Thereafter, Emcure filed an appeal division bench of Delhi High Court, which is FAO(OS)(COMM) 377/2019. However, the appeal was disposed off in October 2022 due to the expiry of the suit patent. The right of parties to agitate their respective rights and contentions in respect of the Application for injunction including right to claim restitution, has been kept open to be pursued before the learned Single Judge

Boehringer Ingelheim (BI) Vs Emcure & Others - (Linagliptin)

On June 2, 2022, Shimla Court granted injunction in favour of Boehringer Ingelheim and against Emcure/MSN/Optimus & Eris and directed parties to restrain jointly and severally from infringing BI Patent, i.e. IN'301. Emcure has filed appeal against the said injunction order in Himachal Pradesh High Court. Presently, the appeal is in argument stage and it is not possible to estimate the likelihood or extent of the liability, if any.



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Note 43 : - Other legal matters (continued)

Drug Pricing Matters:

Department of Justice (DOJ)**

On December 2, 2015, Heritage Pharmaceuticals Inc (Heritage) learned that the United States Department of Justice, Antitrust Division ("DOJ") initiated an investigation into Heritage and its employees regarding alleged violations of U.S. antitrust laws, which prohibit contracting or conspiring to restrain, trade or commerce. In support of that investigation, the DOJ executed relevant search warrants at Heritage's premises and at the residence of one of Heritage's national accounts managers. In addition, the DOJ served grand jury subpoenas on Heritage, and several current and former employees, which sought a variety of materials and data relevant to Heritage's generic drug business. Heritage has fully cooperated with the DOJ and responded to its subpoenas.

On May 7, 2018, Heritage received a civil investigative demand from the United States Department of Justice, Civil Division ("DOJ Civil") seeking documents and information in connection with a simultaneous investigation under the False Claims Act.

On May 31, 2019, Heritage announced that it entered into a deferred prosecution agreement ("DPA") with the DOJ relating to a one-count Information for a conspiracy involving glyburide. In conjunction with the DPA, Heritage agreed to pay a USD 225,000 fine. In addition, Heritage also announced that it separately agreed to a settlement with DOJ Civil to resolve potential civil liability under the False Claims Act in connection with the same antitrust conduct. Under the terms of the settlement with DOJ Civil, Heritage agreed to pay USD 7.1 million. These resolutions fully resolve Heritage's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

In addition to the above, on May 31, 2019, Emcure Pharmaceuticals Limited ("Emcure") (erstwhile Holding company of Heritage) also entered into a cooperation and non-prosecution agreement ("NPA") with DOJ under which the Emcure, and its current officers, directors, and employees received non-prosecution protection in exchange for its agreement to provide cooperation into the DOJ's investigation. This resolutions fully resolve Emcure's potential exposure in connection with the DOJ's ongoing investigation into the generics pharmaceutical industry.

Attorneys General Litigation**

On December 21, 2015, Heritage Pharmaceuticals Inc ("Heritage") received a subpoena and interrogatories from the Connecticut Office of the Attorney General seeking information relating to the marketing, pricing and sale of certain of Heritage's generic products (including generic doxycycline) and communications with competitors about such products. On December 14, 2016, attorneys general of twenty states filed a complaint in the United States District Court for the District of Connecticut against several generic pharmaceutical drug manufacturers and individuals, including Heritage, alleging anticompetitive conduct with respect to, among other things, doxycycline hyclate DR. On June 18, 2018, attorneys general of forty-five states, the District of Columbia and the Commonwealth of Puerto Rico filed an amended consolidated complaint against various drug manufacturers, including Heritage based on the same alleged conduct. The consolidated complaint (the "State AG Complaint") was subsequently amended to add certain attorneys general alleging violations of federal and state antitrust laws, as well as violations of various states' consumer protection laws.

The consolidated State AG Complaint alleges that Heritage engaged in anticompetitive conduct with respect to fifteen different drugs: acetazolamide; doxycycline monohydrate, doxycycline hyclate DR, fosinopril HCTZ, glipizide metformin, glyburide, glyburide metformin, leflunomide, meprobamate, nimodipine, nystatin, paromomycin, theophylline, verapamil, and zoledronic acid. The consolidated State AG Complaint also includes claims asserted by attorneys general of thirty-seven states and the Commonwealth of Puerto Rico against Heritage, Emcure, and certain individuals, including Emcure's Chief Executive Officer, Satish Mehta, with respect to doxycycline hyclate DR. The allegations in the State AG Complaint are similar to those in the previously filed civil complaints (discussed below).

The consolidated State AG Complaint was transferred and consolidated into the ongoing multidistrict litigation captioned In re Generic Pharmaceuticals Pricing Antitrust Litigation, Case No. 16 MD 2724, which is currently pending in the United States District Court, Eastern District of Pennsylvania (the "Antitrust MDL").

On February 28, 2023, the Court in the Antitrust MDL denied almost all dispositive motions filed by the companies - and some of their former executives - to dismiss the price-fixing allegations.

The parties are engaged in factual discovery in the Antitrust MDL, and therefore, at this stage in the proceedings, it is not possible to estimate the likelihood or extent of the liability, if any.

Civil Litigation**

Beginning in 2016, Heritage, along with other manufacturers, has been named as a defendant in lawsuits generally alleging anticompetitive conduct with respect to generic drugs. The lawsuits have been filed by putative classes of direct and indirect purchasers, indirect resellers, as well as individual direct and indirect purchasers. They allege harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. Some of the lawsuits also name Emcure and Emcure's Chief Executive Officer, Satish Mehta, as defendants and include allegations against them with respect to doxycycline hyclate DR. The lawsuits have been consolidated in the Antitrust MDL (referenced above).

A number of other lawsuits have been separately filed against Heritage, and various other manufacturers, by individual plaintiffs who have elected to opt-out of the putative classes. These complaints also generally allege anticompetitive conduct with respect to generic drugs which allegedly caused harm under federal and state antitrust laws, state consumer protection laws and unjust enrichment claims. These lawsuits have also been consolidated in the pending Antitrust MDL (referenced above).

Refer section 'Attorneys General Litigation' above for update on Antitrust MDL proceedings.



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Other Litigation Matters

Ranitidine Litigation**

** Emcure Pharmaceuticals Limited (The Company) has entered into an indemnity agreement with Avet Lifesciences Limited ("Avet Life"), whereby from the effective date of the scheme of arrangement (as referred in note 60 of the consolidated financial statements), Avet Life has agreed to indemnify, defend and hold harmless the company and directors, officers, employees, agent, representatives and shareholders of the Company (the "Indemnified Parties"), as applicable, from and against any and all the losses suffered or incurred by the Indemnified Parties, which arises out of, or results from or in connection with any claim and any loss suffered by the Indemnified Parties on account of breach by Avet Life or its subsidiaries and affiliates of any covenants, undertakings and/or obligations of the Indemnification Deed, and in relation to losses arising out of certain identified claims including claims and obligations of the Company under the non-prosecution agreement and the leniency agreement, entered into with the DOJ and several pending litigations in the U.S. Pursuant to the Indemnification Deed, Avet Life will assume all losses or liability, and the payment obligation (if any), that would be owed by the Company in either the State AG Complaint or the Civil Cases under a negotiated settlement agreement, or an adverse verdict rendered by a jury against our Company or our officers, directors and employees. As a result of such indemnity agreement, our Company would be liable for any potential settlement obligation, or adverse jury verdict for the amount directed specifically against it, only in the event that Avet Life is unable to fully satisfy such an obligation or verdict.

Canadian Drug Pricing Litigation

Marcan Pharmaceutical Inc ("Marcan") received notice that a purported class action was filed on behalf of a class of direct purchasers against a number of defendants, including Marcan, alleging anticompetitive conduct under Canadian law with respect to the sale of generic drugs. The case is pending in Canadian Federal Court, Toronto, Ontario and captioned Eaton v. Teva Canada Ltd., et al., Court File No.: T-607-20.

On August 23, 2022, the same class of purported direct purchasers filed an amended complaint against a number of brand manufacturers and several other generic manufacturers, including Marcan, which continues to allege certain anticompetitive conduct under Canadian law with respect to the sale of generic drugs.

Marcan denies any liability and fully intends to defend these claims. The parties are engaged in factual discovery in this case, and therefore, at this stage in the proceedings, it is not possible to estimate the likelihood or extent of the Company's potential liability, if any.

General

From time to time, the Group is subject to various disputes, governmental and/or regulatory inquiries or investigations, and litigations, some of which result in losses, damages, fines and charges against the Company. While the Group intends to vigorously defend its position in the claims asserted against it, the ultimate resolution of a matter is often complex, time consuming, and difficult to predict. Therefore, except as described below, the Group does not currently have a reasonable basis to estimate the loss, or range of loss, that is reasonably possible with respect to matters disclosed in this note.

The Group records a provision in its financial statements to the extent that it concludes that a contingent liability is probable and the amount is estimable and has noted those contingencies below. The Group assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. The Group also incurs significant legal fees and related expenses in the course of defending its positions even if the facts and circumstances of a particular litigation do not give rise to a provision in the financial statements.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 44 : - Capital and other commitments (to the extent not provided for)

A) Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 795.85 million (March 31, 2022: Rs. 1,266.53 million).

B) Other commitments

i) The Group has a 100 per cent Export Oriented Unit (EOU) set up under the permission granted by the Office of the Development Commissioner of SEEPZ Special Economic Zone of the Government of India. The authorities have, inter alia, laid down the following conditions, failing which the Group may be liable for penal action:

- i. The entire (100%) production shall be exported against hard currency except the sales in domestic tariff area admissible as per entitlement.
 - ii. The Export Oriented Unit of the Group shall be a positive net foreign exchange earner during the block period of 5 years from the date of commencement of production failure to achieve the same the Group will be liable for penal action.
- As at the year end, the Company is in compliance with the condition laid down by the authorities and does not expect any non-compliance in future.

ii) Gennova Biopharmaceuticals Limited has imported certain machinery under the Export Promotion Capital Goods (EPCG) Scheme and accordingly has an export obligation of Rs. 284.34 million (March 31, 2022 : Rs. 268.44 million). In this respect bank guarantees of Rs. 3.87 million (March 31, 2022 : Rs. 3.87 million) has been given to the Director General of Foreign Trade (DGFT) and Bond of Rs. 237.40 million (March 31, 2022 : Rs. 165.40 millions) to the Commissioner of Customs.

| Year of issue | Export obligation to be fulfilled | Unfulfilled export obligation | | | |
|---------------|-----------------------------------|-------------------------------|-------------|----------------------|-------------|
| | | As at March 31, 2023 | | As at March 31, 2022 | |
| | | USD million | Rs. million | USD million | Rs. million |
| 2020-21 | 2026-27 | - | - | 0.33 | 25.18 |
| 2021-22 | 2027-28 | 1.23 | 100.69 | 3.21 | 243.26 |
| 2022-23 | 2028-29 | 2.24 | 183.65 | - | - |
| | | 3.47 | 284.34 | 3.54 | 268.44 |

iii) Long-term contracts

The group has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the group did not have any long-term contracts for which there were any material foreseeable losses.

iv) Derivative contracts

The group has not entered into any derivative contracts during the year and has no derivative contract outstanding as at the year end.

C) Financial Guarantee given

As on March 31, 2023, Emcure Pharmaceuticals Limited has given corporate guarantee of USD 65.00 million i.e. Rs. 5341.05 million (outstanding exposure value as on March 31, 2023 - USD 60.88 million i.e. Rs. 5,002.15 million) (March 2022 given corporate guarantee of USD 65 million i.e Rs. 4926.19 million to which outstanding exposure was USD 57.47 million i.e. Rs. 4355.41 million) to bankers of its erstwhile subsidiary Avet Lifescience Private Limited (formerly known as Avet Lifescience Limited) in respect of short term borrowings facility availed by erstwhile subsidiary.

Note 45 : Indirect Tax refund received

The Holding Company and its subsidiary Zuventus Healthcare Limited (ZHL) is entitled to receive subsidy in the form of Budgetary Support under Goods and Service Tax as per fixed percentage of Central Tax / IGST paid in cash after full utilisation of input tax credit) by its unit at Jammu and Kashmir which is valid till May 2026 and up to February 2027 in case of ZHL. There are no unfulfilled conditions or other contingencies related to the Scheme.



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 46 : - Earnings per share

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Basic earnings per share | | |
| A. Profit from continuing operations attributable to equity shareholders (Rs. million) | 5,320.19 | 6,622.00 |
| B. Weighted average number of equity shares for the year | 18,08,52,116 | 18,08,52,116 |
| Basic earnings per share (Rs.) (A/B) | 29.42 | 36.62 |
| Diluted earnings per share | | |
| C. Adjusted net profit for the year (Rs. million) (refer note below) | 5,320.19 | 6,622.00 |
| Weighted average number of equity shares for the year | 18,08,52,116 | 18,08,52,116 |
| D. Weighted average number of equity share (diluted) for the year | 18,08,52,116 | 18,08,52,116 |
| Adjusted earnings per share (Rs.) (C/D) | 29.42 | 36.62 |
| Face value per share (Rs.) | 10.00 | 10.00 |

* The effect of conversion of potential equity share for the year ended March 31, 2023 and March 31, 2022 is excluded, since the impact on earnings per share is anti dilutive.

Note 47 : - Segment reporting

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Holding Company's board of directors along with its Managing director, examines the Group's performance and have identified single reportable operating segment, viz. 'Pharmaceuticals' for the purpose of making decision on allocation of resources and assessing its performance. Board of directors primarily use revenue as a measure to assess the performance of the operating segment.

The Group is domiciled in India. The amount of its revenue from external customers broken down by destination of shipment of goods is shown in the table below.

| Entity – wide disclosures: | | Rs. in million | |
|--|----------------|----------------|--|
| Revenue from external customers | March 31, 2023 | March 31, 2022 | |
| Sales (Net) | | | |
| India (A) | 31,818.18 | 32,046.66 | |
| Outside India | | | |
| Europe | 11,873.26 | 8,968.17 | |
| North America | 7,294.21 | 6,794.50 | |
| Other continents | 8,872.46 | 10,744.54 | |
| Outside India Total (B) | 28,039.93 | 26,507.21 | |
| Revenue from continuing operations (A+B) | 59,858.11 | 58,553.87 | |

The following table shows the distribution of the Company's property, plant and equipment including capital work in progress and Right-of-use assets based on the location of assets:

| | | Rs. in million | |
|-------------------------|----------------|----------------|--|
| Non - Current Assets | March 31, 2023 | March 31, 2022 | |
| Non Current Assets | | | |
| India (A) | 22,071.39 | 19,765.82 | |
| Outside India | | | |
| North America | 15.75 | 24.98 | |
| Other continents | 60.42 | 63.77 | |
| Outside India Total (B) | 76.17 | 88.75 | |
| Total (A+B) | 22,147.56 | 19,854.57 | |

Non-current assets other than property, plant and equipment including capital work in progress and Right -of- use assets are used in the group's business across the locations interchangeably and accordingly management is of the view that separate disclosure of for these is not required.

Major Customers:

The Group has no external customer which accounts for more than 10% of the Group's total revenue and receivable for the year ended March 31, 2023 and March 31, 2022.



EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 48 : - Related party disclosure

Related parties with whom there were transactions during the year and nature of relationship

Key Management Personnel: Whole Time Directors

Mr. Satish Mehta (Managing Director and CEO)
Dr. Mukund Gurjar (Executive Director)
Mr. Sunil Mehta (Executive Director)
Mrs. Namita Thapar (Executive Director) (Chief Finance Officer upto April 15, 2021)
Mr. Samit Mehta (Executive Director w.e.f. July 28, 2022)

Key Management Personnel: Other than Whole Time Directors

Mr. S.K. Bapat (Independent Director upto July 27, 2022)
Mr. Humayun Dhanrajgir (Chairman and Independent Director upto April 15, 2021)
Mr. Berjis Desai (Chairman and Independent Director upto July 27, 2022) (Chairman and Non Executive Director w.e.f. July 28, 2022)
Mr. Samonnoi Banerjee (Nominee of BC capital Investment IV Ltd) (Director)
Mr. P. S. Jaykumar (Independent Director)
Mr. Tajuddin Shaikh (Chief Finance Officer w.e.f. April 16, 2021)
Dr. Vidya Rajiv Yeravdekar (Independent Director w.e.f. April 16, 2021)
Dr. Shailesh Kripalu Ayyangar (Non Executive Director w.e.f. April 16, 2021)
Mr. Vijay Keshav Gokhale (Independent Director w.e.f. April 16, 2021)
Mr. Hitesh Jain (Independent Director w.e.f. July 27, 2021 upto July 04, 2022)

Key Management Personnel: Relatives

Mr. Sanjay Mehta
Mr. Vikas Thapar
Mr. Rutav Mehta
Mr. Niraj Mehta
Mrs. Bhavna Mehta
Mrs. Surekha Shah
Mrs. Shaila Gujar
Mrs. Suhasinee Shah
Mrs. Kamini Mehta
Mrs. Pushpa Mehta
Mrs. Swati Shah
Mrs. Smita Paresh Shah

Enterprise over which Key Management Personnel have control:

H.M. Sales Corporation
Uth Beverages Factory Pvt. Ltd.
Parinam Law Associates (From July 27, 2021)
Brandbucket Enterprises (From April 16, 2021)
Incredible Ventures Pvt Ltd.
Avet Lifesciences Private Limited (formerly known as Avet Lifesciences Limited) (From April 1, 2021)
Heritage Pharma Holdings Inc. (doing business as Avet Pharmaceuticals Holdings Inc.) (Subsidiary of Avet Lifesciences Private Limited w.e.f. April 1, 2021) (From April 1, 2021)
Heritage Pharmaceuticals Inc. (doing business as Avet Pharmaceuticals Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)
Heritage Pharma Labs Inc. (doing business as Avet Pharmaceuticals Labs Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)
AvetAPI Inc (erstwhile Hacco Pharma Inc.) (Subsidiary of Heritage Pharma Holdings Inc.) (From April 1, 2021)



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 48 : - Related party disclosure (Continued)
Summary of transactions/ balances with related parties are as follows:

Rs. in million

| Sr. No. | Description of the nature of the transaction | Volume of transactions during year ended | | Amount outstanding as at | | | |
|---------|--|--|-----------|--------------------------|---------|----------------|---------|
| | | 31-Mar-23 | 31-Mar-22 | March 31, 2023 | | March 31, 2022 | |
| | | | | Receivable | Payable | Receivable | Payable |
| 1) | Sale of assets | | | | | | |
| | Uth Beverage Factory Pvt. Ltd. | - | 0.01 | - | - | 0.01 | - |
| | Heritage Pharma Labs Inc. | - | 8.77 | - | - | - | - |
| 2) | Purchase of goods & services | | | | | | |
| | Parinam Law Associates | 13.70 | 0.17 | - | - | - | 0.08 |
| | Brandbucket Enterprises Private Limited | 1.56 | 2.80 | - | 0.28 | - | 0.22 |
| | Heritage Pharmaceuticals Inc. | 79.65 | - | - | - | - | - |
| | Heritage Pharma Labs Inc. | - | 38.05 | - | - | - | 0.37 |
| | Avet Lifesciences Private Limited | 5.92 | - | - | 3.12 | - | - |
| 3) | Sale /(Return) of goods and services | | | | | | |
| | Uth Beverage Factory Pvt. Ltd. | 2.64 | - | 1.89 | - | - | - |
| | H.M. Sales Corporation | 9.10 | (2.78) | 9.74 | - | 0.00 | - |
| | Heritage Pharma Labs Inc. | 347.02 | 234.17 | 131.04 | - | 96.78 | - |
| | Heritage Pharmaceuticals Inc. | 6.88 | 18.70 | - | - | - | - |
| | AvetAPI Inc | 7.29 | 5.88 | 8.16 | - | 97.97 | - |
| | Avet Lifesciences Private Limited | 1,446.34 | 662.08 | 1,628.71 | - | 761.32 | - |
| 4) | Interest paid | | | | | | |
| | H.M. Sales Corporation | 0.75 | 0.75 | - | 0.17 | - | 0.17 |
| 5) | Trade/Security deposits accepted | | | | | | |
| | H.M. Sales Corporation | - | - | - | 10.00 | - | 10.00 |
| | Avet Lifesciences Private Limited | 0.15 | 0.15 | - | - | - | 0.15 |
| 6) | Commission paid | | | | | | |
| | H.M. Sales Corporation | 47.99 | 53.96 | - | 11.18 | - | 8.11 |
| 7) | Reimbursement of expenses made | | | | | | |
| | Uth Beverage Factory Pvt. Ltd. | - | - | - | - | - | - |
| | H.M. Sales Corporation | 1.09 | 0.73 | - | 0.16 | - | 0.07 |
| | Heritage Pharmaceuticals Inc. | 3.63 | 28.05 | - | 68.64 | - | 26.79 |
| | Avet Lifesciences Private Limited | - | - | - | - | - | 11.00 |
| | AvetAPI Inc | - | 24.73 | - | - | - | - |
| | Heritage Pharma Labs Inc. | 5.64 | 3.03 | - | 5.05 | - | 2.94 |
| 8) | Royalty expense | | | | | | |
| | Uth Beverage Factory Pvt. Ltd. | 0.81 | 0.95 | - | 0.15 | - | 0.21 |
| 9) | Expenses Recovered / Reimbursement of Expenses received | | | | | | |
| | Heritage Pharmaceuticals Inc. | 3.13 | 3.07 | 3.37 | - | 3.11 | - |
| | Avet Lifesciences Private Limited | 38.24 | 403.03 | 51.79 | - | 297.32 | - |
| 10) | Remuneration paid | | | | | | |
| | <i>Key management personnel: whole time directors</i> | | | | | | |
| | Mr. Satish Mehta | 215.43 | 234.62 | - | 30.63 | - | 69.69 |
| | Dr. Mukund Gurjar | 53.69 | 48.74 | - | 12.08 | - | 11.00 |
| | Mr. Sunil Mehta | 31.75 | 28.99 | - | 3.64 | - | 3.50 |
| | Mrs. Namita Thapar | 40.52 | 37.02 | - | 4.68 | - | 4.41 |
| | Mr. Samit Mehta | 40.44 | 36.69 | - | 4.64 | - | 4.28 |
| | <i>Key management personnel: relatives</i> | | | | | | |
| | Mr. Vikas Thapar | 42.28 | 38.87 | - | 4.71 | - | 4.47 |
| | Mr. Sanjay Mehta | 32.52 | 28.89 | - | 3.56 | - | 3.36 |
| | Mr. Rutav Mehta | 2.63 | - | - | 0.19 | - | - |
| | <i>Key management personnel: other than whole time directors</i> | | | | | | |
| | Mr. Tajuddin Shaikh | 14.10 | 12.91 | - | 3.64 | - | 3.12 |



EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 48 : - Related party disclosure (Continued)

Rs. in million

| Sr. No. | Description of the nature of the transaction | Volume of transactions during year ended | | Amount outstanding as at | | | |
|------------|---|---|-----------|--------------------------|---------|----------------|---------|
| | | 31-Mar-23 | 31-Mar-22 | March 31, 2023 | | March 31, 2022 | |
| | | | | Receivable | Payable | Receivable | Payable |
| 11) | Post-employment obligation and other long term employee benefits | | | | | | |
| | <i>Key management personnel: whole time directors</i> | | | | | | |
| | Mrs. Namita Thapar | 1.27 | 2.01 | - | 13.36 | - | 12.08 |
| | Mr. Samit Mehta | 1.48 | 3.72 | - | 17.60 | - | 16.12 |
| | <i>Key management personnel: relatives</i> | | | | | | |
| | Mr. Vikas Thapar | 1.30 | 1.97 | - | 13.28 | - | 11.98 |
| | Mr. Sanjay Mehta | 5.59 | 2.03 | - | - | - | 18.11 |
| | <i>Key management personnel: other than whole time directors</i> | | | | | | |
| | Mr. Tajuddin Shaikh | 0.49 | 4.11 | - | 4.60 | - | 4.11 |
| 12) | Compensated absences Provisions | | | | | | |
| | <i>Key management personnel: whole time directors</i> | | | | | | |
| | Mr. Satish Mehta | 2.29 | 2.04 | - | 21.31 | - | 19.02 |
| | Dr. Mukund Gurjar | 0.44 | 0.48 | - | 4.88 | - | 4.44 |
| | Mr. Sunil Mehta | 0.30 | 0.39 | - | 3.33 | - | 3.02 |
| | Mrs. Namita Thapar | 0.22 | 0.49 | - | 4.79 | - | 4.58 |
| | Mr. Samit Mehta | 0.24 | 0.81 | - | 5.13 | - | 4.89 |
| | <i>Key management personnel: relatives</i> | | | | | | |
| | Mr. Vikas Thapar | 0.21 | 0.46 | - | 4.72 | - | 4.51 |
| | Mr. Sanjay Mehta | 0.65 | 0.08 | - | 3.33 | - | 2.68 |
| | <i>Key management personnel: other than whole time directors</i> | | | | | | |
| | Mr. Tajuddin Shaikh | 0.63 | 0.78 | - | 1.41 | - | 0.78 |
| 13) | Employee share based payments | | | | | | |
| | <i>Key management personnel: relatives</i> | | | | | | |
| | Mr. Vikas Thapar | 0.23 | 1.73 | - | 38.11 | - | 37.88 |
| | <i>Key management personnel: other than whole time directors</i> | | | | | | |
| | Mr. Tajuddin Shaikh | 0.62 | 1.07 | - | 7.68 | - | 7.05 |
| 14) | Dividend Paid | | | | | | |
| | Key management personnel: whole time directors | 215.43 | 322.73 | - | - | - | - |
| | Key management personnel: relatives | 81.95 | 82.99 | - | - | - | - |
| | Key Management Personnel: Other than Whole Time Directors | 1.10 | 1.65 | - | - | - | - |
| 15) | Commission Paid | | | | | | |
| | Mr. S.K. Bapat | - | 6.00 | - | - | - | 6.00 |
| | Mr. Berjis Desai | 5.00 | 5.00 | - | 5.00 | - | 5.00 |
| | Mr. P. S. Jaykumar | 3.60 | 3.60 | - | 3.60 | - | 3.60 |
| | Mr. Hitesh Jain | - | 4.50 | - | - | - | 4.50 |
| | Dr. Vidya Rajiv Yeravdekar | 1.50 | 1.50 | - | 1.50 | - | 1.50 |
| | Mr. Vijay Keshav Gokhale | 2.00 | 2.00 | - | 2.00 | - | 2.00 |
| | Dr. Shailesh Kripalu Ayyangar | 12.00 | 12.00 | - | 12.00 | - | 12.00 |



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 48 : - Related party disclosure (Continued)

Rs. in million

| Sr. No. | Description of the nature of the transaction | Volume of transactions during year ended | | Amount outstanding as at | | | |
|------------|---|---|---------------|--------------------------|---------|----------------|----------------|
| | | 31-Mar-23 | 31-Mar-22 | March 31, 2023 | | March 31, 2022 | |
| | | | | Receivable | Payable | Receivable | Payable |
| 16) | Sitting fees Paid <i>Key management personnel: other than whole time directors</i> | | | | | | |
| | Mr. S.K. Bapat | 0.47 | 1.30 | - | - | - | - |
| | Mr. Humayun Dhanrajgir | - | 0.06 | - | - | - | - |
| | Mr. Berjis Desai | 0.44 | 0.82 | - | - | - | - |
| | Mr. Samonnoi Banerjee | 0.32 | 0.60 | - | - | - | - |
| | Mr. P. S. Jaykumar | 0.52 | 0.68 | - | - | - | - |
| | Mr. Shallesh Ayyangar | 0.44 | 0.57 | - | - | - | - |
| | Mr. Vijay keshav Gokhale | 0.61 | 0.34 | - | - | - | - |
| | Ms. Vidya Rajiv Yeravdekar | 0.12 | 0.22 | - | - | - | - |
| | Ms. Hitesh Jain | 0.55 | 0.70 | - | - | - | - |
| 17) | Loans and advances given* Avet Lifesciences Private Limited | - | 10.65 | - | - | - | - |
| 18) | Loans and advances repaid * Avet Lifesciences Private Limited | - | 10.65 | - | - | - | - |
| 19) | Interest Income* Avet Lifesciences Private Limited | - | 0.32 | - | - | - | - |
| 20) | Financial guarantee fees charged Avet Lifesciences Private Limited Heritage Pharma Holdings Inc. | 52.24 - | 55.48 | 61.65 15.65 | - | 14.44 | - |
| 21) | Corporate Overhead Cross Charge (Income) Heritage Pharmaceuticals Inc. Avet Lifesciences Private Limited | - - | 24.00 7.72 | - - | - | 13.92 2.88 | - |
| 22) | Corporate Overhead Cross Charge (Expense) Heritage Pharmaceuticals Inc. AvetAPI Inc Heritage Pharma Labs Inc. | - - - | 18.21 | - - 0.94 | - | - | 44.77 97.36 |
| 23) | Rent Paid <i>Key management personnel: whole time directors</i> Mr. Sunil Mehta <i>Key management personnel: relatives</i> Mr. Sanjay Mehta Mrs. Bhavna Mehta | 0.39 0.39 0.27 | 0.37 | - - - | - | - | - |
| 24) | R&D service income Avet Lifesciences Private Limited | - | 146.85 | - | - | 59.96 | - |
| 25) | Rent Income Avet Lifesciences Private Limited Incredible Ventures Pvt Ltd. | 0.35 0.02 | 0.41 | 0.44 - | - | 0.26 | - |



(Signature)

EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 48 : - Related party disclosure (Continued)

Rs. in million

| Sr. No. | Description of the nature of the transaction | Volume of transactions during year ended | | Amount outstanding as at | | | |
|------------|---|---|-----------|--------------------------|---------|----------------|---------|
| | | 31-Mar-23 | 31-Mar-22 | March 31, 2023 | | March 31, 2022 | |
| | | | | Receivable | Payable | Receivable | Payable |
| 26) | Reimbursement of IPO expenses received | | | | | | |
| | Key Management Personnel: Whole Time Directors | 9.21 | - | - | - | - | - |
| | Key Management Personnel: Other than Whole Time Directors | 1.90 | - | - | - | - | - |
| | Key management personnel: Relatives | 18.21 | - | - | - | - | - |

All related party transactions entered during the year and outstanding balances were in ordinary course of the business and are on an arm's length basis. Outstanding balances are unsecured and to be settled in cash.

* The unsecured loans given to related parties and interest thereon are measured at amortised cost. During the year ended March 31, 2022, Emcure Pharmaceuticals Limited' has given loan to Avet Lifescience Private Limited (formerly known as Avet Lifescience Limited) of Rs. 10.65 million at rate of interest of 8.50% p.a and is repayable on demand. As on March 31, 2022 outstanding amount of loan and interest outstanding thereon is Rs. Nil.

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of its subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Holding Company or any of its subsidiaries (Ultimate Beneficiaries). The Holding Company or any of its subsidiaries have not received any fund from any party(s) (Funding Party) with the understanding that the Holding Company or its subsidiaries shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Holding Company or its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



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Note 49 : Post-Employment Benefits:

a) *Defined contribution plans*

The Group has certain defined contribution plans. Contributions are made as per local regulations. The contributions are made to registered provident/other fund administered by the government. The obligation of the holding company and two of its Indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation.

Contributions are made to employees family pension fund in India for employees as per local regulations. The contributions are made to provident fund administered by the government. The obligation of the holding company and two of its Indian subsidiaries are limited to the amount contributed and it has no further contractual nor any constructive obligation.

Defined contribution plans: The group has recognised the following amount in the Statement of Profit and Loss for the year

| Particulars | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| i) Contribution to employees provident fund | 298.29 | 264.33 |
| ii) Contribution to employees family pension fund | 136.59 | 130.37 |
| iii) Contribution to Canada pension plan | 8.00 | 6.90 |
| iv) Contribution to defined contribution plan (401K) | 57.01 | 31.94 |
| v) Contribution to national insurance contributions | - | - |
| vi) Other defined Contribution plans | 143.50 | 154.59 |
| Total | 643.39 | 588.13 |

b) *Post-employment obligations*

Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

c) *Defined benefit plans*

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| Particulars | Rs. in million | | |
|--|-----------------------------|---------------------------|----------------|
| | Present Value of Obligation | Fair Value of Plan assets | Total |
| As at April 1, 2022 | 1,080.09 | (834.80) | 245.29 |
| Current service cost | 174.12 | - | 174.12 |
| Interest expenses/(income) | 62.86 | (53.30) | 9.56 |
| Others | - | - | - |
| Mortality charges and taxes | - | 6.84 | 6.84 |
| Impact of Transfer (in) / out | (1.80) | (0.59) | (2.39) |
| Total amount recognised in statement of profit and loss | 235.18 | (47.05) | 188.13 |
| Remeasurement of: | | | |
| - Return on plan assets, excluding amounts included in interest expense/(income) | - | - | - |
| Actuarial (gain)/ losses - experience | - | (1.76) | (1.76) |
| Actuarial (gain)/ losses - financial assumptions | - | (4.71) | (4.71) |
| - Defined benefit obligations | | | |
| Actuarial (gain)/ losses - experience | (9.87) | - | (9.87) |
| Actuarial (gain)/ losses - demographic changes | (6.61) | - | (6.61) |
| Actuarial (gain)/ losses - financial assumptions | (51.57) | - | (51.57) |
| Total amount recognised in other comprehensive income | (68.05) | (6.47) | (74.52) |
| Employer contribution | - | (175.50) | (175.50) |
| Benefit payments | (112.87) | 112.87 | - |
| As at March 31, 2023 | 1,134.35 | (950.95) | 183.40 |

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Note 49 : Post-Employment Benefits: (continued)

| Particulars | Rs. in million | | |
|--|-----------------------------|---------------------------|---------------|
| | Present Value of Obligation | Fair Value of Plan assets | Total |
| As at April 1, 2021 | 914.15 | (766.15) | 148.00 |
| Current service cost | 148.64 | - | 148.64 |
| Interest expenses/(income) | 48.51 | (43.39) | 5.12 |
| Mortality charges and taxes | - | 6.57 | 6.57 |
| Transfer In/(Out) | (2.48) | 0.57 | (1.91) |
| Total amount recognised in statement of profit and loss | 194.67 | (36.25) | 158.42 |
| Remeasurement of: | | | |
| - Return on plan assets, excluding amounts included in interest expense/(income) | | | |
| Actuarial (gain)/ losses - experience | 3.93 | (13.93) | (10.00) |
| Actuarial (gain)/ losses - financial assumptions | - | 1.01 | 1.01 |
| - Defined benefit obligations | | | |
| Actuarial (gain)/ losses - experience | 43.59 | - | 43.59 |
| Actuarial (gain)/ losses - demographic changes | 2.34 | - | 2.34 |
| Actuarial (gain)/ losses - financial assumptions | 15.40 | (0.10) | 15.30 |
| Total amount recognised in other comprehensive income | 65.26 | (13.02) | 52.24 |
| Employer contribution | - | (113.37) | (113.37) |
| Benefit payments | (93.99) | 93.99 | - |
| As at March 31, 2022 | 1,080.09 | (834.80) | 245.29 |

d) The net liability disclosed above relates to funded plans are as follows:

| Particulars | Rs. in million | |
|-------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Present value of obligation | 1,134.35 | 1,080.09 |
| Fair value of plan assets | (950.95) | (834.80) |
| Deficit of funded plan | 183.40 | 245.29 |

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans as per the demand from Life Insurance Corporation (LIC) of India.

Significant estimates: actuarial assumptions and sensitivity

Post-employment benefits (gratuity) - The significant actuarial assumptions were as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-------------------|-------------------|
| a) Discount rate | 7.3% - 7.5% | 6.0% - 6.9% |
| b) Expected rate of return on plan assets | 6.0% - 6.9% | 5.4% - 6.6% |
| c) Salary escalation rate | 9.00% | 9.00% |
| d) Withdrawal rate | | |
| Field staff | 15.0%-30.0% | 15.0%-30.0% |
| Factory and corporate staff | 10.0%-21.0% | 10.0%-21.0% |
| e) Mortality table | IALM(2012-14) ult | IALM(2012-14) ult |

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Normal retirement age is 58 years.

e) Sensitivity analysis: The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions

| Particulars | Change in assumption | | Increase in assumption | | Decrease in assumption | |
|------------------------|----------------------|----------------|------------------------|----------------|------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Discount rate | 1.00% | 1.00% | (42.39) | (43.60) | 46.14 | 47.64 |
| Salary escalation rate | 1.00% | 1.00% | 34.73 | 36.18 | (32.62) | (33.80) |
| Withdrawal rate | 1.00% | 1.00% | (3.91) | (5.91) | 4.24 | 6.40 |

Assumptions regarding future mortality for gratuity benefit is set based on actuarial advice in accordance with published statistics and experience in India.



Note 49 : Post-Employment Benefits: (continued)

f) Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed:

- i) **Asset volatility :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. All assets are maintained with fund managed by LIC of India.
- ii) **Changes in bond yields:** A decrease in bond yields will increase plan liabilities.
- iii) **Future salary escalation and inflation risk :** Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the group is successfully able to neutralize valuation swings caused by interest rate movements. Hence group is encouraged to adopt asset-liability management.

The Group's all assets are maintained in a fund managed by LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

g) Defined benefit liability and employer contributions

The Group has agreed that it will aim to eliminate the deficit in gratuity plan over the years. Funding levels are assessed by LIC on annual basis and the Group makes contribution as per the instructions received from LIC. The Group compares the expected contribution to the plan as provided by actuary with the instruction from LIC and assesses whether any additional contribution may be required. The Group considers the future expected contribution will not be significantly increased as compared to actual contribution.

Expected contributions to post-employment benefit plans for the next year are Rs. 183.30 million

The weighted average duration of the defined benefit obligation ranged between 3.39 - 9.82 years (March 31, 2022 - 3.79 - 10.25 years). The expected maturity analysis of gratuity is as follows:

| Particulars | Rs. In million | | | | |
|---------------------------------------|------------------|-------------------|-------------------|--------------|----------|
| | Less than 1 year | between 1-2 years | between 2-5 years | over 5 years | Total |
| As at March 31, 2023 | | | | | |
| Defined benefit obligation - gratuity | 294.89 | 244.49 | 564.92 | 727.15 | 1,831.45 |
| As at March 31, 2022 | | | | | |
| Defined benefit obligation - gratuity | 265.90 | 186.69 | 544.50 | 695.99 | 1,693.08 |

h) Major plan assets

| Particulars | Rs. In million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| | Unquoted | Unquoted |
| Investment funds | | |
| - Insurance funds (LIC Pension and Group Schemes fund) | 950.95 | 834.80 |
| Total | 950.95 | 834.80 |

The category wise details of the plan assets is not available as it's maintained by LIC.



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Note 50: Employees stock option plan

As at March 31, 2023, the Company has the following share-based payment arrangement:

Share option plans (equity settled)

"Emcure ESOS 2013": The Board vide its resolution granted employee stock options as under to the eligible employees under "Emcure ESOS 2013" in compliance with the provisions of the applicable law and rules framed thereunder.

| Resolution date | Tranche No | Grant Date | Original Exercise Price | Total Options Granted | Revised Exercise Price # |
|-----------------|--------------|------------|-------------------------|-----------------------|--------------------------|
| 10-Oct-13 | Tranche - 01 | 01-Oct-13 | 221.25* | 22,70,000 | 165.07 |
| 14-Mar-16 | Tranche - 02 | 14-Mar-16 | 508.75 | 5,80,000 | 452.57 |
| 07-Jul-17 | Tranche - 03 | 07-Jul-17 | 300.00 | 1,00,000 | 243.82 |
| 01-Nov-18 | Tranche - 04 | 01-Nov-18 | 522.00 | 8,40,000 | 465.82 |
| 01-Dec-18 | Tranche - 05 | 01-Dec-18 | 522.00 | 2,40,000 | 465.82 |
| 01-Feb-19 | Tranche - 06 | 01-Feb-19 | 522.00 | 2,30,000 | 465.82 |
| 06-Jun-19 | Tranche - 07 | 06-Jun-19 | 522.00 | 6,25,000 | 465.82 |
| 08-Nov-19 | Tranche - 08 | 08-Nov-19 | 580.00 | 4,55,000 | 523.82 |
| 04-Feb-20 | Tranche - 09 | 04-Feb-20 | 580.00 | 70,000 | 523.82 |
| 22-Jul-20 | Tranche - 10 | 22-Jul-20 | 620.00 | 1,80,000 | 563.82 |
| 09-Nov-20 | Tranche - 11 | 09-Nov-20 | 620.00 | 40,000 | 563.82 |
| 27-May-21 | Tranche - 12 | 27-May-21 | 918.25 | 3,40,000 | 862.07 |
| 22-Feb-22 | Tranche - 13 | 22-Feb-22 | 1,000.05 | 1,10,000 | N/A |
| 20-Oct-22 | Tranche - 14 | 20-Oct-22 | 1,008.21 | 30,000 | N/A |
| 13-Feb-23 | Tranche - 15 | 13-Feb-23 | 1,008.21 | 2,50,000 | N/A |

*During the year ended March 31, 2016, the company had issued bonus shares to its shareholders in the ratio of 3:1. Correspondingly, proportionate adjustment has been made by increasing the number of options granted and reducing exercise price per option. Board of directors vide resolution dated January 29, 2016 have approved the adjustments to options granted.

Pursuant to Composite scheme of arrangement as disclosed in note 59, the exercise price of ESOP's outstanding was revised. The fair value of such options post modification of exercise price is lower than fair valuation of options before modification. The details of model and inputs for measuring incremental fair value are as below:

| Sr. | Particulars | July 25, 2021 |
|-----|---|-----------------|
| a. | Options outstanding | 17,85,000 |
| b. | Expected price volatility of the company's shares | 27.59% ~ 37.32% |
| c. | Expected dividend yield | 1.00% |
| d. | Risk free interest rate | 3.45% ~ 4.69% |
| e. | Expected life of options | 0.52 ~ 2.84 |

The eligible employees, including directors, are determined by the Remuneration Committee from time to time. These options will vest over period of 3 to 5 years from the grant date and are subject to the condition of continued service of the employees.

Once vested the option can be exercised within 5 years from date of Initial Public Offer (IPO). The exercise price of the options is equal to fair market value of the shares as determined by an independent valuer as at grant dates. If IPO does not take place or shares are not listed within 2 years from the date of grant, Remuneration committee at its sole discretion, subject to prior approval of the Company's shareholders' can settle the vested options in cash or allow exercise of option before listing at a price arrived at by an independent valuer. However no options have been settled in cash or allowed to be exercised till March 31, 2023.

Options granted under this scheme carry no dividend or voting rights. When exercised, one option is convertible into one equity share.

Movement of the options granted under the plan is as below:

| March 31, 2023 | Grant Date | Balance as on 01-Apr-22 | Grant during the year | Cancelled during the year | Exercised during the year | Balance as on 31-Mar-23 | Exercisable | Revised Exercise Price |
|--|------------|-------------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------|------------------------|
| Tranche - 01 | 01-Oct-13 | 7,30,000 | - | (60,000) | - | 6,70,000 | - | 165.07 |
| Tranche - 02 | 14-Mar-16 | 60,000 | - | - | - | 60,000 | - | 452.57 |
| Tranche - 06 | 01-Feb-19 | 30,000 | - | - | - | 30,000 | - | 465.82 |
| Tranche - 07 | 06-Jun-19 | 1,30,000 | - | - | - | 1,30,000 | - | 465.82 |
| Tranche - 08 | 08-Nov-19 | 1,85,000 | - | (1,05,000) | - | 80,000 | - | 523.82 |
| Tranche - 09 | 04-Feb-20 | 10,000 | - | - | - | 10,000 | - | 523.82 |
| Tranche - 10 | 22-Jul-20 | 1,80,000 | - | (85,000) | - | 95,000 | - | 563.82 |
| Tranche - 11 | 09-Nov-20 | 40,000 | - | - | - | 40,000 | - | 563.82 |
| Tranche - 12 | 27-May-21 | 3,40,000 | - | (45,000) | - | 2,95,000 | - | 862.07 |
| Tranche - 13 | 22-Feb-22 | 1,10,000 | - | (30,000) | - | 80,000 | - | 1,000.05 |
| Tranche - 14 | 20-Oct-22 | - | 30,000 | (30,000) | - | - | - | 1,008.21 |
| Tranche - 15 | 13-Feb-23 | - | 2,50,000 | - | - | 2,50,000 | - | 1,008.21 |
| Total/ Weighted average exercise price | | 18,15,000 | 2,80,000 | (3,55,000) | - | 17,40,000 | - | 529.83 |

| March 31, 2022 | Grant Date | Balance as on 01-Apr-21 | Grant during the year | Cancelled during the year | Exercised during the year | Balance as on 31-Mar-22 | Exercisable | Exercise Price |
|--|------------|-------------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------|----------------|
| Tranche - 01 | 01-Oct-13 | 9,00,000 | - | (1,70,000) | - | 7,30,000 | - | 165.07 |
| Tranche - 02 | 14-Mar-16 | 60,000 | - | - | - | 60,000 | - | 452.57 |
| Tranche - 06 | 01-Feb-19 | 30,000 | - | - | - | 30,000 | - | 465.82 |
| Tranche - 07 | 06-Jun-19 | 1,30,000 | - | - | - | 1,30,000 | - | 465.82 |
| Tranche - 08 | 08-Nov-19 | 1,85,000 | - | - | - | 1,85,000 | - | 523.82 |
| Tranche - 09 | 04-Feb-20 | 10,000 | - | (60,000) | - | 10,000 | - | 523.82 |
| Tranche - 10 | 22-Jul-20 | 1,80,000 | - | - | - | 1,80,000 | - | 563.82 |
| Tranche - 11 | 09-Nov-20 | 40,000 | - | - | - | 40,000 | - | 563.82 |
| Tranche - 12 | 27-May-21 | - | 3,40,000 | - | - | 3,40,000 | - | 862.07 |
| Tranche - 13 | 22-Feb-22 | - | 1,10,000 | - | - | 1,10,000 | - | 1,000.05 |
| Total/ Weighted average exercise price | | 15,95,000 | 4,50,000 | (2,30,000) | - | 18,15,000 | - | 469.14 |



Note 50: Employees stock option plan (continued)

No options have expired or exercised during the periods covered in the above table.

Weighted average remaining contractual life of options as at year end is 6.46 Years (March 31, 2022 : 6.00 Years)

Fair value of equity settled share based payment arrangements:

2,80,000 employee stock options were granted during the year ended March 31, 2023. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2023 included:

| Sr. | Particulars | Tranche - 14 | Tranche - 15 |
|-----|---|--------------|--------------|
| a. | Options granted | 30,000 | 2,50,000 |
| b. | Exercise Price Rs. | 1,008.21 | 1,008.21 |
| c. | Share Price at grant date | 1,008.21 | 1,008.21 |
| d. | Date of grant | 20-Oct-22 | 13-Feb-23 |
| e. | Expected price volatility of the company's shares | 33.00% | 33.00% |
| f. | Expected dividend yield | 1.00% | 1.00% |
| g. | Risk free interest rate | 7.26% | 7.26% |
| h. | Expected life of options | 3.03 | 3.03 |

4,50,000 employee stock options were granted during the year ended March 31, 2022. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

The model inputs for options granted during the year ended March 31, 2022 included:

| Sr. | Particulars | Tranche - 12 | Tranche - 13 |
|-----|---|--------------|--------------|
| a. | Options granted | 3,40,000 | 1,10,000 |
| b. | Exercise Price Rs. | 918.25 | 1,000.05 |
| c. | Share Price at grant date | 918.25 | 1,000.05 |
| d. | Date of grant | 27-May-21 | 22-Feb-22 |
| e. | Expected price volatility of the company's shares | 34.54% | 33.60% |
| f. | Expected dividend yield | 1.00% | 1.00% |
| g. | Risk free interest rate | 5.38% | 5.75% |
| h. | Expected life of options | 3.00 | 3.00 |

Volatility is a measure of the movement in the prices of the underlying assets. Since the Company is an unlisted Company, volatility of similar listed entities has been considered. Expected volatility has been based on an evaluation of the historical volatility of the similar listed entities (peers) share price, particularly over the historical period commensurate with the expected term. The expected term of the instrument has been based on historical experience and general option holder behaviour.

Expenses recognised in statement of profit and loss:

| Particulars | Rs. in million | |
|------------------------------|----------------|-----------|
| | 31-Mar-23 | 31-Mar-22 |
| Employee share-based payment | 52.76 | 57.16 |



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Note no. 51 - Impairment assessment for goodwill

Goodwill is tested for impairment on an annual basis. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to a the Group's Cash Generating Unit (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Goodwill acquired through business combinations with indefinite lives has been allocated to the following CGU's:

| Rs. in million | | |
|--|-----------------|-----------------|
| Name of the entities | March 31, 2023 | March 31, 2022 |
| Goodwill on Consolidation: | | |
| Tillomed Laboratories Limited, UK | 205.06 | 201.43 |
| Emcure Nigeria Limited | 0.25 | 0.26 |
| Emcure Pharmaceuticals Mena FZ LLC | 0.22 | 0.21 |
| Tillomed GmbH, Germany | 36.12 | 35.49 |
| Sub-total | 241.65 | 237.38 |
| Goodwill acquired separately in | | |
| Marcan Pharmaceuticals Inc. | 1,935.72 | 1,936.57 |
| Sub-Total | 1,935.72 | 1,936.57 |
| Total | 2,177.37 | 2,173.95 |

| Rs. in million | | |
|---|-----------------|-----------------|
| Goodwill movement | March 31, 2023 | March 31, 2022 |
| Opening balance | 2,173.95 | 3,974.77 |
| Less: Transferred pursuant to composite scheme of arrangement (Refer Note 59) | | (2,029.96) |
| Other adjustments including impact of foreign currency translation | 3.42 | 229.14 |
| Impairment during the year | - | - |
| Closing balance | 2,177.37 | 2,173.95 |

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The carrying amount was computed by allocating the net assets to the CGU for the purpose of impairment testing.

The average range of key assumptions used for the calculations of value-in-use are as follows:

| Particulars | March 31, 2023 | March 31, 2022 |
|-----------------------|-------------------|----------------|
| Long term growth rate | 4.31% to 14.35% | 3.9% -15% |
| Pre-tax discount rate | 10.07% | 11.21% |
| EBITDA growth rate | -14.84% to 26.67% | 11% to 32% |
| Terminal growth rate | 1% | 1% |

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for four years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

Revenue growth was projected taking into account the average growth levels experienced over the past 2-3 years and the estimated sales volume and price growth for the next four years. It was assumed that the sales price would increase in line with forecast inflation over the next four years.

The estimated recoverable amount of the CGU exceeded its carrying amount. Management has identified that a reasonably possible change in significant key assumptions would not could cause the carrying amount to exceed the recoverable amount.

Based on the above, no impairment was identified as of March 31, 2023 and March 31, 2022 as the recoverable value of the CGUs exceeded the carrying value. The discount rates considered above reflects current market assessments of time value of money and risks specific to these investments. The cash flow projections includes estimates for five years developed using internal forecasts and terminal growth rate thereafter. The planning horizon reflects the assumptions for short to mid-term market developments. Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated on the weighted average cost of capital for respective CGU or group of CGUs.

An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount of the CGU would fall below the respective carrying amounts of non financials assets.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
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Note 52 : - Revenue from contracts with customer

| Particulars | Rs. in million | |
|---|------------------|------------------|
| | March 31, 2023 | March 31, 2022 |
| Revenue recognised from contracts with customers | 59,310.76 | 57,662.04 |
| Other operating revenue | 547.35 | 891.83 |
| Disaggregation of revenue | | |
| Based on markets | | |
| Within India | 31,818.18 | 32,046.66 |
| Outside India - | | |
| a. Europe | 11,873.26 | 8,968.17 |
| b. North America | 7,294.21 | 6,794.50 |
| c. Other continents | 8,872.46 | 10,744.54 |
| Revenue from continuing operations | 59,858.11 | 58,553.87 |
| Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year | 153.57 | 121.31 |

A) There is no significant change in the contract assets and liabilities.

B) The Group satisfies its performance obligations pertaining to the sale of goods at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The contract with customers are generally fixed price contract subject to refund due to returns or chargeback claims and do not contain any financing component. The payment is generally due within 7-180 days. The Group is obliged for returns/refunds due to expiry, saleable returns and chargeback claims. There are no other significant obligations attached in the contract with customer.

C) There is no significant judgement involved in ascertaining the timing of satisfaction of performance obligation and in evaluating when a customer obtains control of promised goods. Transaction price ascertained for the performance obligation of the Group is agreed in the contract with the customer, which also include variable consideration.

D) Reconciliation of contract price with revenue recognised in statement of profit and loss:

| Particulars | Rs. in million | |
|--|------------------|------------------|
| | March 31, 2023 | March 31, 2022 |
| Contract price | 64,148.31 | 63,058.57 |
| Less: | | |
| Chargebacks claims | (3,732.75) | (4,154.69) |
| Amount recognised as sales returns & breakage expiry | (1,119.76) | (1,239.79) |
| Allowance for interest loss | 14.96 | (2.05) |
| Revenue recognised in consolidated statement of profit and loss | 59,310.76 | 57,662.04 |

Note 53 : - Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| Particulars | Note | Rs. in million | |
|--|---------------|------------------|------------------|
| | | March 31, 2023 | March 31, 2022 |
| Current | | | |
| Financial assets | | | |
| Cash and cash equivalents | 11 | 1,859.76 | 868.32 |
| Bank balances other than above | 12 | 2,048.32 | 1,455.42 |
| Trade receivables | 10 | 13,357.45 | 10,429.37 |
| Other financial assets | 13 | 693.61 | 603.49 |
| Non-financial assets | | | |
| Inventories | 9 | 13,450.86 | 12,776.43 |
| Other current assets | 14 | 2,434.54 | 2,720.80 |
| Total current assets pledged as security | | 33,844.54 | 28,853.83 |
| Non current | | | |
| Financial assets | | | |
| Deposits with banks | 7 | 23.68 | 20.93 |
| Security deposits | 7 | - | - |
| Property, plant and equipment, Capital work in progress and Intangibles assets and Intangible assets under development | 2A, 2B, 4 & 5 | 17,366.96 | 16,639.60 |
| Total non current assets pledged as security | | 17,390.64 | 16,660.53 |
| Total assets pledged as security | | 51,235.18 | 45,514.36 |

As on March 31, 2023, the holding company has pledged investment in equity shares of Emcure Pharma UK Ltd against the short borrowing facility obtained by the subsidiary. At consolidated level these investments are eliminated.

As on March 31, 2022, the group has pledged investment in equity shares of Marcan Pharmaceuticals Inc. against the loan obtained by respective subsidiary. At consolidated level these investments are eliminated.



EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 54 : - Additional information required by Schedule III

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit / (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|-------------------------------------|---|-------------------------|-------------------------------------|-------------------------|---|-------------------------|-------------------------------------|-------------------------|
| | As % of consolidated net assets | Amount (Rs. In million) | As % of consolidated profit or loss | Amount (Rs. In million) | As % of consolidated other comprehensive income | Amount (Rs. In million) | As % of total comprehensive income | Amount (Rs. In million) |
| Parent | | | | | | | | |
| Emcure Pharmaceuticals Limited | | | | | | | | |
| March 31, 2023 | 69.5% | 18,418.64 | 28.5% | 1,600.62 | 24.8% | 40.62 | 28.4% | 1,641.24 |
| March 31, 2022 | 81.0% | 17,125.25 | 63.6% | 4,468.11 | 8.7% | (7.90) | 64.3% | 4,460.21 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Gennova Biopharmaceuticals Limited | | | | | | | | |
| March 31, 2023 | 7.3% | 1,946.86 | 4.8% | 270.09 | 0.3% | 0.42 | 4.7% | 270.52 |
| March 31, 2022 | 7.9% | 1,675.17 | 2.1% | 147.39 | 7.4% | (6.71) | 2.0% | 140.68 |
| Zuventus Healthcare Limited | | | | | | | | |
| March 31, 2023 | 18.4% | 4,873.69 | 18.1% | 1,018.23 | 7.1% | 11.65 | 17.8% | 1,029.88 |
| March 31, 2022 | 19.7% | 4,162.68 | 21.3% | 1,494.12 | 20.4% | (18.41) | 21.3% | 1,475.71 |
| Foreign | | | | | | | | |
| Emcure Nigeria Limited | | | | | | | | |
| March 31, 2023 | -0.5% | (140.46) | -0.5% | (26.61) | 0.0% | - | -0.5% | (26.61) |
| March 31, 2022 | -0.6% | (117.12) | -0.3% | (20.94) | 0.0% | - | -0.3% | (20.94) |
| Emcure Pharmaceuticals Mena FZ LLC. | | | | | | | | |
| March 31, 2023 | 0.5% | 125.37 | 1.7% | 98.28 | 0.0% | - | 1.7% | 98.28 |
| March 31, 2022 | 0.1% | 22.95 | 1.4% | 99.81 | 0.0% | - | 1.4% | 99.81 |
| Emcure Pharmaceuticals South Africa | | | | | | | | |
| March 31, 2023 | 0.6% | 147.18 | 0.2% | 9.87 | 0.0% | - | 0.2% | 9.87 |
| March 31, 2022 | 0.7% | 154.85 | 0.4% | 28.97 | 0.0% | - | 0.4% | 28.97 |
| Emcure Brasil Farmaceutica Ltda | | | | | | | | |
| March 31, 2023 | -0.7% | (177.80) | -0.6% | (33.45) | 0.0% | - | -0.6% | (33.45) |
| March 31, 2022 | -0.7% | (141.07) | 0.0% | 1.85 | 0.0% | - | 0.0% | 1.85 |
| Emcure Pharma UK Ltd | | | | | | | | |
| March 31, 2023 | 13.3% | 3,537.12 | 0.0% | (0.26) | 0.0% | - | 0.0% | (0.26) |
| March 31, 2022 | 16.8% | 3,541.57 | -0.3% | (20.56) | 0.0% | - | -0.3% | (20.56) |
| Tillomed Pharma GmbH | | | | | | | | |
| March 31, 2023 | 0.8% | 209.41 | -0.6% | (32.63) | 0.0% | - | -0.6% | (32.63) |
| March 31, 2022 | 1.1% | 229.67 | -2.5% | (175.53) | 0.0% | - | -2.5% | (175.53) |
| Tillomed Laboratories Ltd | | | | | | | | |
| March 31, 2023 | 21.9% | 5,797.37 | 31.1% | 1,747.87 | 0.0% | - | 30.2% | 1,747.87 |
| March 31, 2022 | 18.5% | 3,908.81 | 13.0% | 915.25 | 0.0% | - | 13.2% | 915.25 |
| Emcure Pharma Peru S.A.C. | | | | | | | | |
| March 31, 2023 | -0.1% | (39.09) | -0.7% | (37.82) | 0.0% | - | -0.7% | (37.82) |
| March 31, 2022 | 0.0% | 0.45 | 0.2% | 17.45 | 0.0% | - | 0.3% | 17.45 |
| Emcure Pharma Mexico S.A. DE C.V. | | | | | | | | |
| March 31, 2023 | -0.4% | (112.28) | -0.1% | (6.66) | 0.0% | - | -0.1% | (6.66) |
| March 31, 2022 | -0.4% | (87.01) | -0.2% | (12.14) | 0.0% | - | -0.2% | (12.14) |
| Marcan Pharmaceuticals Inc. | | | | | | | | |
| March 31, 2023 | 8.2% | 2,159.98 | 8.3% | 467.42 | 0.0% | - | 8.1% | 467.42 |
| March 31, 2022 | 2.4% | 512.02 | 8.2% | 577.66 | 0.0% | - | 8.3% | 577.66 |

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Note 54 :- Additional information required by Schedule III (continued)

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit / (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|-------------------------|-------------------------------------|-------------------------|---|-------------------------|-------------------------------------|-------------------------|
| | As % of consolidated net assets | Amount (Rs. In million) | As % of consolidated profit or loss | Amount (Rs. In million) | As % of consolidated other comprehensive income | Amount (Rs. In million) | As % of total comprehensive income | Amount (Rs. In million) |
| Emcure Pharmaceuticals Pty Ltd | | | | | | | | |
| March 31, 2023 | 0.1% | 19.06 | 0.0% | 0.68 | 0.0% | - | 0.0% | 0.68 |
| March 31, 2022 | 0.1% | 19.00 | 0.0% | 2.25 | 0.0% | - | 0.0% | 2.25 |
| Laboratories Tillomed Spain S.L.U. | | | | | | | | |
| March 31, 2023 | 0.2% | 49.95 | 0.0% | 2.47 | 0.0% | - | 0.0% | 2.47 |
| March 31, 2022 | 0.2% | 44.56 | -0.1% | (3.81) | 0.0% | - | -0.1% | (3.81) |
| Tillomed Italia S.R.L. | | | | | | | | |
| March 31, 2023 | 0.1% | 25.21 | -1.9% | (108.83) | 0.0% | - | -1.9% | (108.83) |
| March 31, 2022 | 0.0% | 4.89 | -1.3% | (90.47) | 0.0% | - | -1.3% | (90.47) |
| Emcure NZ Limited - 2 | | | | | | | | |
| March 31, 2023 | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - |
| March 31, 2022 | 0.0% | - | 0.0% | (0.15) | 0.0% | - | 0.0% | (0.15) |
| Tillomed France SAS | | | | | | | | |
| March 31, 2023 | 0.3% | 80.80 | 0.3% | 18.31 | 0.0% | - | 0.3% | 18.31 |
| March 31, 2022 | 0.3% | 57.63 | 0.2% | 15.16 | 0.0% | - | 0.2% | 15.16 |
| Tillomed Laboratories BV - 5 | | | | | | | | |
| March 31, 2023 | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - |
| March 31, 2022 | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% | - |
| Emcure Pharma Chile SpA | | | | | | | | |
| March 31, 2023 | 0.2% | 45.05 | 0.0% | 1.24 | 0.0% | - | 0.0% | 1.24 |
| March 31, 2022 | 0.0% | 4.37 | 0.0% | 1.51 | 0.0% | - | 0.0% | 1.51 |
| Lazor Pharmaceuticals Limited | | | | | | | | |
| March 31, 2023 | 0.2% | 43.87 | -0.2% | (13.79) | 0.0% | - | -0.2% | (13.79) |
| March 31, 2022 | 0.1% | 13.81 | 0.1% | 6.73 | 0.0% | - | 0.1% | 6.73 |
| Emcure Pharma Philippines Inc -3 | | | | | | | | |
| March 31, 2023 | 0.1% | 14.98 | 0.0% | 0.24 | 0.0% | - | 0.0% | 0.24 |
| March 31, 2022 | 0.1% | 14.27 | 0.0% | 0.08 | 0.0% | - | 0.0% | 0.08 |
| Tillomed d.o.o - 4 | | | | | | | | |
| March 31, 2023 | 0.0% | 1.91 | 0.0% | (0.27) | 0.0% | - | 0.0% | (0.27) |
| March 31, 2022 | 0.0% | (0.74) | 0.0% | (9.91) | 0.0% | - | 0.0% | (9.91) |
| Non controlling Interest in all subsidiaries | | | | | | | | |
| March 31, 2023 | 5.6% | 1,485.34 | 5.3% | 298.26 | 1.9% | 3.05 | 5.2% | 301.31 |
| March 31, 2022 | 6.0% | 1,265.94 | 5.7% | 403.56 | 6.2% | (5.64) | 5.7% | 397.92 |
| Elimination/adjustment for consolidation at group level | | | | | | | | |
| March 31, 2023 | -45.3% | (12,015.56) | 6.1% | 345.18 | 66.0% | 108.32 | 7.8% | 453.50 |
| March 31, 2022 | -53.3% | (11,270.53) | -11.7% | (820.83) | 57.2% | (51.68) | -12.6% | (872.51) |
| Total | | | | | | | | |
| March 31, 2023 | 100.0% | 26,496.60 | 100.0% | 5,618.45 | 100.0% | 164.06 | 100.0% | 5,782.51 |
| March 31, 2022 | 100.0% | 21,141.42 | 100.0% | 7,025.56 | 100.0% | (90.34) | 100.0% | 6,935.22 |

1. Direct subsidiaries / Step down subsidiaries till March 31, 2023 (refer note 55)
2. Emcure NZ Limited dissolved on October 13, 2021.
3. Emcure Pharma Philippines Inc was incorporated on May 07, 2021
4. Tillomed d.o.o., subsidiary of Emcure Pharma UK Ltd was incorporated on August 26, 2021.
5. Tillomed Laboratories BV., subsidiary of Emcure Pharma UK Ltd., dissolved on March 29, 2023



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Note 55 : - Interest in other entities

a) Subsidiaries :

The group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

All the subsidiaries of the company are engaged in principal business of developing, manufacturing and trading of pharmaceutical products.

| Sr No. | Name of subsidiary company | Country of incorporation | Ownership interest held by the group | | Ownership interest held by non controlling interests | |
|--------|---|--------------------------|--------------------------------------|----------------|--|----------------|
| | | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | Direct Subsidiaries: | | | | | |
| 1 | Gennova Biopharmaceuticals Limited | India | 87.95% | 87.95% | 12.05% | 12.05% |
| 2 | Zuventus Healthcare Limited | India | 79.58% | 79.58% | 20.42% | 20.42% |
| 3 | Emcure Nigeria Limited | Nigeria | 100% | 100% | - | - |
| 4 | Emcure Pharmaceuticals Mena FZ LLC. | UAE | 100% | 100% | - | - |
| 5 | Emcure Pharmaceuticals South Africa (Pty) | South Africa | 100% | 100% | - | - |
| 6 | Emcure Brasil Farmaceutica Ltda | Brazil | 100% | 100% | - | - |
| 7 | Emcure Pharma UK Ltd | United | 100% | 100% | - | - |
| 8 | Emcure Pharma Peru S.A.C. | Peru | 100% | 100% | - | - |
| 9 | Emcure Pharma Mexico S.A. DE C.V. | Mexico | 100% | 100% | - | - |
| 10 | Emcure Pharmaceuticals Pty Ltd | Australia | 100% | 100% | - | - |
| 11 | Marcan Pharmaceuticals Inc. | Canada | 100% | 100% | - | - |
| 12 | Emcure Pharma Chile SpA | Chile | 100% | 100% | - | - |
| 13 | Lazor Pharmaceuticals Limited | Kenya | 100% | 100% | - | - |
| 14 | Emcure Pharma Philippines Inc-1 | Philippines | 100% | 100% | - | - |
| 15 | Emcure Pharma Panama, Inc - 3 | Panama | 100% | - | - | - |
| | Indirect Subsidiaries: | | | | | |
| 16 | Tillomed Laboratories Ltd | United | 100% | 100% | - | - |
| 17 | Tillomed Pharma GmbH | Germany | 100% | 100% | - | - |
| 18 | Laboratories Tillomed Spain S.L.U. | Spain | 100% | 100% | - | - |
| 19 | Tillomed Italia S.R.L. | Italy | 100% | 100% | - | - |
| 20 | Emcure NZ Limited -5 | New Zealand | - | - | - | - |
| 21 | Tillomed France SAS | France | 100% | 100% | - | - |
| 22 | Tillomed Laboratories BV -2 | Netherlands | 100% | 100% | - | - |
| 23 | Tillomed Malta Ltd. - 6 | Malta | 100% | - | - | - |
| 24 | Tillomed d.o.o. -4 | Croatia | 100% | 100% | - | - |

1. Emcure Pharma Philippines Inc was incorporated on May 07, 2021.
2. Tillomed Laboratories BV , A direct subsidiary of Emcure UK., dissolved on March 29, 2023
3. Emcure Pharma Panama was incorporated on December 01, 2022
4. Tillomed d.o.o., A direct subsidiary of Emcure Pharma UK Ltd was incorporated on August 26, 2021.
5. Emcure NZ Limited dissolved on October 13, 2021.
6. Tillomed Malta., A direct subsidiary of Emcure Pharma UK Ltd was incorporated on June 06, 2022.



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b) Non controlling interests :

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

| Summarized Balance Sheet | Gennova Biopharmaceuticals Limited | | Zuventus Healthcare Limited | | Total | |
|--|------------------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | | | | | | |
| Ownership interest held by non controlling interests | 12.05% | 12.05% | 20.42% | 20.42% | | |
| Current assets | 2,921.29 | 2,693.58 | 5,229.52 | 4,282.30 | 8,150.81 | 6,975.88 |
| Current liabilities | 3,243.54 | 2,718.36 | 1,967.40 | 2,001.28 | 5,210.94 | 4,719.64 |
| Net current assets /(liabilities) | (322.25) | (24.78) | 3,262.12 | 2,281.02 | 2,939.87 | 2,256.24 |
| Non-current assets | 3,434.11 | 2,877.40 | 3,382.98 | 3,477.09 | 6,817.09 | 6,354.49 |
| Non-current liabilities | 929.82 | 979.65 | 521.24 | 527.28 | 1,451.06 | 1,506.93 |
| Net non-current assets /(liabilities) | 2,504.29 | 1,897.75 | 2,861.74 | 2,949.81 | 5,366.03 | 4,847.56 |
| Net assets | 2,182.04 | 1,872.97 | 6,123.86 | 5,230.83 | 8,305.90 | 7,103.80 |
| Accumulated NCI | 235.21 | 197.80 | 1,250.13 | 1,068.14 | 1,485.34 | 1,265.94 |

| Summarized statement of profit and loss | Gennova Biopharmaceuticals Limited | | Zuventus Healthcare Limited | | Total | |
|---|------------------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | | | | | | |
| Revenue | 3,730.15 | 3,402.42 | 9,971.94 | 10,514.47 | 13,702.09 | 13,916.89 |
| Profit for the year | 307.10 | 167.58 | 1,279.50 | 1,877.49 | 1,586.60 | 2,045.07 |
| Other comprehensive income | 0.48 | (7.63) | 14.64 | (23.14) | 15.12 | -30.77 |
| Total comprehensive income | 307.58 | 159.95 | 1,294.14 | 1,854.35 | 1,601.72 | 2,014.30 |
| Total comprehensive income allocated to NCI | 37.05 | 19.28 | 264.26 | 378.64 | 301.31 | 397.92 |
| Dividends paid to NCI | - | - | 81.90 | 81.90 | 81.90 | 81.90 |

| Summarized cash flow | Gennova Biopharmaceuticals Limited | | Zuventus Healthcare Limited | | Total | |
|--|------------------------------------|----------------|-----------------------------|----------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | | | | | | |
| Cash flows from operating activities | 441.85 | 73.17 | 1,581.57 | 2,165.03 | 2,023.42 | 2,238.20 |
| Cash flows from investing activities | (906.59) | (1,019.70) | (893.04) | (1,659.77) | (1,799.63) | (2,679.47) |
| Cash flows from financing activities | (120.99) | 351.51 | (492.14) | (519.88) | (613.13) | (168.37) |
| Net Increase/(decrease) in cash & cash equivalents | (585.73) | (595.02) | 196.39 | (14.62) | (389.34) | (609.64) |



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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 56 : Expenditure on research and development during the year

The total expenditure incurred on Research and Development including in house Research and Development during the year is as follows;

| Particulars | Rs. in million | |
|---|-----------------|-----------------|
| | March 31, 2023 | March, 31 2022 |
| Revenue | 2,775.99 | 3,068.37 |
| Capital | 246.06 | 336.12 |
| Total | 3,022.05 | 3,404.49 |
| R&D expenditure as a % of revenue from operations | 5.05% | 5.81% |

Note 57 : Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a corporate social responsibility (CSR) committee has been formed by the holding company and its Indian subsidiaries. The areas for CSR activities are promoting education, healthcare and ensuring environmental sustainability. Amount spent during the year on activities which are specified in Schedule VII of the Companies Act 2013 are as mentioned below :

| Particulars | Rs. in million | |
|--|---|---|
| | March 31, 2023 | March 31, 2022 |
| (a) amount required to be spent by the company for the full year | 136.18 | 107.14 |
| (b) amount of expenditure incurred till date, | | |
| Paid | | |
| Construction/acquisition of any asset | | - |
| On purposes other than (i) above | 145.44 | 107.47 |
| Yet to be paid | | |
| Construction/acquisition of any asset | - | - |
| On purposes other than (i) above | - | 1.63 |
| Total (b) | 145.44 | 109.10 |
| (c) shortfall at the end of the year | - | - |
| (d) total of previous years shortfall (Cumulative) | - | 0.84 |
| (e) reason for shortfall | Not Applicable | Non-identification of feasible CSR initiatives. |
| (f) nature of CSR activities | Promoting Healthcare, Education, Rural development projects, Environment Sustainability & Training to promote rural and/or nationally recognised sports | Promoting Healthcare, Education, Rural development projects, Environment Sustainability & Training to promote rural and/or nationally recognised sports |
| (h) Movement in provision with respect to a liability incurred by entering into a contractual obligation | | |
| Opening provision | 1.63 | 3.99 |
| Add: Provision during the year | - | 1.63 |
| Less: Utilisation during the year | (1.63) | (3.99) |
| Closing provision | - | 1.63 |

Note 58 : The information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

| Particulars | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| i) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year | | |
| a. Principal outstanding and not overdue as per MSME act | 190.43 | 330.84 |
| b. Principal outstanding and overdue as per MSME act and interest due thereon | - | - |
| ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | 126.62 | 41.14 |
| iii) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006 | - | - |
| iv) The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.10 | 0.07 |
| v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006 | - | - |

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 59 : Composite Scheme of Arrangement

The Board of Directors of the Holding Company, in its meeting held on November 09, 2020, had approved Composite Scheme of Arrangement between Emcure Pharmaceuticals Limited ("Demerged Company") and Avet Lifesciences Limited ("Resulting Company") and their respective shareholders ('Scheme') which was filed before the National Company Law Tribunal ("NCLT"), Mumbai, on November 30, 2020, for demerger of the Company's United States of America ('US') market business and vesting the same into the Resulting Company, under Sections 230 to 232 read with Section 52, section 66 and other applicable provisions of the Companies Act, 2013. The Composite Scheme of arrangement was approved by NCLT on June 4, 2021 and a certified copy of the same was filed by the holding Company with the Registrar of Companies, Maharashtra, on July 25, 2021 with an appointed date of April 01, 2021. Accordingly, the Group had presented the United States of America ('US') Business as discontinued operations pertaining to the year ended on 31 March 2021 in the financial statements for the previous year ended 31 March 2022 in accordance with Ind AS 105.

The book value of assets, liabilities and reserves transferred from consolidated financials are as under:

| Particulars | Rs. in million |
|---|------------------|
| Property, plant and equipment | 1,306.01 |
| Capital work-in-progress | 98.72 |
| Right-of-use assets | 394.36 |
| Goodwill | 2,029.96 |
| Other Intangible assets | 1,201.09 |
| Intangible assets under development | 700.45 |
| Financial assets | |
| i) Other non-current financial assets | 68.97 |
| Deferred tax assets (net) | 162.29 |
| Income tax assets (net) | 1,382.59 |
| Other non-current assets | - |
| Total non-current assets (A) | 7,344.44 |
| Current assets | |
| Inventories | 3,721.83 |
| Financial assets | |
| i) Trade receivables | 3,397.28 |
| ii) Cash and cash equivalents | 2,385.22 |
| iii) Bank balances other than (ii) above | |
| iv) Other current financial assets | (280.56) |
| Other current assets | 82.00 |
| Total current assets (B) | 9,305.77 |
| Total Assets (C) | 16,650.21 |
| Liabilities | |
| Non-current liabilities | |
| Financial liabilities | |
| i) Borrowings | - |
| ii) Lease Liabilities | 319.50 |
| iii) Other non-current financial liabilities | 584.84 |
| Deferred tax liabilities (net) | (10.65) |
| Total non-current liabilities (D) | 893.69 |
| Current liabilities | |
| Financial liabilities | |
| i) Borrowings | 4,526.42 |
| ii) Lease Liabilities | 108.79 |
| iii) Trade payables | |
| Total outstanding dues of micro and small enterprises | - |
| Total outstanding dues to others | 1,627.07 |
| iv) Other current financial liabilities | 176.13 |
| Provisions | 611.12 |
| Other current liabilities | 6.26 |
| Total current liabilities (E) | 7,055.79 |
| Total Liabilities (F) | 7,949.48 |
| Total Equity (C-F) | 8,700.73 |

Appointed date and effective date accounting

Had this not been an NCLT approved Scheme, the effect of scheme would have been given on July 25, 2021 instead of April 01, 2021 and the total revenue for the year ended March 31, 2021 would have been higher by Rs. 3,482.22 million and the total expenses would have been higher by Rs. 3,558.68 Million.

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EMCURE PHARMACEUTICALS LIMITED
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

Note 60 : Government Grant

A) Government grants are related to exemption of basic customs duty on purchase of imported machineries to be used for the manufacturing of products. Gennova Biopharmaceuticals Limited, a subsidiary of the company is required to fulfil the export obligation against duty benefit received. Refer Note 45B for the details of unfulfilled obligations. Based on past experience, the management is confident that it will fulfil conditions attached to the grant received. During the year Gennova Biopharmaceuticals Limited has fulfilled the export obligation and recognised income Rs. 29.70 million (March 31, 2022 Rs. 25.03 million).

| | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| EPCG Grants | | |
| Balance at beginning of the year - deferred grant | 43.97 | 11.45 |
| Duty saved during the year | 34.00 | 57.55 |
| Released to the statement of profit and loss | (29.70) | (25.03) |
| Balance at end of the year | 48.27 | 43.97 |
| Current Liability | - | - |
| Non-current Liability | 48.27 | 43.97 |

B) Gennova Biopharmaceuticals Limited has received a sanction for various Government grants towards research and development expenses for life saving drugs and vaccines. During the year ended March 31, 2022 grant amounting to Rs.190.87 million (March 31, 2022 : Rs. 773.10 million) has been recognised as 'Other Operating Revenue' in statement of profit or loss for the eligible expenses incurred towards respective projects, out of which Rs.150.85 million (March 31, 2022: Rs. 80.92 million) has been accrued as Government Grant receivable under 'other current financial assets'.

| | Rs. in million | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Government grants receivable | | |
| Balance at beginning of the year | 80.92 | 114.25 |
| Received during the year | (13.44) | (114.25) |
| Recognised in statement of profit or loss | 83.37 | 80.92 |
| Balance at end of the year | 150.85 | 80.92 |
| Current Asset | 150.85 | 80.92 |
| Non-current Asset | - | - |

C) Gennova Biopharmaceuticals Limited has also received grants amounting to Rs. 10.32 million (March 31, 2022 :Rs. 117.82 million) for which eligible expenses will be incurred in the next year, accordingly it has been disclosed the same as Deferred Revenue grants under other current liabilities.

| | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Deferred revenue grants | | |
| Balance at beginning of the year | 117.82 | 245.76 |
| Received during the year | - | 564.31 |
| Recognised in the statement of profit and loss | (107.50) | (692.25) |
| Balance at end of the year | 10.32 | 117.82 |
| Current Liability | 10.32 | 117.82 |
| Non-current Liability | - | - |

D) Gennova Biopharmaceuticals Limited has also received government grants amounting to Rs. 114.04 million (March 31, 2022 : Rs. 114.04 million) disclosed under other non-current liabilities related to the amount received to incur capital expenditure for building manufacturing facility. The company will offset these grants at the time of incurring capital expenditures for the eligible manufacturing facility.

| | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Deferred capital grant-Gennova Biopharmaceuticals Limited | | |
| Balance at beginning of the year | 114.04 | 114.04 |
| Received during the year | - | - |
| Eligible capital expenditure incurred during the year | - | - |
| Balance at end of the year | 114.04 | 114.04 |
| Current Liability | - | - |
| Non-current Liability | 114.04 | 114.04 |

E) During the current year, the Group has received eligibility under Production Linked Incentive scheme of the Government of India. The Group has recognized income of Rs. 195.00 million (March 31, 2022 : Nil) under the said scheme. Balance receivable under this scheme of Rs. 128.10 million as on March 31, 2023 (March 31, 2022: Nil) is disclosed under 'other current financial assets'. There are no unfulfilled conditions or other contingencies attached to this grant.

| | Rs. in million | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Production Linked Incentive scheme | | |
| Balance at beginning of the year | - | - |
| Received during the year | (66.90) | - |
| Recognised in the statement of profit and loss | 195.00 | - |
| Balance at end of the year | 128.10 | - |
| Current Asset | 128.10 | - |
| Non-current Asset | - | - |

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Note 61 : Additional regulatory information required by Schedule III (to the extent applicable to group entities)

- i. No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- ii. The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- iii. The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- iv. The Group has complied with the number of layers prescribed under the Companies Act, 2013.
- v. The Group has not entered into any scheme of arrangement which has an accounting impact on current financial year.
- vi. The Group has not advanced or loaned or invested 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 or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- vii. The Group 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
- viii. There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.
- x. The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- xi. The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 2A to the financial statements, are held in the name of the Group.
- xii. There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- xiii. The borrowings obtained by the Group from banks and financial institutions have been applied for the purposes for which such loans were taken.

Note 62 : Consideration on acquisition of subsidiary

The Group acquired 100% equity shares in Marcan Pharmaceuticals Inc., International Pharmaceuticals Generics Ltd. and IPG (2015) vide Asset and Share Purchase Agreement (the "agreement") dated November 8, 2015 (the "acquisition Date") through a special purpose vehicle viz. Emcure Pharmaceuticals Canada Limited.

Immediately following this agreement, on November 9, 2015, all entities above were amalgamated and new entity called Marcan Pharmaceuticals Inc. ("Marcan") was formed, the current operating company. The acquisition was for a total consideration of Rs. 4,619.12 million* (CAD 93 million*). As per the Share Purchase Agreement, there is consideration payable to the selling shareholders of Marcan Pharmaceuticals Inc. in the form of preference shares, based on achievement of specific EBITDA levels of Marcan for the year ended March 31, 2021, or at the option of selling shareholders for the year ended March 31, 2022, limited to a maximum of Rs. 2,384.06 million (CAD 48 Million).

In December 2020, the holders notified their intent not to exercise their option to extend the redemption term by a year and redeem the preferred shares. The shares were redeemed on August 11, 2021 at the current value of Rs. 2,750.78 (CAD 47.25 Million)

*Considering 1 CAD = 49.67 Rupees, the rate as on the date of acquisition

Note 63 - Business Combination

In July 2021, Emcure Pharmaceuticals Limited ("Holding Company") incorporated a wholly-owned subsidiary named as Emcure Canada Inc. On August 11, 2021, Emcure Canada Inc., a company under common control with Marcan Pharmaceuticals Inc., acquired all of the issued and outstanding shares of Arsh Holdings Inc. and Rs313 Holdings Ltd. for consideration of CAD 47.25 million. Arsh Holdings Inc. and Rs313 Holdings Ltd. held all of the outstanding preference shares mentioned in note no. 62 above.

Emcure Canada Inc. financed the acquisition with CAD 17.00 million in form of unsecured loan provided by the Holding Company, and a secured term loan from bank of USD 25.475 million (equivalent to CAD 31.89 million).

Subsequently, Marcan Pharmaceuticals Inc., Emcure Canada Inc., Arsh Holdings Inc., and Rs313 Holdings Ltd., were amalgamated on August 13, 2021 and the name of the amalgamated company was Marcan Pharmaceuticals Inc.

No gains or losses were recognized in the consolidated financials as a result of the amalgamation transaction.

As a result of the amalgamation, assets of CAD 49.06 million, liabilities of CAD 48.91 million, deficit of CAD 0.04 million and equity share capital of CAD 0.1 million were amalgamated in the books of Marcan Pharmaceuticals Inc.



EMCURE PHARMACEUTICALS LIMITED
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For the year ended March 31, 2023

Note 64 : Code of Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Indian companies in the group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Holding Company and its Indian subsidiaries will assess the impact and complete the evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

Note 65 : Initial Public Offering ("IPO")

During the year ended March 31, 2022, the Holding Company had filed Draft Red Herring Prospectus ("DRHP") with the Securities and Exchange Board of India ("SEBI"), and an application for In-principle approval from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") in connection with proposed Initial Public Offering ("IPO") of its equity shares. The Holding Company had received observation letter dated December 08, 2021 from SEBI, which was valid until December 07, 2022 and has since then lapsed. The Holding Company had also received In-principle approval from BSE & NSE on August 30, 2021 & September 08, 2021 respectively are no longer valid.

Note 66 : Events occurring after the reporting period

There are no significant events subsequent to year ended March 31, 2023.

Note 67 : Authorisation of Consolidated Financial Statements

The Consolidated financial statements were approved by the Board of Directors on June 1, 2023.

For B S R & Co. LLP
Firm Registration: 101248W/W-100022
Chartered Accountants



Abhishek
Partner
Membership No. 062343

For and on behalf of the Board of Directors
Emcure Pharmaceuticals Limited
CIN : U24231PN1981PL024251


Barjis Desai
Non-executive Director & Chairman
DIN : 00153675



Chetan Sharma
Company Secretary
Membership No. F8352


Satish Mehta
Managing Director & CEO
DIN : 00118691


Tajuddin Shaikh
Chief Financial Officer

Place: Pune
Date: 9/6/2023

Place: Pune
Date: 01-June-2023