EY Entrepreneur of the year-2013

FROST & SULLIVAN Best Practices-2013

Business today/YES bank Excellence Awards-2013

Eris Lifesciences Limited

**Date: 02-09-2023**

| To<br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai- 400001 | To<br>**National Stock Exchange of India Limited**<br>Exchange Plaza<br>Bandra Kurla Complex<br>Bandra (E)<br>Mumbai-400051 |
|---|---|
| **Security Code: 540596** | **Symbol: ERIS** |

**SUBJECT: SUBMISSION PURSUANT TO REGULATION 34 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 - ANNUAL REPORT OF THE COMPANY FOR THE FY 2022-23**

Dear Sirs,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the company for the Financial Year 2022-23 along with the Notice of the 17th Annual General Meeting of the Company scheduled to be held on Monday, September 25, 2023, at 11:00 A.M. (IST) through Video Conferencing (VC).

The said Annual Report and the Notice of AGM are also being made available on the Company's website i.e. https://eris.co.in/

Further, we refer to the earlier disclosure made by the Company reporting the outcome of the board meeting dated 17 May 2023. We hereby notify the correction of an inadvertent error in the values appearing in the portion titled “Total Comprehensive Income” in the Consolidated Financial Results for the quarter and year ended March 31, 2023.

The corrected values of Total Comprehensive Income shall be read as follows:

[₹ in Million]

| Particulars | **For Quarter Ended** | | | **For Year Ended** | **For Year Ended** |
|---|---|---|---|---|---|
| | March 31, 2023 (refer note 5) | December 31, 2022 (Unaudited) | March 31, 2022 (refer note 5) | March 31, 2023 (Audited) | March 31, 2022 (Audited) |
| **Total Comprehensive Income** | **625.60** | **998.71** | **803.74** | **3,742.19** | **4,048.07** |
| Attributable to : | | | | | |
| - Owners of the Company | 665.00 | 1,014.99 | 806.98 | 3,822.17 | 4,051.31 |
| - Non controlling interest | (39.40) | (16.28) | (3.24) | (79.98) | (3.24) |

It may be noted that the said correction has no consequential impact on any other value(s) disclosed in the financial results submitted to the exchanges on 17th May 2023.

This is issued with the approval of the members of the Audit Committee and the members of the Board.

Kindly take the above information on your records.

Yours faithfully,

**Eris Lifesciences Limited**

MILIND TALEGAONKAR

Digitally signed by MILIND TALEGAONKAR
DN: c=IN, postalCode=380055, st=GUJARAT, street=E42 SHRI SADAN SHAHWADI VASNAAHMEDABADOPP SWAMINARAYAN2BEHIND GB SHAH COLLEGE 380055, l=AHMEDABAD, o=Personal, title=6609, serialNumber=a508a80d3a9231304a5bf4e4182bcd5ae3ec1d08a10919025e2d5daa95b04426, pseudonym=66092022092418043O743, 2.5.4.20=57785628ba3ced9959cf93cf3cf172cf4a41a51eb72e155a16f1b8fb6276b3d4, email=MILIND.TALEGAONKAR@ERISLIFESCIENCES.COM, cn=MILIND TALEGAONKAR
Date: 2023.09.02 17:32:47 +05'30'

**Milind Talegaonkar**
**Company Secretary and Compliance Officer**


Eris
POWER OF EMPATHY
TRUTH OF SCIENCE
17th ANNUAL REPORT
2022-2023

# FORWARD-LOOKING STATEMENTS

This report may contain some statements on the Company's business or financials which may be construed as forward-looking based on the management's plans and assumptions. The actual results may be materially different from these forward-looking statements although we believe we have been prudent in our assumptions.

# TABLE OF CONTENTS


## CORPORATE OVERVIEW 06-44

Op. Revenue (INR)

**16,851 mn**

25.1% yoy growth

PAT (INR)

**3,742 mn**

22.2% Margin

EBITDA (INR)

**5,367 mn**

31.9% Margin

Dividend Payout Ratio

**26 %**

EPS (INR)

**28**

Cash EPS (INR)

**34**

RoIC*

**20 %**

RoE*

**22 %**

*RoIC and RoE are excluding treasury investments, cash & cash equivalents

# PATIENT CARE INITIATIVES

## Driven to Prioritize Better Clinical Outcomes

Effective Patient Care has become more important than ever for better clinical outcomes. Patient centricity holds a key role in offering better screening, monitoring and diagnosis and thereby help in the enhancement of routine clinical activities. The role of patient education and awareness cannot be overstated in reducing the nation's burden of disease management.

Recognizing our role as a responsible partner in the healthcare delivery ecosystem and to empower patients to take charge of their health, we are now facilitating 1,600+ ABPMs per month, and 700+ CGMs per month.

Scientific data driven approach of these progressive healthcare solutions has strengthened Eris's relationship with Key Opinion Leaders and Specialist doctors and has provided Eris with an unhindered mind-space and superior facetime with the prescriber community.

There is no greater measure of our efforts than the outcomes we enable.

ABPM on Call

The Ambulatory Blood Pressure Measurement on Call is a flagship initiative that aims at creating awareness regarding 24-hour blood pressure measurement. ABPM is the Gold standard tool recommended by all major international guidelines to diagnose hypertension/monitor treatment & assess CV risk in patients of hypertension.

Till now over **9,000** clinicians have used this service and over **130,000** patients have been screened through ABPM on Call.

HOLTER ON CALL

Aims at creating awareness amongst clinicians regarding 24 hours AECG –Ambulatory Electrocardiogram – measurement, in place of routine monitoring of limited number of heart beats. It is a portable device that measures and records the heart's activity (ECG) continuously for 24 hours to 72 hours to diagnose arrhythmia.

Till now over **68,000** patients have been screened.

CGM ON CALL

A blood glucose meter provides a snapshot of glucose levels at a single moment in time. Continuous Glucose Monitoring (CGM) system gives you a better view of glucose trends and can provide valuable information at crucial points during the day.

Till now over **48,000** patients have been screened.

Sleep Study On Call

Sleep Study on call initiative helps to understand the link between Cardiac diseases and sleep disorders. Eris supports clinicians to introduce the practice of diagnosing sleep apnea, thus facilitating patient education, diagnosis, interpretation of the results & treatment planning.

Till now over **24,000** patients have been screened.

Montana anc associate FOGSI

Specialists now believe that adult diseases like hypertension and diabetes have their genesis in the womb known as FOAD (Fetal Origin of Adult Disease).

Montana ANC Associate is a FOGSI-Eris Patient Care Initiative aimed at bridging the current gaps in diagnosis critical to detect Hb, PIH and GDM thereby strengthening Ante-Natal Care and prevent FOAD by facilitating the point of care diagnostic support.

Till now over **2,00,000** patients have been screened through Montana ANC Associate.

# INDIA CENTRIC STUDIES

## Cardiovascular Risk Factors of Airport Visitors in India: Results from A Nation-Wide Campaign

Study was undertaken to set up health care screening booths at eight airports and one hospital throughout India to increase awareness and determine cardiovascular risk factors. Participants were screened for Hypertension, Diabetes and BMI

Participants screened: 100,107

Prevalence of diabetes was 12,571, Hypertension: 30,345 and Overweight: 61,219 among the participants screened. Hypertension and diabetes prevalence values were relatively high in young obese adults.
Among obese women aged 60 years and older the hypertension prevalence was higher than 40% and a similar hypertension prevalence was observed in obese men as well.

Published in the Journal of Clinical Hypertension

## Clinical Relevance of Double-Arm Blood Pressure Measurement and Prevalence of Clinically Important Inter-Arm Blood Pressure Differences in Indian Primary Care

Study was aimed to provide insight into the prevalence of clinically important Inter-Arm Difference (IAD) in BP measurement in a large Indian primary care cohort

Participants screened: 134,678

BP is above the diagnostic threshold for hypertension in one arm only for 6% of participants.
Study emphasizes the importance of undertaking bilateral BP measurement in routine clinical practice.

Published in the Journal of Clinical Hypertension

## Usefulness of ABPM for Hypertension Management in India: The India ABPM Study

Study reports differences between Office Blood Pressure Measurement (OBPM) and Ambulatory Blood Pressure Measurement (ABPM) in a large multi-centre Indian all comers' population visiting primary care physicians.

Participants screened: 27,472

Contradiction between OBPM and ABPM in BP diagnosis in approximately one-third of all patients, and a substantial number of patients had Isolated Night-time Hypertension (INH). Using ABPM in routine hypertension management can lead to a reduction in burden and associated costs for Indian healthcare.

Published in the Journal of Human Hypertension

## Blood Pressure Related to Age: The India ABPM Study

Study reports trends in Office Blood Pressure Measurement (OBPM) and Ambulatory Blood Pressure Measurement (ABPM) with age in a large multi-centre Indian all comers' population visiting primary care physicians.

Participants screened: 27,472 (Age: 51 ± 14 years)

OBPM is higher than all three types of ABPM (24 hours, day, night) for all ages and that there are age related differences in circadian BP pattern. Night-time BP increased more with age than daytime so that there is higher prevalence of non-dippers and Isolated Night-time Hypertension (INH) with older age as compared to younger subjects

Published in the Journal of Clinical Hypertension

## Blood Pressure and Heart Rate Related to Sex in Untreated Subjects: The India ABPM Study

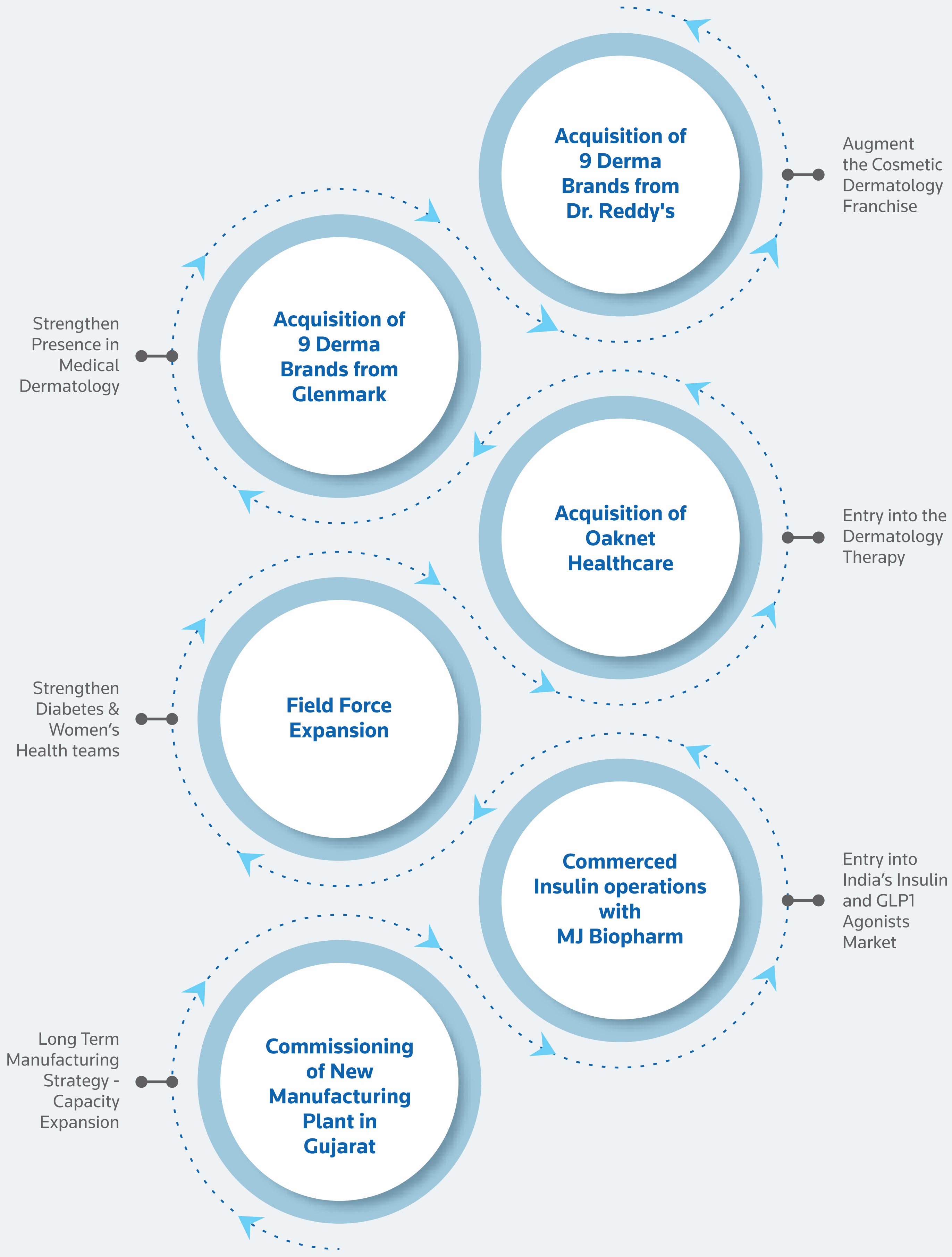
Study aims at investigating sex-related differences in Blood Pressure (BP) and Heart Rate (HR) pattern in an Indian all comers' population visiting primary care physicians and who were assigned to undergo ABPM by their physician

Participants screened: 14,977

Women had more often Isolated Night-time Hypertension (INH), a lower BP and HR dip than men. As night-time BP is a significant cardiovascular risk predictor, 24-h ABPM is especially important for women

Published in the Journal of Clinical Hypertension

# FY23 – A YEAR OF STRATEGIC INVESTMENTS


Acquisition of 9 Derma Brands from Dr. Reddy's
Augment the Cosmetic Dermatology Franchise
Acquisition of 9 Derma Brands from Glenmark
Strengthen Presence in Medical Dermatology
Acquisition of Oaknet Healthcare
Entry into the Dermatology Therapy
Field Force Expansion
Strengthen Diabetes & Women's Health teams
Commerced Insulin operations with MJ Biopharm
Entry into India's Insulin and GLP1 Agonists Market
Commissioning of New Manufacturing Plant in Gujarat
Long Term Manufacturing Strategy - Capacity Expansion

# CMD's LETTER
## to Shareholders

**Amit Bakshi**
Chairman and Managing Director

Dear Shareholders,

It gives me immense pleasure to note that we have entered our 16th year of operations. Our growth strategy has significantly evolved with the addition of several new growth engines in FY23. While we clocked our "First 1,000 crore" of revenue in 13 years, we are close to adding the "Next 1,000 crore" of revenue in just 4 years by deploying our consistent cashflows along with external funding to accelerate our growth trajectory.

We invested Rs. 1,265 crore in consummating 3 Dermatology acquisitions in FY23. This has been our largest single-year investment, and that too in a single therapy. Notwithstanding that Dermatology is a large and attractive therapy, I need to acknowledge that this investment was not an easy decision, and it took a lot of heart and conviction on our part. This conviction came from three aspects of our business understanding. Firstly, based on our expertise in chronic therapies built over the last 16 years, we carry strong conviction on the stickiness of "old gold" brands and the affinity that doctors and patients have for them. Secondly, we have developed a strong understanding of the psyche of super-specialists in our country and the science-led engagement model that is required to forge lasting relationships with them. And lastly, we saw that the deals provided an arbitrage opportunity in the sense that these were fundamentally good businesses which had been sub-optimally managed. These three aspects formed the cornerstones of our deal evaluation strategy.

Post the acquisition of Oaknet, we approached the business with an "owner manager" mindset and with a complete willingness to roll up our sleeves and do the hard work to create value. We undertook a slew of value creation initiatives focused on product range expansion, driving sales and marketing excellence and expansion of specialist coverage. Within 6 months of the acquisition, we could start seeing early impact in terms of an acceleration in organic growth and margin expansion and we started getting the conviction that we have a strong base there which we can build on. Hence when we got the opportunity to bring in complementary products through the Glenmark and DRL bolt-on deals in Q4 FY23, we had the confidence to go ahead. I am happy to note that our thesis has delivered tangible results in Oaknet's very first year with us, with the business clocking a 22% organic growth in FY23 after a spell of 3 flat years during FY20-FY22. The EBIDTA margin has expanded from 10% in FY22 to 24% in FY23 and we are confident of a significant expansion in FY24.

FY23 also represented the first full year of operations of our Insulin business through Eris MJ Biopharm. By curating a winning basket of Product, Technology and Service, we have created tangible impact in this market in our very first year with ~ 60,000 patients on our therapy. We have two commercialized products at present – Human Insulin and Glargine – with an exciting pipeline consisting of Liraglutide and other insulin analogs. We expect this business to scale up rapidly in the years to come.

We continue to look forward to an exciting era of growth driven by our core as well as emerging therapies. On behalf of the Board of Directors, I extend my gratitude to all stakeholders for their continuing trust and support.

With Warm Regards,

**Amit Bakshi**
Chairman and Managing Director

# FROM THE COO's DESK

**Krishnakumar V**
Executive Director & Chief Operating Officer

Greetings. It has been over 2 years serving as the COO of your company. With revenues of INR 1,685 crore and EBIDTA of INR 537 crore, FY23 has been a year of significant investment in, and diversification of the business. These investments have been in terms of (i) Creation of a Dermatology business, (ii) Launch of a greenfield Insulin business, (iii) Expansion of our manufacturing footprint, and (iv) Acceleration of new product launch momentum across therapies. I am happy to share that we have made significant progress across all our strategic priorities and we will start seeing tangible results from FY24 onwards.

Since its acquisition in May '22, Oaknet has scaled up to deliver an FY23 organic revenue growth of 22% and a total revenue growth of 28%. Oaknet has demonstrated a significant EBIDTA margin expansion from 10% to 24% since the time of acquisition, and we expect further expansion in FY24. This may well rank among the quickest value-creation stories in the M&A world, and has come about through a combination of prudent "pre deal" screening and differentiated "post deal" execution. Our pre-deal screening focuses on ensuring early evidence of value creation opportunities including (i) "String of Pearls" approach to ensure strategic fit with our specialty requirements, (ii) "Arbitrage Opportunity" - Fundamentally good businesses which are sub-optimally run, and (iii) "Financial Discipline" – Metrics like Gross Margin, Growth, YPM, Debt-EBIDTA ratio, Deal IRR, Simple Payback, etc.

Our greenfield Insulin venture with MJ Biopharm has clocked INR 17 crore of revenue in its first year of operations. This business has recorded an operating loss of INR 20 crore in FY23. We expect the losses to narrow in FY24 and the business is expected to be profitable starting FY25.

We have significantly diversified our revenue base in FY23. While Diabetes and Cardiac Care remain our flagship therapies, they now contribute 49% to the business, down from 60% in FY22. The share of the 3 Emerging therapies (Dermatology, CNS and Women's Health) has increased to 26% of revenue from 12% last year. Our Cardio-Metabolic portfolio has delivered an 18% growth in FY23 vs. a market growth of 8%, while our emerging therapies have delivered a 17% growth in FY23 vs. a market growth of 15%.

Our Top-20 mother brands account for 70% of our revenue and have clocked a 17% growth in FY23. 15 of these brands are ranked among the Top-5 in their therapies. With Glimisave crossing the Rs.300 crore mark and Zomelis crossing the Rs. 100 crore mark, we now have 4 mother brands with revenues of Rs. 100+ crore, 6 mother brands with revenues of Rs. 70-80 crore and 5 mother brands with revenues of Rs. 50-60 crore. We continue to ride the patent expiry pipeline well with Top-5 market ranks in several strategic products such as Glura, Gluxit-S, Zomelis-D and Zayo; we look forward to maintain this track record going forward.

Our greenfield manufacturing facility in Gujarat began commercial operations in March 2023 and augments our capability in oral solids, oral liquids, sterile injectables and creams/ ointments (in process). We expect to accrue significant insourcing and fiscal benefits starting FY24. We have kick-started our Formulations Development programme in this facility with a pipeline of several "first in market" FDCs that are expected to be commercialised in FY24 and beyond.

Our flagship patient care initiatives have scaled up significantly with "ABPM on Call" crossing ~ 1,30,000 patients, "CGM on call" crossing 48,000 patients and "Sleep Study on call" crossing 24,000 patients. We have also augmented the range of India-focused studies facilitated by us, with several scientific research publications in reputed International and Indian journals. We have strengthened our digital marketing platform with various AR and VR programs thereby adding more momentum to our Patient Care Initiatives and physician engagement.

Our business has grown three-fold since the year FY17. However, we have maintained an average EBIDTA Margin of 35% and operating cash conversion ratio of ~ 75% during FY17 to FY23; these ratios rank among the best in the industry. We will continue to execute on our growth levers of (i) Power Brands Expansion, (ii) New Product opportunities, (iii) Expansion of Physician Coverage and (iv) Leveraging our balance sheet to leapfrog growth in strategic areas, while preserving our industry-leading financial metrics. I look forward to the support and guidance of our Board and my colleagues as we move forward in the new year.

With Warm Regards,

**Krishnakumar V**

Executive Director & Chief Operating Officer

# FROM THE CFO's DESK

**Sachin Shah**
Chief Financial Officer

Greetings. We clocked a consolidated revenue of INR 16,851 mn in FY23, which represents a year on year (yoy) growth of 25%. Our consolidated EBITDA was INR 5,367 mn and consolidated PAT was INR 3,742 mn. We delivered an EPS of INR 28 for the year with a Cash EPS of INR 34.

As per AWACS, our growth for the year was 14%, compared to a 9% growth in the IPM, with all our 6 key therapies having witnessed market-leading growth. Our cardio-metabolic therapy grew by 18%, which is more than twice the market growth of 8%. With our foray into Dermatology in FY23, our 3 Emerging Therapies (Dermatology, Neuropsychiatry and Women's Health) have become an important component of our business with a 26% revenue share. These Emerging therapies grew by 17% yoy compared to a market growth of 15%. Our VMN segment which accounts for 16% of our business grew by 8% vs. the market growth of 7%.

Our standalone revenue growth for FY23 stood at 9.5% overall and 15.6% excluding the impact of Covid products and "at risk" launches. Our consolidated revenue growth for FY23 stood at 25% overall and 31% excluding the impact of Covid products and "at risk" launches.

The standalone gross margin stood at 82.2% in FY 23, down 134 bps yoy due to a higher proportion of third-party sourcing this year. We have maintained an average standalone gross margin of 83% over the last 4 years, which is one of the highest in the industry. I am happy to share that our standalone gross margin has recovered to 84.5% in Q4 FY23.

The consolidated gross margin stood at 79.1% in FY 23, down 172 bps yoy driven by the impact of Oaknet and several new product launches including our Insulin products. We continued to maintain a consolidated Gross Margin of close to ~ 80% despite the dilution in margins caused by the amalgamation of the new businesses – specifically Oaknet and our greenfield Insulin piece. With Oaknet performance getting stronger and our Insulin volumes scaling up, we expect a significant uptick in consolidated Gross Margin as well as EBIDTA margin in FY24. Preservation of a consolidated gross margin of ~ 80% has been an integral component of growth strategy all these years and will continue to remain so in future as well. We expect the consolidated gross margin to improve starting FY24 in tandem with Oaknet margin expansion, narrowing of insulin operating losses and scale-up of new products.

The standalone employee expenses grew by 15% yoy as we expanded our field team by ~ 170. The consolidated employee expenses were INR 3,462 mn, up by 38% yoy. This was driven by two factors – (i) creation of a 200-member field team in Eris MJ for our Insulin business, and (ii) the amalgamation of the Oaknet team. Standalone other expenses grew by 8% yoy while consolidated other expenses grew by 27%, again driven by Oaknet and Eris MJ.

The standalone EBITDA stood at INR 5,051 mn representing a 38% margin and down ~ 185 bps yoy largely driven by the 134 bps increase in COGS. Consolidated EBITDA stood at INR 5,367 mn, representing a 32% margin as guided by us at the start of the year.

Depreciation and amortization expenses for FY23 were INR 1,171 mn, of which INR 798 mn was accounted for by the amortization of intangibles acquired. Finance cost for the year was INR 262 mn.

Standalone Profit after Tax for FY23 was INR 3,980 mn with a PAT margin of 30% and Consolidated Profit after Tax was INR 3,742 mn with a PAT margin of 22%.

We consummated 3 acquisitions in FY23 with a deal value of INR 12,650 mn. In May 2022, we acquired Oaknet Healthcare for INR 6,500 mn, of which INR 3,000 was paid through our internal accruals and the rest through borrowings. In Jan 2023, we acquired 9 Derma brands from Glenmark for INR 3,400 mn and in Mar 2023 we acquired 9 Cosmetology brands from Dr Reddy's for INR 2,750 mn. The Glenmark and Dr. Reddy's transactions were financed through borrowings.

Our net debt as on 31st Mar 2023 stood at INR 7,740 mn. Our Net Debt to EBITDA ratio stood at 1.45x and are targeting significant prepayment of debt in FY24.

Our consolidated OCF-to-EBIDTA conversion in FY23 stood at 75% (adjusted for GST-related one-off items on brand acquisitions). Our ROIC of 20% and ROE of 22% also reflect the first-year impact of acquisitions.

In line with our capital allocation policy, we declared and paid a dividend of INR 7.35 per share, which translates into 26% of our Net Profit for FY23. I am happy to note that our dividend payout has grown at a CAGR of 37% over the last 3 financial years.

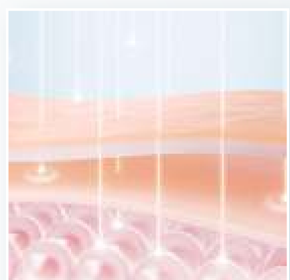
It has been my privilege to serve the company and I look forward to being a part of this journey going forward.

With Warm Regards,

**Sachin Shah**
Chief Financial Officer

# Eris AT A GLANCE – WHO WE ARE

Eris Lifesciences Ltd is a publicly listed Indian Pharmaceutical company with a pure-play domestic branded formulations business model. Ranked 21 in the IPM, Eris is a key player in India's Cardio Metabolic market and is rapidly expanding its presence in Dermatology, Neuropsychiatry and Women's Health.



Over the years, Eris has established itself as a key player in the domestic formulations market navigating its way to rank # 21 in the IPM in the span of just a decade and a half. Since inception, the enduring pillars of the company – (i) a strong chronic therapy focus and (ii) a business model pivoted around specialist and super specialist doctors - continue to remain the mainstay of the business. We enjoy high prescription ranks with the specialists and high-end consulting physicians as a result of our science-led market engagement. The core focus of our market engagement is to enable clinicians to improve clinical outcomes in patients through timely and precision diagnosis and treatment. We take significant pride in our flagship Patient Care Initiative, which continues to gather momentum each year.

Starting with our inception in the year 2007, it took us nearly 13 years to clock the "first INR 1,000 crores" of revenue. However, we are close to adding the "Next 1,000 crore" of revenue in just 4 years by deploying our robust and consistent cashflows along with external funding to accelerate our growth trajectory while protecting our margins, cash conversion rate and return ratios. In FY23, we forayed into the Dermatology business through a series of 3 acquisitions aggregating INR 1,265 crore in purchase consideration. We acquired Oaknet Healthcare in May '22, followed by a series of brands from Glenmark and Dr. Reddy's in Jan-23 and Mar-23 respectively. Eris now ranks #3 in its Dermatology covered marked with a share of 7%.

We have a focused portfolio of brands with our Top-20 mother brands accounting for ~70% of our revenue. Fifteen out of Top-20 mother brands are ranked among Top-5 in their respective segments. We have 4 mother brands with revenues of Rs. 100+ crore, 6 mother brands with revenues of Rs. 70-80 crore and 5 mother brands with revenues of Rs. 50-60 crore. Diabetes care is our flagship therapy contributing to 28% of our total FY 23 revenue. Leveraging our presence in the Oral Diabetes market, we entered the injectables Diabetes Care market in FY23 with the launch of Human Insulin and Glargine. We have curated a winning basket of Product, Technology and Service which has enabled us to generate a first year revenue of INR 17 crore in this segment. The launch of Liraglutide and other Insulin analogues will augment the franchise. Cardiac care (21% of our revenue) and VMN (16% of our revenue) are our second and third largest therapies respectively are followed by 3 Emerging therapies, namely Dermatology, CNS and Women's Health together contributing 26% of our total revenue.

In FY 23, we clocked a consolidated operating revenue of INR 1,685 crore with a PAT of INR 374 crore. This represents a three-fold growth since the year FY17. We have maintained an average EBIDTA Margin of 35% and operating cash conversion ratio of ~ 75% during FY17 to FY23; these ratios rank among the best in the industry. Over a decade and a half into the business, we continue to retain our fundamental strengths in terms of Chronic focused portfolio, low NLEM exposure, high cash generation, and high mind-share and prescription ranks among super specialists.

Our state-of-the-art manufacturing facility at Guwahati contributed 70% of the products sold during FY 23. As a part of our capacity expansion strategy, our greenfield manufacturing plant in the state of Gujarat has been successfully commissioned, augmenting our manufacturing capabilities in oral solid dose, sterile injectables, oral liquids, creams/ointments (in process) and Formulation Development. The plant will start delivering in-sourcing and fiscal benefits starting FY24.

We have a pan India distribution network with over 2,000 stockists and 5,00,000+ chemists. Over 5,000 Erisians work in our offices in Ahmedabad and Mumbai, our manufacturing facilities and on the field across the nation.

Guided by our twin business pillars of the "Power of Empathy" and the "Truth Of Science", we will continue to execute on our growth levers of Power Brands Expansion, New Product opportunities, Expansion of Physician Coverage and leveraging our balance sheet to leapfrog growth in strategic areas.

# OUR CAPITAL ALLOCATION STRATEGY

## Structured Approach to Creating Investor Value

### Invest for Growth

Disciplined M&A strategy generating targeted outcomes

Capex on new manufacturing facility to start yielding benefits from FY24

### Return to Owners

Committed dividend program

Avg. payout ratio of ~ 20% in the last 4 years (26% in FY23)

37% CAGR in dividend paid over FY20-FY23

**Good Growth**
**High Margin**
**Strong Cashflow**

### Financial Discipline

Prepayment of borrowings

Net Debt to EBITDA ratio <=2x

### Strong Balance Sheet

Cash generating - continuing OCF-to-EBITA ratio of 75%

Leveraging fiscal benefits as available

Retaining surplus for future investments

# 10 YEAR FINANCIAL HIGHLIGHTS

| CONSOLIDATED | Ind AS | | | | | | | Ind GAAP | | |
|---|---|---|---|---|---|---|---|---|---|---|
| INR mn | FY 2023 | FY 2022 | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 |
| **Operating Results** | | | | | | | | | | |
| Operating Revenue | 16,851 | 13,470 | 12,119 | 10,741 | 9,822 | 8,556 | 7,495 | 5,970 | 5,456 | 5,088 |
| Operating EBIDTA | 5,367 | 4,850 | 4,306 | 3,684 | 3,449 | 3,220 | 2,691 | 1,715 | 1,215 | 989 |
| Operating EBIDTA Margin | 32% | 36% | 36% | 34% | 35% | 38% | 36% | 29% | 22% | 19% |
| Net Profit | 3,742 | 4,058 | 3,551 | 2,965 | 2,911 | 2,950 | 2,466 | 1,349 | 893 | 705 |
| Net Profit Margin | 22% | 30% | 29% | 28% | 30% | 34% | 33% | 23% | 16% | 14% |
| **Cash Flow Generation** | | | | | | | | | | |
| Operating Cash Flow (OCF) | 2,917 | 3,783 | 3,754 | 2,712 | 2,230 | 2,346 | 2,002 | 1,315 | 901 | 896 |
| OCF as a % of EBITDA | 75%* | 78% | 87% | 74% | 65% | 73% | 74% | 77% | 74% | 91% |
| **Assets Employed** | | | | | | | | | | |
| Tangible Assets | 3,560 | 1,679 | 779 | 873 | 553 | 526 | 557 | 707 | 675 | 711 |
| Intangible Assets | 22,124 | 7,531 | 7,776 | 7,919 | 7,072 | 7,185 | 1,760 | 7 | 42 | 39 |
| Core Working Capital | 2,994 | 1,611 | 1,323 | 1,263 | 825 | 413 | 662 | 484 | 446 | 298 |
| Treasury Investments | 952 | 6,346 | 4,159 | 1,453 | 3,634 | 3,760 | 3,057 | 1,997 | 1,722 | 913 |
| **Total** | **29,630** | **17,166** | **14,036** | **11,508** | **12,084** | **11,884** | **6,035** | **3,195** | **2,885** | **1,960** |
| **Financed By** | | | | | | | | | | |
| Equity | 21,960 | 19,083 | 15,764 | 12,963 | 11,505 | 8,613 | 5,671 | 2,992 | 2,657 | 1,765 |
| Debt | 8,690 | 804 | 45 | 61 | 1,764 | 3,768 | 6 | 5 | 10 | 5 |
| | | | | | | | | | | |
| Return on Invested Capital (RoIC) | **20%** | **34%** | **34%** | **30%** | **33%** | **51%** | **127%** | **150%** | **112%** | **124%** |
| Return on Equity (RoE) | **22%** | **33%** | **31%** | **30%** | **44%** | **74%** | **126%** | **132%** | **95%** | **94%** |

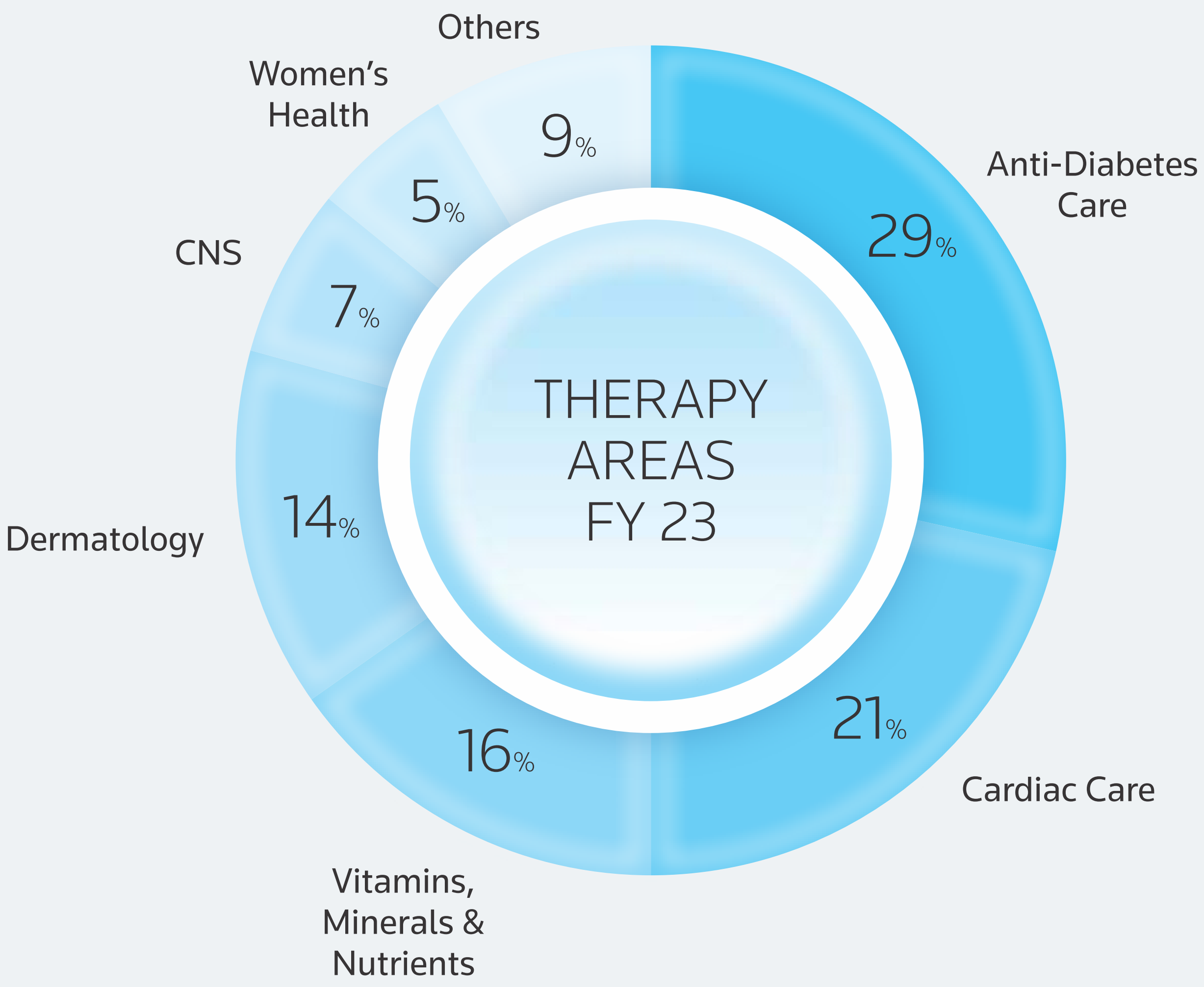
*Adjusted for GST-related one-off items on brand acquisitions

**RoIC** = Operating EBIT/Average Invested Capital (Ex-cash) | **RoE** = Net Profit attributable to owners/Average Net worth (Ex-cash) | **Net worth (Ex-cash)** = Net worth – (Treasury Investments + Cash and cash equivalents + other bank balances) | **Invested Capital (Ex-cash)** = Net worth (ex-cash) + Long-term Borrowings + Current maturities of Long-term Borrowings
**Tangible assets** include Right of use assets | **Intangible assets** include Intangible assets under development and goodwill

# OUR BUSINESS

Eris derives all its standalone revenue from the domestic branded formulations market. Chronic and sub-chronic therapies account for 87% of our business (vs 53% for IPM).

During the year, Eris has significantly diversified its therapeutic mix. At the start of the year, Eris derived 80% of revenues from the Cardiometabolic and VMN segments. Despite a 15% plus growth in these segments during the year, the concentration of the Cardiometabolic & VMN segments now stands at 66%. The contribution of our three emerging therapies namely Dermatology, CNS and Women's Health has increased from 12% last year to 26% at the end of this year. Dermatology has emerged as our fourth largest therapy with a 14% share in overall revenue. We now rank #3 in our Dermatology Covered Market with a 7% market share.




*Source: AWACS MAT Mar'23*

# OUR TOP MOTHER BRANDS

We have a focused portfolio with our Top 20 mother brands accounting for 70% of our revenue. 15 of these brands rank among the Top-5 in their respective segments. This group of brands has clocked a combined growth of 17% in FY23.

| Brand | Sales (INR mn) | Market Share | FY 23 YoY Growth |
|---|---|---|---|
| GlimiSave | 3,044 | 6% | 10% |
| Eritel | 1,754 | 4% | 19% |
| ReNerve | 1,539 | 8% | 21% |
| Zomelis | 1,045 | 7% | 52% |
| Cyblex | 808 | 10% | 18% |
| Tendia | 801 | 8% | 14% |
| LNBLOC | 759 | 10% | 15% |
| Cosvate | 753 | 15% | 9% |
| Tayo | 698 | 3% | 11% |
| Olmin | 670 | 8% | 14% |
| Crevast | 624 | 2% | 24% |
| Gluxit | 617 | 7% | 59% |
| Remylin | 523 | 4% | 9% |
| AtorSave | 480 | 2% | 13% |
| Rabonik | 479 | 3% | -4% |
| Onabet | 436 | 67% | 7% |
| GINKOCER | 416 | 38% | 21% |
| Halovate | 285 | 38% | 7% |
| Raricap | 272 | 10% | 30% |
| Serlift | 265 | 16% | 16% |

Oral Diabetes Care
Cardiac Care
VMN
Derma
Gastro-Intestinal
Women's Health
CNS

*Source: AWACS MAT Mar'23*

# OUR PRESCRIPTION RANKINGS

## Sustained High Prescription Ranks Among Super-Specialists

Since inception, Eris has maintained a strong focus on deepening and strengthening the coverage of specialists and consulting physicians across the country.

During the year, we increased our focus on strengthening the coverage of Dermatologists, Cardiologists and Consulting Physicians. As an outcome of these unrelenting efforts, Eris ranks among the Top 5 companies in terms of prescriptions ranking with specialty doctors.

5 Diabetologists#

5 Cardiologists

4 Dermatologists

4 Neurologists

7 Gynecologists

7 Consulting Physicians

*Source: SMSRC MAT Feb'23 / Prescription Rank in Represented Market / # Diabetologists include Endocrinologists*

# OUR STRATEGIC BUSINESS UNITS

| | | |
|---|---|---|
| Cluster 1 | Diabetes | Eris, ASPIRE, BluTeam |
| Cluster 2 | Diabetes | Phoenix, Victus |
| Cluster 3 | Cardiac Care | Inspira, ADURA |
| Cluster 4 | CNS | Altiza, Eterna |
| Cluster 5 | Women's Health & Wellness | Nikkos, Montana, Filix |

# OUR THERAPY AREAS

| Diabetes Care | Cardiac Care | Vitamins, Minerals and Nutrients | Dermatology | Women's Health | Central Nervous System (CNS) |
|---|---|---|---|---|---|

## Diabetes Care


Diabetes care is our flagship therapy contributing to 29% of FY 23 revenue. In our covered market of ~INR 14,000 crore, we rank #8^ in terms of revenue and #5 as per Rx ranks. Within our OHA* covered market, we rank #6 by revenue.

*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

We have a full-service presence across all the OHA* segments – Sulphonylureas, DPP4 Inhibitors and SGLT 2 Inhibitors – as well as injectable Anti-Diabetes therapies. We continue to fortify our high ranks in the successful legacy diabetes brands with continuous brand lifecycle management - Glimisave is ranked #5, Cyblex is ranked #4 and Tendia is ranked #2. Glimisave is now a Rs. 300+ mother brand with a 10% growth in FY23; Cyblex has registered an 18% growth in FY23 followed by Tendia with a 14% growth.

Our brands in the new age diabetes segments, namely Vildagliptin and Sitagliptin (DPP4 Inhibitors) and Dapagliflozin (SGLT2 Inhibitor) continue to maintain top ranks among generics since launch despite tens and hundreds of generic brands entering the space – Zomelis is ranked #1 and Gluxit is ranked #2. These therapies will shape the evolution of Diabetes treatment in India over the next 10-15 years. We have successfully leveraged our Patient Care Platform and Specialist Engagement to build a significant early mover advantage in this segment. Our DPP4 and SGLT2 portfolio has grown at a 50% CAGR over the last 3 years; these therapies now account for over 40% of our OHA* portfolio, up from 20% 3 years ago.

**OHA : Orally Administered Anti-Hyperglycaemic Agents*

During the year, we successfully launched Glura, a DPP4 Inhibitor to enhance our presence in the segment.

We entered the Insulin market in Jan 2022 with the launch of our first product, Xsulin – Regular and premix Human Insulin in the form of vials and cartridges. During the year, we have strengthened the Insulin franchise by the launch of Xglar, our brand in the Glargine segment. We expect strong growth in this segment for Eris in the years ahead as existing products scale up and new products are added to the portfolio.

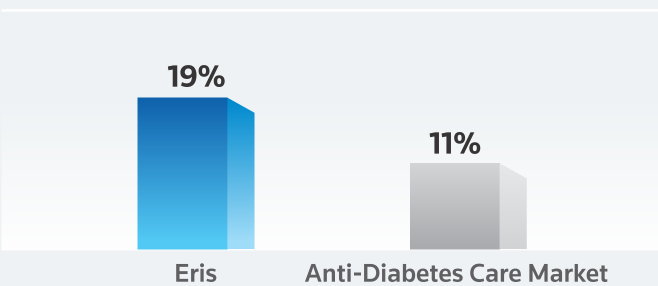
In FY 23, while the IPM's Anti-Diabetes Care segment grew at 5.9%, Eris outgrew it with a robust yoy growth rate of 24.9%. Over FY 16 to FY 23, our Anti-Diabetes franchise has grown 1.8x faster than the market.

## Key new launches

Glura | Glura M | Zomelis-D | Zomelis-DM | Gluxit-S | Gluxit Trio | Sidacor

**1.8x times faster growth than market**

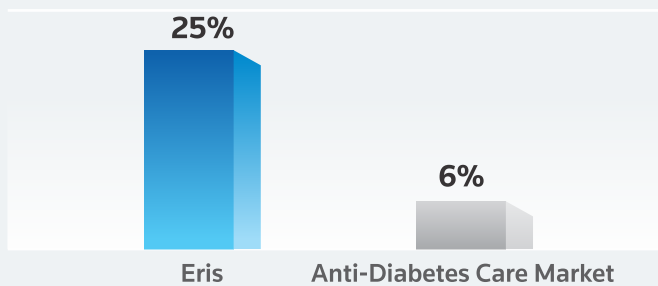
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 6,730 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

GlimiSave | Zomelis | Cyblex | Tendia | Gluxit | xsulin | Glura

# Cardiac Care

Cardiac Care is our second largest therapy area, contributing 21% of our business. Over FY 16 to FY 23, our Cardiac Care franchise has grown in-line with the market at a CAGR of 10.3%. In FY23, our Cardiac Care franchise grew at 16%, excluding the impact of Zayo. This includes a 19% growth in Eritel which is now a Rs. 175+ crore mother brand. LNBloc has grown at 15% in FY23, followed by Olmin at 14%, Crevast at 24% and Atorsave at 13%.

Eris is ranked #5 in terms of prescription rank among Cardiologists and #9^ in terms of revenue in the Cardiac Care space. We have five of our Top-15 mother brands - Eritel, LNBloc, Olmin, Crevast and Atorsave – in the Cardiac segment.

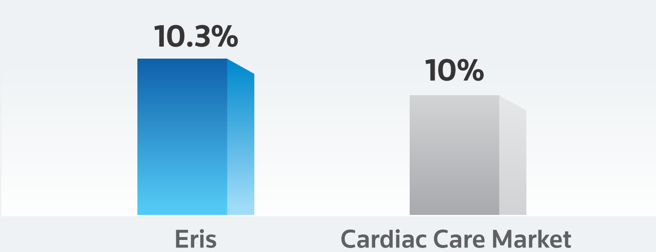
*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

## Key new launches

Zayo | Bisopharm | Bisopharm-A | Bisopharm-T | Cardexa

### Performed in-line with the market

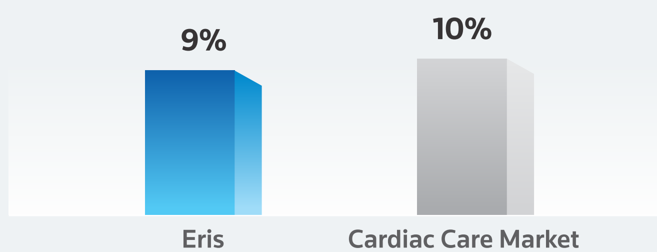
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

### FY 23 Revenue = INR 4,856 mn

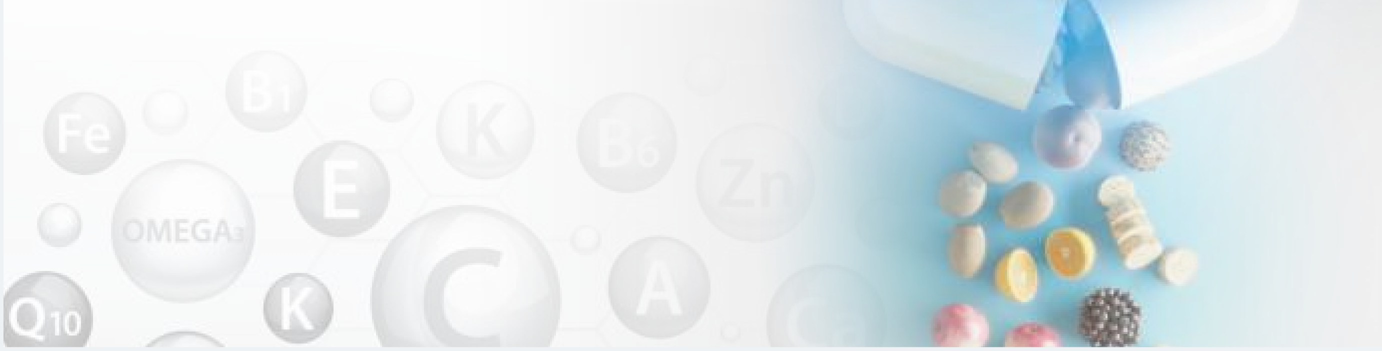
FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

Eritel | LNBLOC | Olmin | Crevast | Zayo | Bisopharm

# Vitamins, Minerals and Nutrients

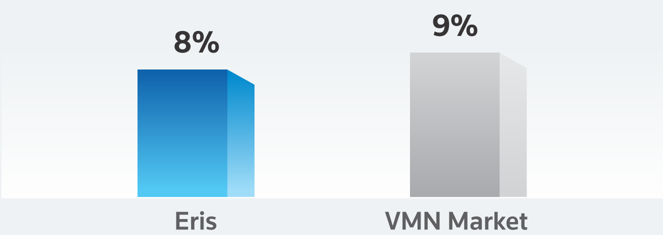


Vitamins, Minerals and Nutrients (VMN) is our 3rd largest therapy area contributing to INR 3,747 mn or 16% of our business. Over FY 16 to FY 23, our VMN franchise has grown at a CAGR of 7.7%.

In FY23, our VMN franchise grew at 8.8% vs. the market growth of 6.9%. Excluding the impact of ZACD (Covid product), our VMN segment grew at 16% in FY23 with flagship brand Renerve growing at 21% to cross revenues of Rs. 150 crore.

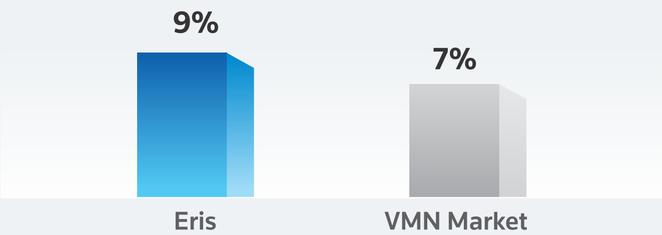
**FY 23 Revenue = INR 3,747 mn**

CAGR over FY 16 - FY 23

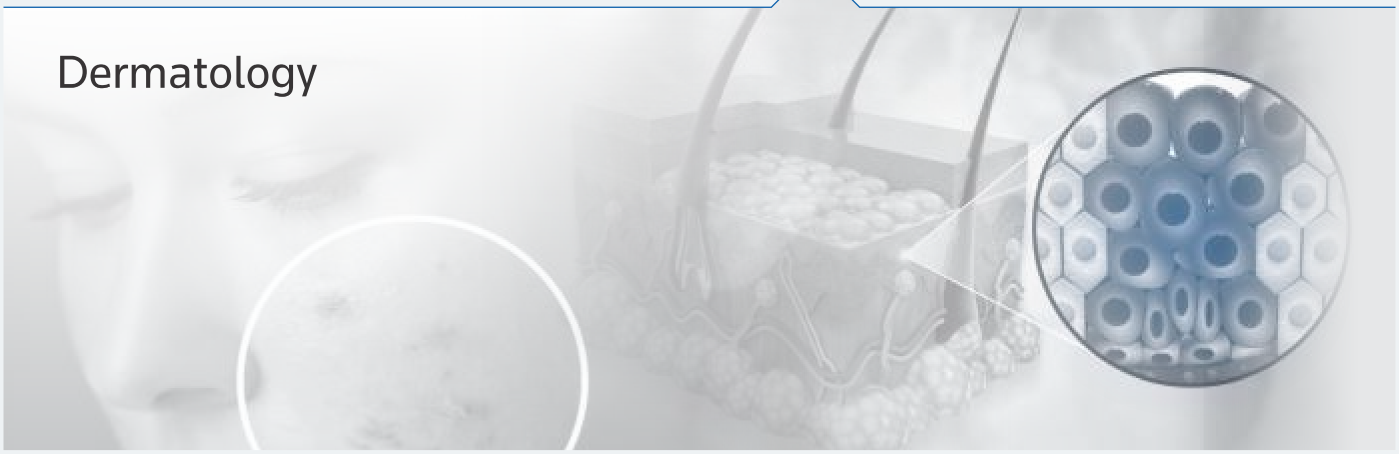



*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*



# Dermatology

Dermatology is our 4th largest therapy area contributing to INR 3,310 mn or 14% of our business. During the year, Eris marked its entry in the Dermatology franchise with the acquisition of Oaknet Healthcare, a dermatology focused domestic formulations company. The acquisition brought several marquee brands into the Eris portfolio and provided significant impetus to Eris' specialty franchise and chronic presence.

The Dermatology franchise was further strengthened by acquisition of nine medical dermatology brands from Glenmark followed by acquisition of nine cosmetic dermatology brands from Dr. Reddy's Laboratories.

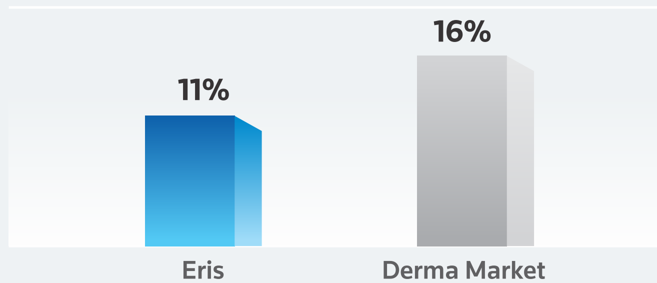
As an outcome of a series of acquisitions undertaken during the year, Eris is ranked #4 in terms of prescription rank among Dermatologists and #3^ in terms of revenue in the Derma space with a 7%^ market share.

*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

In FY 23, while the Dermatology market grew at 15.5% yoy, Eris' acquired Dermatology portfolio grew at 10.7%. We expect the growth trajectory of Eris' portfolio to significantly accelerate in the coming years as multiple value-creation levers will come into play including (i) driving sales and marketing excellence, (ii) restarting the new product launch engine, and (iii) expansion of doctor coverage.

**FY 23 Revenue = INR 3,310 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

Cosvate | Onabet | Halovate | Cosmelite | SORVATE®

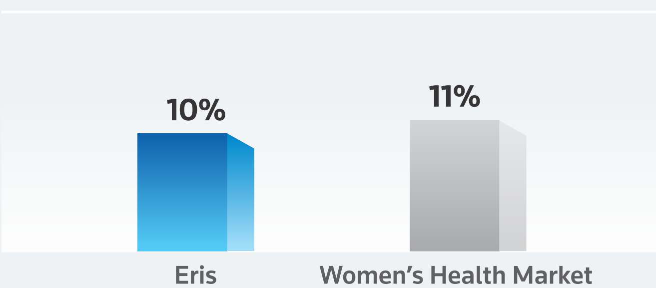
# Women's Health

Our Women's Health segment contributed INR 1,332 mn or 5% of our business. Over FY 16 to FY 23, our Women's Health franchise has grown at a CAGR of 9.8%.

In FY23, Women's Health market grew by 9.5% yoy. Eris outperformed the market by growing at 36.6%. We have significantly accelerated our investments in this segment through the launch of strategic products like Drolute (Dydrogesterone) and FCM injection in FY23. Our Drolute brand has clocked a revenue of INR 23 crore in its first full year of operations whereas our FCM injection franchise has clocked Rs.16 crore of revenue in the 9-month period post its launch - between July '22 and Mar '23.

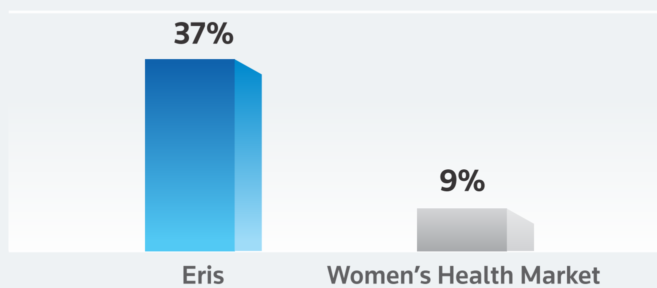
**FY 23 Revenue = INR 1,332 mn**

CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

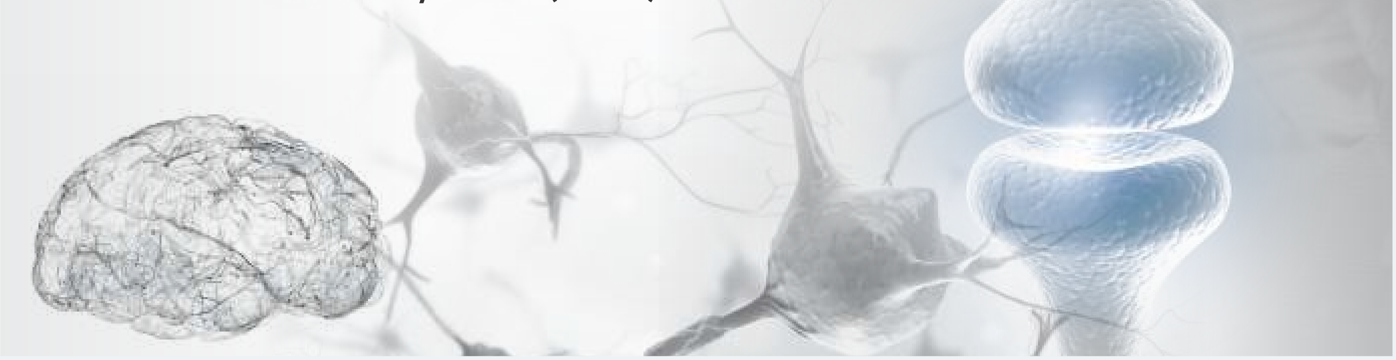
FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

Raricap | Drolute™ | Metital | RARISET

# Central Nervous System (CNS)



Our fifth largest therapy area, CNS contributed INR 1,569 mn or 7% of our business.

In FY 23, while CNS market grew by 12.4% yoy, Eris's CNS segment outperformed the market by growing at 16.5%.

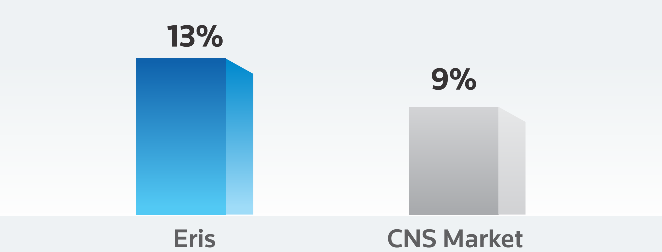
Over FY 18 to FY 23, our CNS franchise has grown faster than the market by growing at a CAGR of 12.6% as against a market growth of 9.4%.

## Key new launches in FY23

Nobix | SonaXa | trivoxetin | HealSenz

**1.3x times faster growth than market**

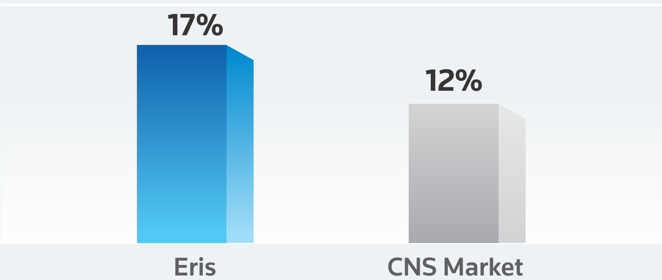
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 1,569 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

Serlift | Levroxa | DESVAL ER | SonaXa | Bricet

# OUR IT PLATFORM

As we move towards a digital-first era and hyper-digitised business models, organisation strategies are inevitably getting more integrated with digital technologies. Digital transformation has become a necessity for businesses to remain competitive and relevant. This year has been marked by significant investments in technology, innovation, and collaboration. Our efforts have been focused on harnessing the power of technology to enhance our business processes, stakeholder experiences and cyber security while also fostering innovation and agility.

## DIGITALIZATION OF OPERATIONS

### Microsoft Office 365 Migration

During the year, we have migrated to Microsoft Office 365, an enterprise grade email with enterprise level security and Microsoft Teams for improved collaboration and communication across stakeholders, resulting in faster time-to-market and greater agility. Furthermore, we have embarked on Robotic Process Automation (RPA) with Power Automate, to harness the power of automation in processes and workflows, reduce errors, and improve efficiency.

### Project LEAP

Agility and unceasing innovation remain two of the key pillars of any enterprise in today's realm. In an effort to strengthen these pillars and improvise the existing enterprise resource solution, Eris has undertaken project LEAP. Eris' flagship drive to digitize its operational core (legacy bespoke ERP) to SAP RISE on AWS cloud.

### Adoption of a Lean Data Centre

To enhance our data storage, processing, and accessibility, we have embraced cloud technology which has enabled us to improve our operational efficiency and improve security. We have adopted a cloud-first approach to reduce the overall server footprint in our data centres. In this context, a 6-5-N (6 Actions, 5 Perspectives, N Iterations) cloud strategy has been deployed.

### Foray into wearables

To consider that the new wearable technology for diabetes may transform the way diabetes is managed in the future would not be an exaggeration. In the year gone by, Eris has taken a step forward in this direction and introduced Continuous Glucose Monitor as a wearable device that not only monitors and tracks the insulin levels of the patient every three minutes, but also removes the need for a painful prick method.

Furthermore, a pilot mobile app (Circa CGM) was launched, with a melange of technologies such as wearables, sensors, BLE, cloud based & Artificial Intelligence. The application assists patients in reaching their desired insulin.

Eris is moving towards Smarter Patient care and is planning for a more feature-driven App this year.

### Digital Marketing Initiative

Our continuous endeavours towards digitising our market engagement led us to introduce Holography, Augmented Reality (AR), and Virtual Reality (VR) in order to create immersive, personalized, and memorable detailing experiences for doctors. This technology can be used to create holographic representations of drug molecules or disease pathways, providing doctors with a better understanding of the science behind our products. Initial introductions have been very well received by the doctors and only proves to be encouraging for us.

Our digital transformation journey has been a significant one, marked by innovation, collaboration, and growth. We have made great strides this year and are well-positioned to continue driving our business forward in the years to come.

# OUR PEOPLE

## A Beacon for Excellence and Growth

We believe that our human capital has a vital role to play in our growth. Eris's human resource management systems and processes intend to enhance organisational capability and vitality, so that the business operates to standards of the highest order. Eris is committed to implement talent management practices that are relevant and effective and drive superior performance. With a talent pool of more than 5,000 employees, we remain committed to investing in our talent pool with a continued focus on driving excellence and growth.

The HR function's strategy is focused on creating a future-ready workplace, strengthening the company culture, building capability for business and nurturing careers. Some of the key initiatives undertaken by HR are detailed herewith.

### Learning and Development

At Eris, learning and development is a vital element of our talent management and development process that facilitates in widening the ambit of knowledge and capabilities of our employees. We encourage people to develop the skills and expertise required to achieve their professional goals. By providing a range of learning and development programmes, we empower and support our people in achieving their full potential.

During the year, a select group of employees from the marketing division were enrolled for a five-month program at a national level management institute for enhancing and developing the requisite skills.

### Saksham

Saksham is a talent pool development programme designed and developed specifically to enhance the skill set of BEs. The candidates participate in a three days workshop, evaluation process and screening process by way of scientific tests, case study discussion and panel interaction. On successful completion of the program, the candidates are promoted leading to better career prospects.

### Reward programme

During the year, we have introduced a reward programme to recognise top performers from various departments, including but not limited to sales and marketing, manufacturing among others. In addition to enhanced employee engagement, the programme also results in improved productivity, boosts employee retention, and creates a more positive workplace.

### Aagman

A corporate induction program, establishing a strong foundation that enables new employees to get a better understanding of not just the organizational policies and processes but how they can align with the organizational goals. During the course of the program, new hires get an opportunity to acclimatize to the new work environment, company culture and role.

### Employee Engagement

Eris endeavours to provide a conducive and supportive work environment to help the employees excel through various employee engagement programs. Employee motivation and engagement are deeply embedded in our approach. In that spirit, we organise team sports and games; and celebrate festive occasions. Besides, we also undertake efforts to inculcate reading practice among employees encouraging them to take a book of their choice from our in-house library every week.

During the year, we hosted the first edition of the Eris Medical Premier League; a science-based quiz competition for the employees across the country. The event witnessed a total participation of over 2,400 employees brimming with enthusiasm and zeal making it a grand success.

## IT enabling of HR processes

One of the key initiatives drawn and executed during the year comprised the IT enabling of HR processes. Technology enabled human resource process comprised major areas like recruitment and on-boarding, performance management system and learning management system. The service empowered employees to access any employee-related information with accuracy.

**5,680** Employees

**1,415** Field Managers

**103** Sales and Marketing

**268** Others

**3,443** Medical Representatives*

**423** Manufacturing

**28** Intellectual Property and Research

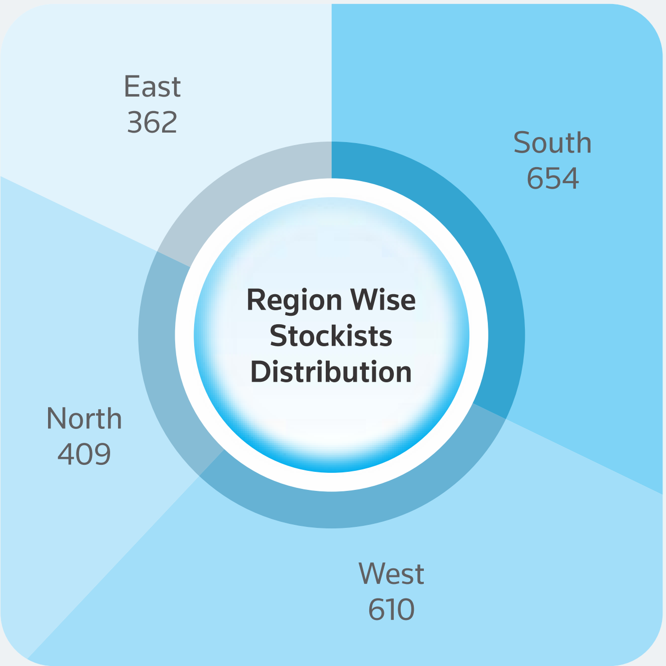
*In the Branded Formulation and Trade Generics business (Including Oaknet)*

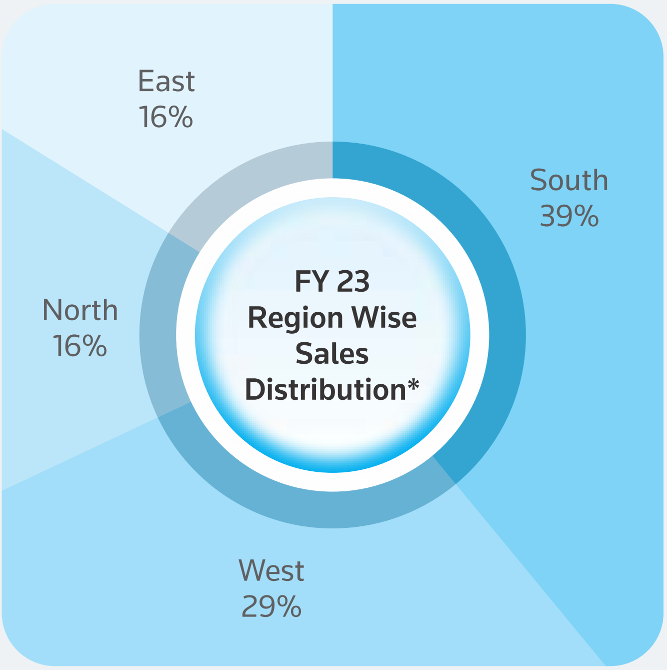
# OUR DISTRIBUTION NETWORK

## Enhancing Reach and Strengthening Presence

Eris undertakes continuous and focused efforts to strengthen the depth of its distribution network. With robust systems and processes, an agile and responsive supply chain, and synergies arising from distributing various kinds of products, the distribution system is a source of competitive advantage for Eris and is well poised to support the rapid scale up of operations in the coming years.

Eris's pan-India distribution network facilitates availability of its products in over half a million retail chemist outlets across the nation through 2,000+ stockists



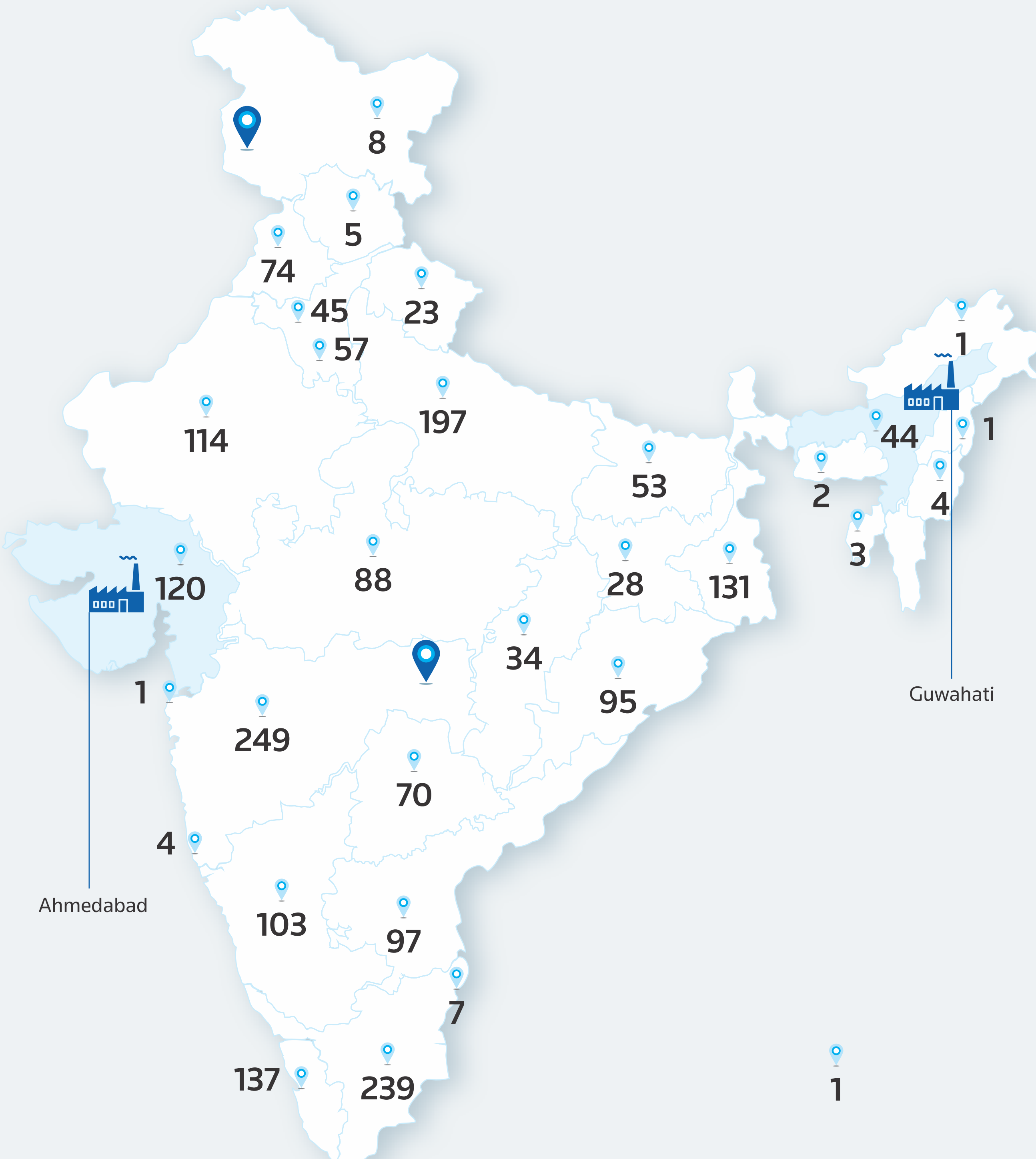




*Source: AWACS Mar'23

**22** SALES DEPOT

**2,035** STOCKIST

**5,00,000+** RETAIL CHEMISTS




Super Stockist | Stockist | Manufacturing Plant

# OUR MANUFACTURING INFRASTRUCTURE

## Crucial Levers in Place

Eris' manufacturing team is led by industry experts who possess decades of rich experience in various manufacturing aspects. Plants and the various functions are staffed by experienced and competent personnel across levels ensuring standards of highest magnitude. During the year, our state-of-the-art manufacturing facility at Guwahati accounted for 70% of all products sold (by value), down from ~ 80% last year.


70% of revenues from products manufactured at Guwahati in FY 23

State-of-the-art manufacturing facility in Guwahati, Assam

Our manufacturing facility is eligible to avail of certain tax incentives including income tax exemption and GST subsidies until FY 2025

300+ products manufactured

1 Lakh sq ft built-up area

WHO GMP guidelines compliant

**Capacity Utilization for Prescription Products**

| Products | Capacity (mn units pa)* | Output (mn units) | Capacity Utilisation |
|---|---|---|---|
| Tablets | 1,440 | 1,019 | 71% |
| Capsules | 150 | 62 | 41% |
| Sachets | 2.4 | 1 | 35% |
| Soft Gel Tablets | 216 | 65 | 30% |

**Capacity Utilization for Supplements and Nutraceuticals**

| Products | Capacity (mn units pa)* | Output (mn units) | Capacity Utilisation |
|---|---|---|---|
| Tablets | 25 | 12 | 48% |
| Capsules | 25 | 14 | 55% |
| Sachets | 1.2 | 1 | 51% |

**Installed capacity based on two shifts per day*

**Compliance to Good Manufacturing Practices (GMP) continues to remain a strong focus area for us**

# Successful commissioning of the New Manufacturing Plant

During the year, our capacity building initiative continued full throttle. As an outcome, we have successfully commissioned our new green field manufacturing plant in Gujarat supporting our pipeline of new product introductions as well as commencing in-house manufacturing of certain previously outsourced products.

- Greenfield Manufacturing Plant in Gujarat
- Footprint: 10x of the existing Guwahati Facility
- Capability to manufacture Oral Solids, Sterile Injectables, Oral Liquids and Topical Formulations
- Research & Development Unit Laboratories for Formulation Development, Analytical & Microbiology
- Built to WHO GMP standards

**Installed Capacity for Various Dosage Forms**

| Products | Capacity (mn units pa)* |
|---|---|
| Tablet | 2,160 |
| Capsule | 240 |
| Oral Liquid | 18 |
| Injectable | 36 |
| Ointment | 84 |

**Installed capacity based on two shifts per day*

# ENVIRONMENT, SAFETY AND SOCIAL RESPONSIBILITY

During the year, we continued to undertake a host of initiatives at our manufacturing plant in Guwahati to improve energy efficiencies. As an outcome, we were able to save ~41,000 units of energy per month. Some of the continued energy saving initiatives undertaken during the year are mentioned below:

- Reduction in energy consumption for compressed air generation by placing an air reservoir to store and maintain air pressure
- Hot water tanks have been insulated to minimize energy loss
- Optimisation of energy efficiency through preventive maintenance activities of systems like HVAC, plant and utility equipment at regular intervals
- Cladding of hot water line has been undertaken to prevent any energy loss

At our manufacturing plant in Guwahati, we are utilizing an effluent treatment plant with Zero Liquid Discharge (ZLD) treatment process, designed for the removal of the liquid waste from the system. The focus of the treatment process is to reduce wastewater economically and generate clean water that is suitable for reuse in gardening, cooling tower and other utilities. As a result, the plant processed an average of ~7,800 litres of effluents per day in the last financial year. Our rain water harvesting system which ensures optimum utilization of rain water, harvested ~75,000 litres of rain water per month.

Eris continues to build and improve its occupational health and safety management systems. Hazards and risk associated with site activities are identified and risk control and mitigation measures are implemented periodically. Specific safety protocols are put in-place so that steps on pre-emptive action for safety can be taken on a timely basis. There have been no casualties or accidents at our manufacturing facility in Guwahati since inception. Some of the key health and safety measures adopted at the plant are:

- Conducting frequent risk assessments and regular checks to ensure safety of employees
- Imparting periodic training on fire and first-aid by a team of experts
- Celebrate safety week which covers all aspects of safety measures
- Conducting medical check-up for all employees

We strive to maintain healthy relationships and engagement with local communities and have initiated and adopted social and community welfare undertakings which include a wide spectrum of development activities. The community activities implemented in the vicinity of the manufacturing plant are done in response to the immediate needs of the communities.

# AWARDS & ACCOLADES

"The Innovator"
Digital Transformation Award


Best CFO Award in
Medium Enterprises
(Manufacturing Industry Category)


National Best Employer
Brand 2018
Eris wins out of 100 brands

Emerging Companies
Excellence Award 2013

Ernst & Young Awards
Mr. Amit Bakshi,
Entrepreneur of the Year 2013

Competitive Strategy
Leadership Award 2013

# STRATEGIC GROWTH DRIVERS

## GROWTH IN BASE BUSINESS

- Our **Top-20** power brands account for **70%** of our revenues and have grown at **17%** in **FY23**. **15** out of these brands are ranked among the **Top-5** in their respective segments. We have
  - **4** brands with revenues of Rs. **100+ crore** each
  - **6** brands with revenues of Rs. **70-80 crore** each, and
  - **5** brands with revenues of Rs. **50-60 crore** each
- We expect this portfolio to continue growing well in the coming years along with the generation of **high margins** and **strong cashflows** for investment

## NEW PRODUCT PIPELINE

- We have **demonstrated our credentials** in being able to secure **market-leading** positions in **patent expiry** opportunities through our brands **Zomelis, Gluxit, Glura, Zayo,** etc.; we expect to continue leveraging more such opportunities over the **next 2-3 years**
- We will expand our **injectable anti-diabetes** franchise currently consisting of **Xsulin** (Human Insulin) and **Xglar** (Glargine) with the additions of other insulin analogues and **GLP1 Agonists**
- We will drive new product launches in **Medical Dermatology** and **Cosmetology,** and expand our product ranges in **CNS** and **Women's Health** therapies

## EXPANSION OF PHYSICIAN COVERAGE

- We continue to make good progress in expanding our coverage of **Specialists and Consulting Physicians** in line with our expectations
- We have added **~ 200** Reps to the Eris field-force in FY 23

## THERAPEUTIC DIVERSIFICATION

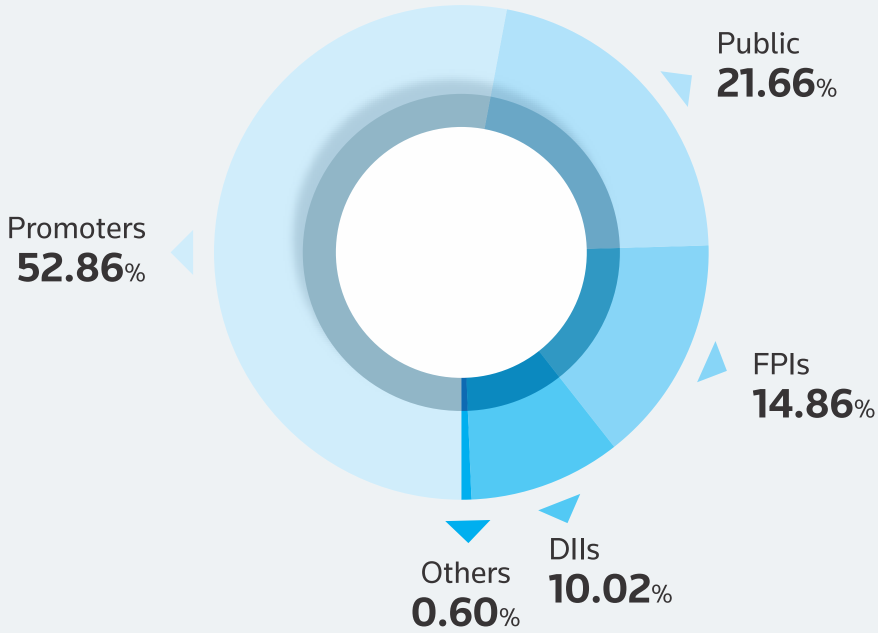
- Strong momentum on therapy diversification with **3 emerging therapies (Derma, CNS & Women's Health)** accounting for **26%** of Branded Formulations revenue (up from **12%** last year) and grown **17% in FY 23**
- We will continue to invest in these therapies in **organic** as well as **inorganic** growth

## INORGANIC OPPORTUNITIES

- Our acquisition of Oaknet in May 2022 followed by Glenmark & DRL brands later in the year is emerging as a credible **endorsement of our inorganic value-creation** thesis; First year **revenue growth of 28%** with an **EBIDTA margin** expansion from **10%** to **24%**
- We will continue to look for such **high-return inorganic opportunities** to complement our organic growth initiatives

# OUR INVESTORS

## Shareholding of Promoters and Top 15 Institutional Investors




| Name of Shareholder | As on 31-Mar-23 | As on 30-Dec-22 | As on 30-Sep-22 |
|---|---|---|---|
| Promoters | 52.86% | 52.70% | 52.29% |
| Chrys Capital (Emerald Investment Limited) | 7.58% | 7.58% | 7.58% |
| UTI Mutual Fund | 5.33% | 4.99% | 4.88% |
| Aditya Birla Sun Life Mutual Fund | 1.47% | 1.62% | 1.69% |
| Kuwait Investment Authority Fund | 1.47% | 1.47% | 0.75% |
| UTI Fund – FII | 1.28% | 1.29% | 1.32% |
| Franklin Templeton Mutual Fund | 1.26% | 1.26% | 1.31% |
| HSBC Mutual Fund | 0.88% | 0.88% | 0.91% |
| Ellipsis Partners LLC | 0.73% | 0.36% | 0.36% |
| Vanguard Fund | 0.71% | 1.71% | 1.71% |
| Steinberg India Fund | 0.54% | 0.54% | 0.54% |
| Tata Mutual Fund | 0.38% | 0.38% | 0.38% |
| Malabar Select Fund | 0.33% | 0.33% | 0.42% |
| ICICI Prudential Mutual Fund | 0.33% | 0.00% | 0.00% |
| New Mark Capital India Fund | 0.31% | 0.24% | 0.24% |
| Blackrock Funds | 0.26% | 0.26% | 0.24% |

# STATUTORY REPORTS

# MANAGEMENT DISCUSSION AND ANALYSIS

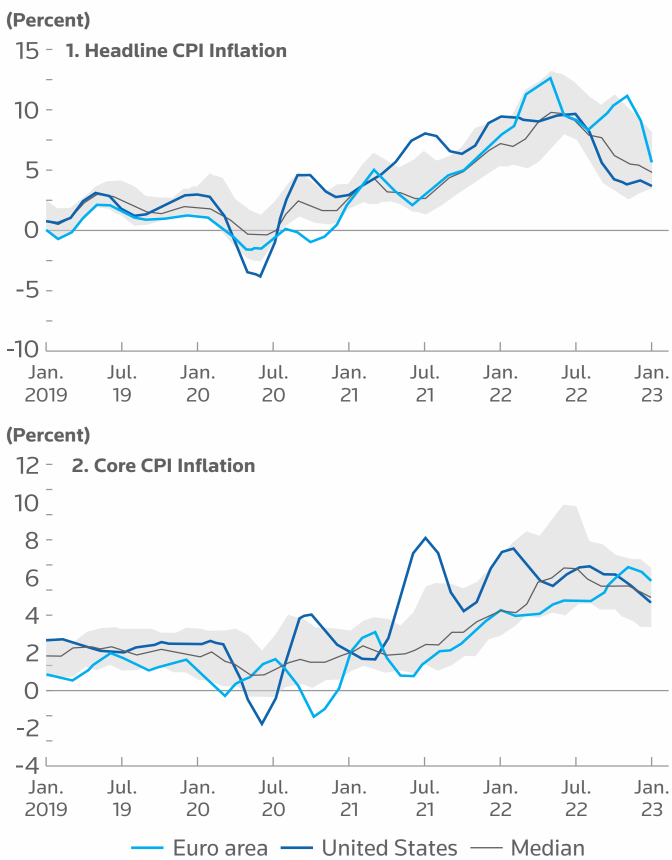
## ECONOMIC OVERVIEW

### GLOBAL

In the year gone by, as the global economy was depicting signs of balance post the disruptions caused by the Covid-19 pandemic, it had to battle more adverse shocks due to geo-political tensions in Europe, resulting in severe commodity and energy price shocks and trade disruptions. As an outcome, inflation reached multidecade highs last year in many economies, prompting central banks to tighten the monetary policy aggressively and bring the inflation back towards their targets.

**Inflation across Economies**

(Three-month moving average; SAAR)

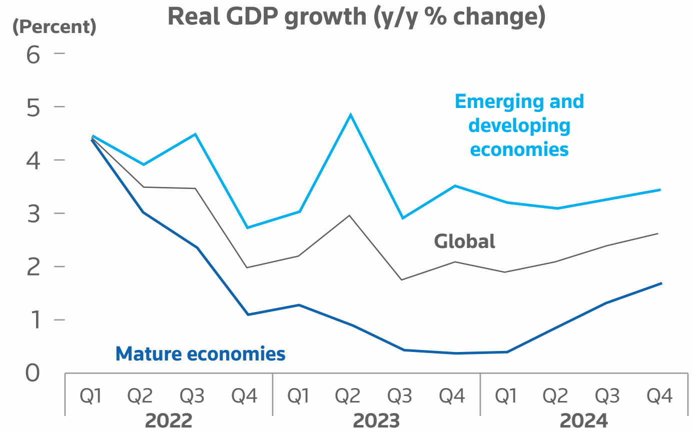



*Note: The figure shows the distribution of headline and core CPI inflation developments across 18 advanced economies and 17 emerging market and developing economies. Core inflation is the percent change in the consumer price index for goods and services but excluding food and energy (or the closest available measure). For the euro area (and other European economies for which data are available), energy, food, alcohol, and tobacco are excluded. The shaded band depicts the 25th to the 75th percentiles of the cross-economy distribution of the indicated inflation measure. The 35 economies in the sample for the figure account for about 81 percent of 2022 world output. CPI = consumer price index; SAAR = seasonally adjusted annualized rate*
*(Source: Haver Analytics; and IMF staff calculations)*

During the year, contagious Covid-19 strains emerged, and the resultant outbreaks affected certain economies resulting in strict lockdowns such as in China. Although these factors imperilled the global economic recovery, activities in many economies were better than expected in second half of 2022, reflecting stronger than expected domestic environment.

According to The Conference Board, global real GDP is expected to grow by 2.3 percent in 2023, down from 3.3 percent in 2022. It is expected that Asian economies will drive most of the global growth in 2023, as they tend to gain from changing dynamics and less severe inflationary pressures compared to other regions.

**Real GDP growth (y/y % change)**

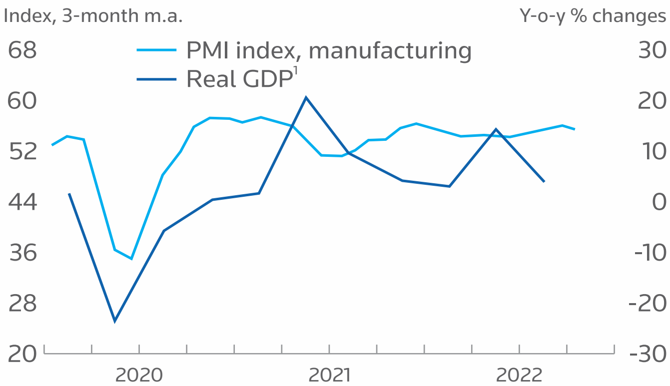



*Note: Regions are aggregated based on nominal GDP in international dollars (PPP converted); Data from 2023 Q1 are forecasts from The Conference Board.*
*(Source: The Conference Board, Global Economic Outlook, April 2023)*

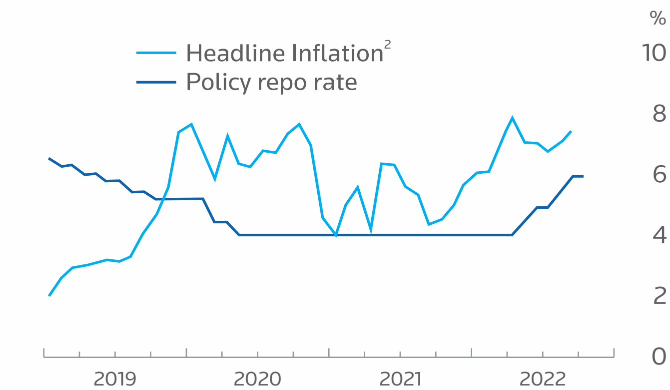
### INDIA

Despite macro headwinds and tightening of monetary policy by the Reserve Bank of India to combat high inflation, India is set to become the second fastest growing economy in the G20 in FY 23. Growth in GDP of India is 6.4% for the fiscal year 23. While GDP growth is expected to stand at 5.7% in FY 24, as domestic demand and exports growth moderate, growth in FY 25 is expected to reach 6.9%, in-line with the 20-year average (excluding the Covid-19 recession) as global conditions improve. Headline inflation continues to remain above 6% - central bank's upper bound of the tolerance band, largely due to the increase in food prices which accounts for a larger share of the consumer basket. It is expected to remain at elevated levels and gradually recede as interest rates peak out.

**Economic growth is slowing**




**High inflation has led to monetary policy tightening**




*1. Projected value for 2022Q3 | 2. Headline inflation refers to the change in price of all goods in the basket. OECD seasonal adjustment based on monthly consumer price index (index 2012 = 100) from the Ministry of Statistics and Programme Implementation (MOSPI)*
*(Source: OECD Economic Outlook 112 database; S&P Global; CEIC; and RBI)*

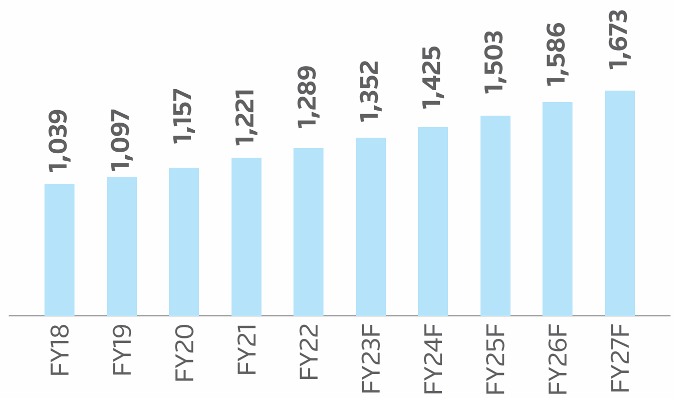
Macro headwinds like delays in fiscal consolidation and hindrances in the ongoing bilateral trade negotiations may weigh the projections on the downside. On the flip side, receding geopolitical uncertainties would improve confidence and benefit all sectors.

# PHARMACEUTICAL MARKET

## GLOBAL

The Global Pharmaceuticals Formulations Market valued at more than USD 1.2 trillion in FY 22 is expected to reach USD 1.7 trillion by FY 27, growing at a CAGR of ~5.4%. With the use of advanced digital platforms, big data analytics, cloud computing and artificial intelligence (AI), the industry is in transition. Digital technologies are evolving in the pharmaceutical sector to streamline labour-intensive and critical processes. They are widely applied in the pharmaceutical value chain in several areas, including drug discovery and development, drug manufacturing, intelligent process automation, predictive maintenance optimization, and supply chain management.

**Global Pharmaceutical Formulations Market (USD Bn)**




*Source: IQVIA, Frost & Sullivan Research and Analysis*

Increasing prevalence of Chronic diseases as a consequence of sedentary lifestyle and poor dietary habits, increase in ageing population, robust growth of global generics market on account of greater adoption by both, developed as well as well as pharmerging countries and expansion of health insurance coverage is expected to drive the growth of the Global Pharmaceutical market.

Several factors are providing significant impetus to the growth of pharmaceutical market in Pharmerging countries. Increasing healthcare financing, rising number of private hospitals, high prevalence of numerous chronic diseases, growing consumer awareness towards early disease detection and treatment procedures are currently propelling the global pharmerging market growth.

According to the WHO, by 2030, 1 out of every 6 people worldwide will be aged 60 years and above. The population share of this cohort will double by 2050 from 1 Bn in 2020. In addition, the number of people 80 years and older is anticipated to triple between 2020 and 2050 and reach 426 Mn. This increasing geriatric population are more prone to serious medical conditions, such as dementia, hypertension, cardiac failure, etc.

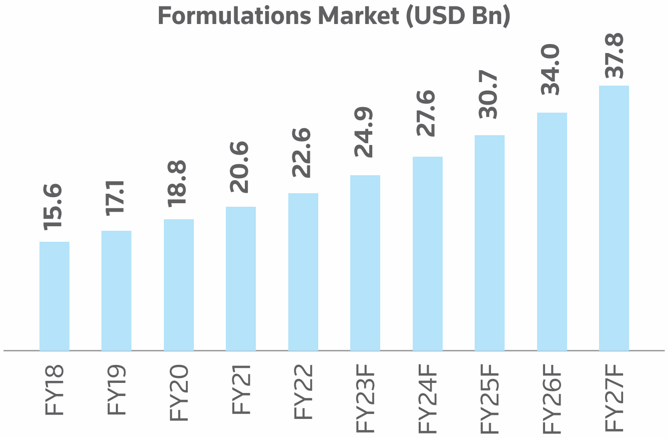
In addition, introduction of government policies and reimbursement schemes across various countries for reducing the cost of treatment for chronic diseases, the growing number of insurance companies offering numerous insurance policies to decrease the out-of-the-pocket expenditures are further augmenting the market growth.

# INDIA

India's Domestic Branded Pharmaceutical Formulations Market (the IPM), valued at more than USD 23Bn grew by 9.3% yoy in FY 23. The growth was led by Chronic and sub-chronic therapies followed by Acute therapy. With a share of ~55% in the IPM, chronic and sub-chronic therapies have grown year-on-year at a rate of 10.6% in FY 23, while acute therapy comprising ~45% of the IPM, grew by modest 7.8% for the similar period. This subdued growth of acute therapy is on account of a high base of the previous year, during which the IPM witnessed strong rebound from the aftermath of Covid-19. Besides, acute therapy registered low single digit growth of 3% during H1, only to grow in double digit in H2. The chronic and sub-chronic therapies during both the periods have sustained double digit growth.
*(Source: AWACS)*

According to IQVIA, the IPM is expected to reach USD 37Bn by FY 27, growing at a CAGR of 10-11% during the period FY 22 to FY 27. While the international pharmaceuticals markets are challenged with several headwinds including but not limited to geopolitical tensions, regulatory pressures and higher research & development spends, domestic pharma market has witnessed robust growth potential and remains a good defence against recession.

**India's Domestic Branded Pharmaceutical Formulations Market (USD Bn)**



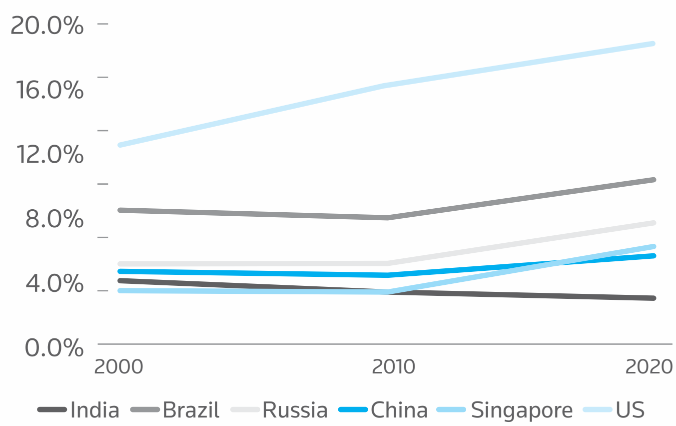

*Source: IQVIA, Frost & Sullivan Research and Analysis*

# HEALTHCARE FINANCING

Indian Pharma industry has been a key contributor in improving nation's healthcare and economic development. However, over the years India's current healthcare expenditure as a % of GDP has decreased compared to other BRICS nations as well as other developed nations. Low healthcare expenditure in India is primarily on account of under-penetration of healthcare services and low consumer spending on healthcare.

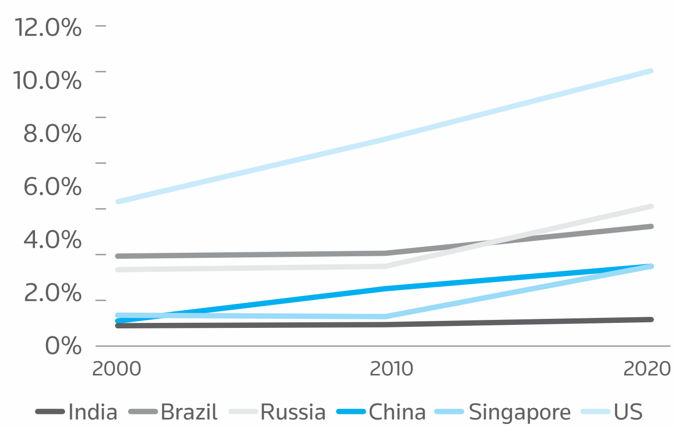
Further, the government expenditure as % of GDP remains lower compared to global peers. The skew however is more towards private expenditure compared to public expenditure, with private sector accounting for lion's share. However, government aims to increase the healthcare expenditure as a % of GDP to 2.5% by 2025, according to the National Health Policy. The policy advocates allocating major portion of resources towards primary care, followed by secondary and tertiary care.

**Health spending as % of GDP**




*Source: WHO, Global Health Expenditure Database*

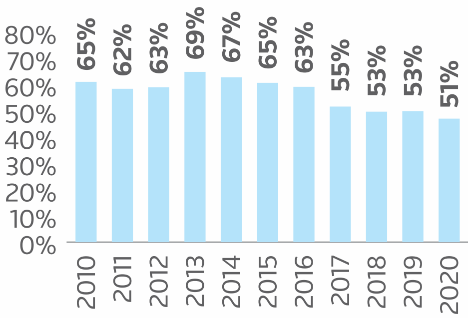
**Government spending as % of GDP**




*Source: WHO, Global Health Expenditure Database*

In India, the out-of-pocket expenditure over the last decade has decreased by over 10%, however, it continues to account for a major portion of the overall health expenditure when compared to BRICS nations and other developed countries. While China, Russia and Brazil accounted for nearly 35%, 28% and 22% respectively, developed nations like Singapore and US, accounted for 19% and 10% respectively against a world average of ~20%.

**India - Out-of-pocket spend as % of current health expenditure**




| | 2020 |
|---|---|
| Brazil | 22% |
| Russia | 28% |
| China | 35% |
| Singapore | 19% |
| US | 10% |

*Source: WHO, Global Health Expenditure Database*

With Pradhan Mantri Jan Arogya Yojana (PM-JAY), the affordability aspect of healthcare expenditure is expected to be taken care of to some level, especially for the socially underprivileged section of the population.

## ERIS AT A GLANCE

### Who we are

> Eris Lifesciences Ltd is a publicly listed Indian Pharmaceutical company with a pure-play domestic branded formulations business model. Ranked 21 in the IPM, Eris is a key player in India's Cardio-Metabolic market and is rapidly expanding its presence in Dermatology, Neuropsychiatry and Women's Health.

Over the years, Eris has established itself as a key player in the domestic formulations market navigating its way to rank # 21 in the IPM in the span of just a decade and a half. Since inception, the enduring pillars of the company – (i) a strong chronic therapy focus and (ii) a business model pivoted around specialist and super specialist doctors - continue to remain the mainstay of the business. We enjoy high prescription ranks with the specialists and high-end consulting physicians as a result of our science-led market engagement. The core focus of our market engagement is to enable clinicians to improve clinical outcomes in patients through timely and precision diagnosis and treatment. We take significant pride in our flagship Patient Care Initiative, which continues to gather momentum each year.

Starting with our inception in the year 2007, it took us nearly 13 years to clock the "first INR 1,000 crores" of revenue. However, we are close to adding the "Next 1000 crore" of revenue in just 4 years by deploying our robust and consistent cashflows along with external funding to accelerate our growth trajectory while protecting our margins, cash conversion rate and return ratios. In FY23, we forayed into the Dermatology business through a series of 3 acquisitions aggregating INR 1,265 crore in purchase consideration. We acquired Oaknet Healthcare in May '22, followed by a series of brands from Glenmark and Dr. Reddy's in Jan-23 and Mar-23 respectively. Eris now ranks #3 in its Dermatology covered marked with a share of 7%.

We have a focused portfolio of brands with our Top-20 mother brands accounting for ~70% of our revenue. Fifteen out of Top-20 mother brands are ranked among Top-5 in their respective segments. We have 4 mother brands with revenues of Rs. 100+ crore, 6 mother brands with revenues of Rs. 70-80 crore and 5 mother brands with revenues of Rs. 50-60 crore. Diabetes care is our flagship therapy contributing to 28% of our total FY 23 revenue. Leveraging our presence in the Oral Diabetes market, we entered the injectables diabetes care market in FY23 with the launch of Human Insulin and Glargine. We have curated a winning basket of Product, Technology and Service which has enabled us to generate a first year revenue of INR 17 crore in this segment. The launch of Liraglutide and other Insulin analogues will augment the franchise. Cardiac care (21% of our revenue) and VMN (16% of our revenue) are our second and third largest therapies respectively are followed by 3 Emerging therapies, namely Dermatology, CNS and Women's Health together contributing 26% of our total revenue.

In FY 23, we clocked a consolidated operating revenue of INR 1,685 crore with a PAT of INR 374 crore. This represents a three-fold growth since the year FY17. We have maintained an average EBIDTA Margin of 35% and operating cash conversion ratio of ~ 75% during FY17 to FY23; these ratios rank among the best in the industry. Over a decade and a half into the business, we continue to retain our fundamental strengths in terms of Chronic focused portfolio, low NLEM exposure, high cash generation, and high mind-share and prescription ranks among super specialists.

Our state-of-the-art manufacturing facility at Guwahati contributed 70% of the products sold during FY 23. As a part of our capacity expansion strategy, our greenfield manufacturing plant in the state of Gujarat has been successfully commissioned, augmenting our manufacturing capabilities in oral solid dose, sterile injectables, oral liquids, creams/ointments (in process) and Formulation Development. The plant will start delivering in-sourcing and fiscal benefits starting FY24.

We have a pan India distribution network with over 2,000 stockists and 5,00,000+ chemists. Over 5,000 Erisians work in our offices in Ahmedabad and Mumbai, our manufacturing facilities and on the field across the nation.

Guided by our twin business pillars of the "Power of Empathy" and the "Truth Of Science", we will continue to execute on our growth levers of Power Brands Expansion, New Product opportunities, Expansion of Physician Coverage and leveraging our balance sheet to leapfrog growth in strategic areas.

# OUR CAPITAL ALLOCATION STRATEGY

## Structured Approach to Creating Investor Value

**Good Growth**
**High Margin**
**Strong Cashflow**

### Invest for Growth

Disciplined M&A strategy generating targeted outcomes

Capex on new manufacturing facility to start yielding benefits from FY24

### Return to Owners

Committed dividend program

Avg. payout ratio of ~ 20% in the last 4 years (26% in FY23)

37% CAGR in dividend paid over FY20-FY23

### Financial Discipline

Prepayment of borrowings

Net Debt to EBITDA ratio <=2x

### Strong Balance Sheet

Cash generating-continuing OCF-to-EBITA ratio of 75%

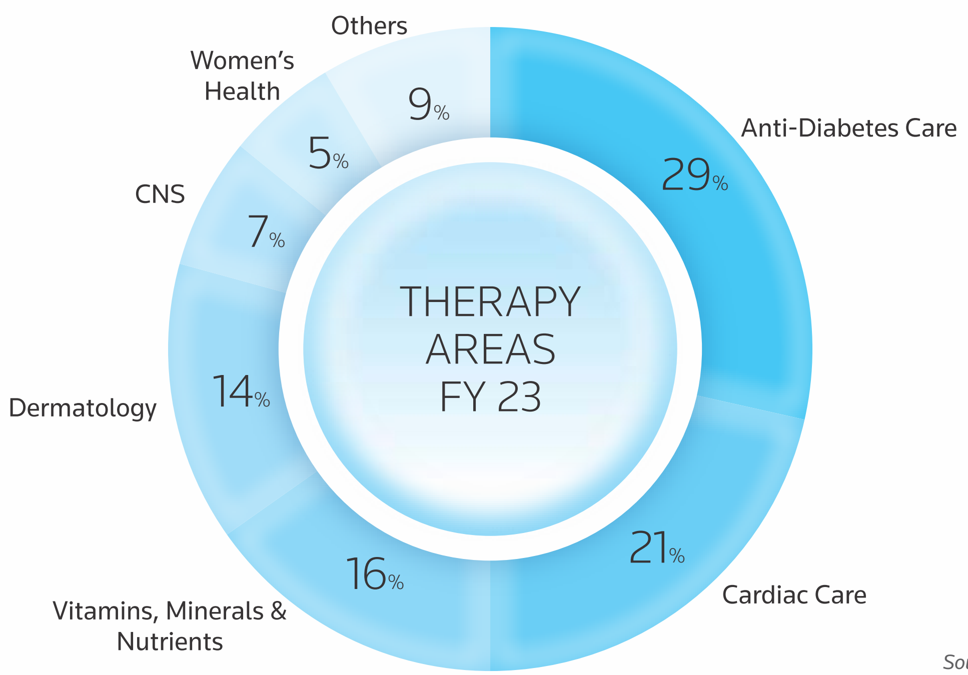
Leveraging fiscal benefits as available

Retaining surplus for future investments

# OUR BUSINESS

Eris derives all its standalone revenue from the domestic branded formulations market. Chronic and sub-chronic therapies account for 87% of our business (vs 53% for IPM).

During the year, Eris has significantly diversified its therapeutic mix. At the start of the year, Eris derived 80% of revenues from the Cardiometabolic and VMN segments. Despite a 15% plus growth in these segments during the year, the concentration of the Cardiometabolic & VMN segments now stands at 66%. The contribution of our three emerging therapies namely Dermatology, CNS and Women's Health has increased from 12% last year to 26% at the end of this year. Dermatology has emerged as our fourth largest therapy with a 14% share in overall revenue. We now rank #3 in our Dermatology Covered Market with a 7% market share




*Source: AWACS MAT Mar'23*

# OUR TOP MOTHER BRANDS

We have a focused portfolio with our Top 20 mother brands accounting for 70% of our revenue. 15 of these brands rank among the Top-5 in their respective segments. This group of brands has clocked a combined growth of 17% in FY23.

| Brand | Sales (INR mn) | Market Share | FY 23 YoY Growth |
|---|---|---|---|
| GlimiSave | 3,044 | 6% | 10% |
| Eritel | 1,754 | 4% | 19% |
| ReNerve | 1,539 | 8% | 21% |
| Zomelis | 1,045 | 7% | 52% |
| Cyblex | 808 | 10% | 18% |
| Tendia | 801 | 8% | 14% |
| LNBLOC | 759 | 10% | 15% |
| Cosvate | 753 | 15% | 9% |
| Tayo | 698 | 3% | 11% |
| Olmin | 670 | 8% | 14% |
| Crevast | 624 | 2% | 24% |
| Gluxit | 617 | 7% | 59% |
| Remylin | 523 | 4% | 9% |
| AtorSave | 480 | 2% | 13% |
| Rabonik | 479 | 3% | -4% |
| Onabet | 436 | 67% | 7% |
| GINKOCER | 416 | 38% | 21% |
| Halovate | 285 | 38% | 7% |
| Raricap | 272 | 10% | 30% |
| Serlift | 265 | 16% | 16% |

Oral Diabetes Care

Cardiac Care

VMN

Derma

Gastro-Intestinal

Women's Health

CNS

*Source: AWACS MAT Mar'23*

# OUR PRESCRIPTION RANKINGS

## Sustained High Prescription Ranks Among Super-Specialists

Since inception, Eris has maintained a strong focus on deepening and strengthening the coverage of specialists and consulting physicians across the country.

During the year, we increased our focus on strengthening the coverage of Dermatologists, Cardiologists and Consulting Physicians. As an outcome of these unrelenting efforts, Eris ranks among the Top 5 companies in terms of prescriptions ranking with specialty doctors.

| | |
|---|---|
| 5 | Diabetologists# |
| 5 | Cardiologists |
| 4 | Dermatologists |
| 4 | Neurologists |
| 7 | Gynecologists |
| 7 | Consulting Physicians |

*Source: SMSRC MAT Feb'23 / Prescription Rank in Represented Market / # Diabetologists include Endocrinologists*

# OUR STRATEGIC BUSINESS UNITS

**Cluster 1** — **Diabetes**

Eris | ASPIRE | BluTeam

**Cluster 2** — **Diabetes**

Phoenix | Victus

**Cluster 3** — **Cardiac Care**

Inspira | ADURA

**Cluster 4** — **CNS**

Altiza | Eterna

**Cluster 5** — **Women's Health & Wellness**

Nikkos | Montana | Filix

# OUR THERAPY AREAS

## Diabetes Care

Diabetes care is our flagship therapy contributing to 29% of FY 23 revenue. In our covered market of ~INR 14,000 crore, we rank #8^ in terms of revenue and #5 as per Rx ranks. Within our OHA* covered market, we rank #6 by revenue.
*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

We have a full-service presence across all the OHA* segments – Sulphonylureas, DPP4 Inhibitors and SGLT 2 Inhibitors – as well as injectable Anti-Diabetes therapies. We continue to fortify our high ranks in the successful legacy diabetes brands with continuous brand lifecycle management - Glimisave is ranked #5, Cyblex is ranked #4 and Tendia is ranked #2. Glimisave is now a Rs. 300+ mother brand with a 10% growth in FY23; Cyblex has registered an 18% growth in FY23 followed by Tendia with a 14% growth.

Our brands in the new age diabetes segments, namely Vildagliptin and Sitagliptin (DPP4 Inhibitors) and Dapagliflozin (SGLT2 Inhibitor) continue to maintain top ranks among generics since launch despite tens and hundreds of generic brands entering the space – Zomelis is ranked #1 and Gluxit is ranked #2. These therapies will shape the evolution of Diabetes treatment in India over the next 10-15 years. We have successfully leveraged our Patient Care Platform and Specialist Engagement to build a significant early mover advantage in this segment. Our DPP4 and SGLT2 portfolio has grown at a 50% CAGR over the last 3 years; these therapies now account for over 40% of our OHA* portfolio, up from 20% 3 years ago.
**OHA : Orally Administered Anti-Hyperglycaemic Agents*

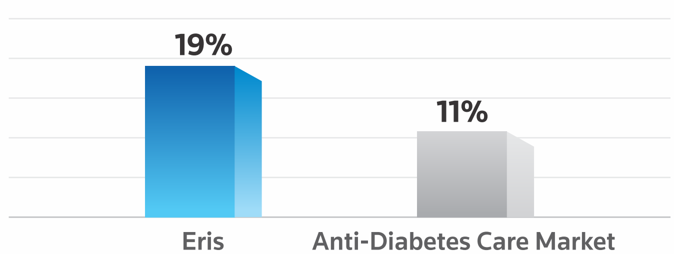
During the year, we successfully launched Glura, a DPP4 Inhibitor to enhance our presence in the segment.

We entered the Insulin market in Jan 2022 with the launch of our first product, Xsulin – Regular and premix Human Insulin in the form of vials and cartridges. During the year, we have strengthened the Insulin franchise by the launch of Xglar, our brand in the Glargine segment. We expect strong growth in this segment for Eris in the years ahead as existing products scale up and new products are added to the portfolio.

In FY 23, while the IPM's Anti-Diabetes Care segment grew at 5.9%, Eris outgrew it with a robust yoy growth rate of 24.9%. Over FY 16 to FY 23, our Anti-Diabetes franchise has grown 1.8x faster than the market.

**1.8x times faster growth than market**

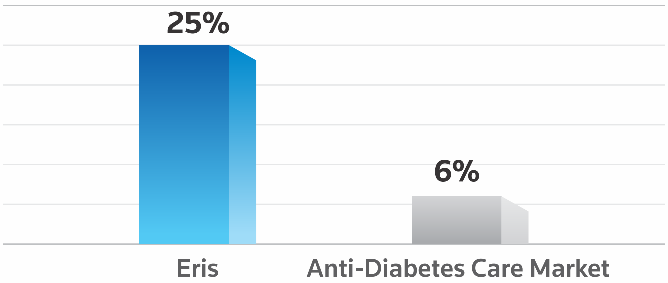
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 6,730 mn**

FY 23 YoY growth rate



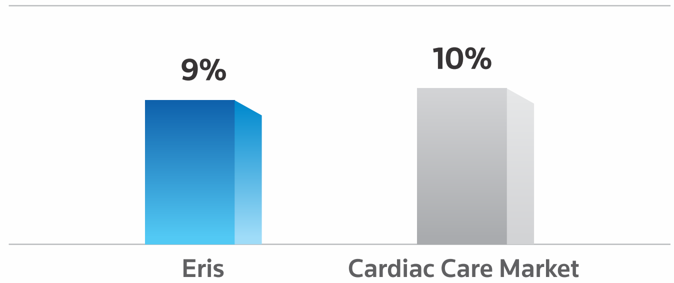

*Source: AWACS MAT Mar'23*

**Key new launches**

Glura, Glura M, Zomelis-D, Zomelis-DM, Gluxit-S, Gluxit Trio and Sidacor

**FY 23 Revenue = INR 4,856 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

**Key new launches**

Zayo, Bisopharm, Bisopharm A, Bisopharm T and Cardexa

## Cardiac Care

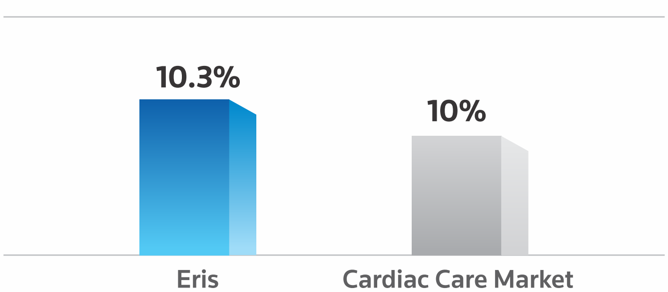
Cardiac Care is our second largest therapy area, contributing 21% of our business. Over FY 16 to FY 23, our Cardiac Care franchise has grown in-line with the market at a CAGR of 10.3%. In FY23, our Cardiac Care franchise grew at 16%, excluding the impact of Zayo. This includes a 19% growth in Eritel which is now a Rs. 175+ crore mother brand. LNBloc has grown at 15% in FY23, followed by Olmin at 14%, Crevast at 24% and Atorsave at 13%.

Eris is ranked #5 in terms of prescription rank among Cardiologists and #9^ in terms of revenue in the Cardiac Care space. We have five of our Top-15 mother brands - Eritel, LNBloc, Olmin, Crevast and Atorsave – in the Cardiac segment.

*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

**Performed in-line with the market**

CAGR over FY 16 - FY 23



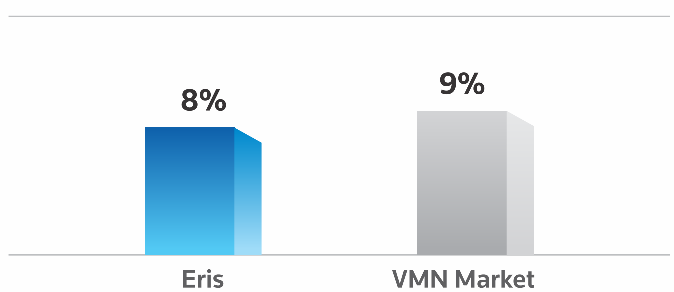

*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

## Vitamins, Minerals and Nutrients

Vitamins, Minerals and Nutrients (VMN) is our 3rd largest therapy area contributing to INR 3,747 mn or 16% of our business. Over FY 16 to FY 23, our VMN franchise has grown at a CAGR of 7.7%.

In FY23, our VMN franchise grew at 8.8% vs. the market growth of 6.9%. Excluding the impact of ZACD (Covid product), our VMN segment grew at 16% in FY23 with flagship brand Renerve growing at 21% to cross revenues of Rs. 150 crore.

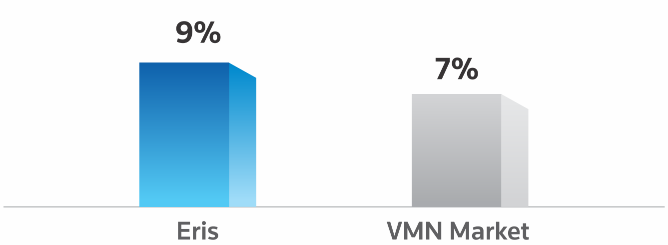
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 3,747 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

## Dermatology

Dermatology is our 4th largest therapy area contributing to INR 3,310 mn or 14% of our business. During the year, Eris marked its entry in the Dermatology franchise with the acquisition of Oaknet Healthcare, a dermatology focused domestic formulations company. The acquisition brought several marquee brands into the Eris portfolio and provided significant impetus to Eris' specialty franchise and chronic presence.

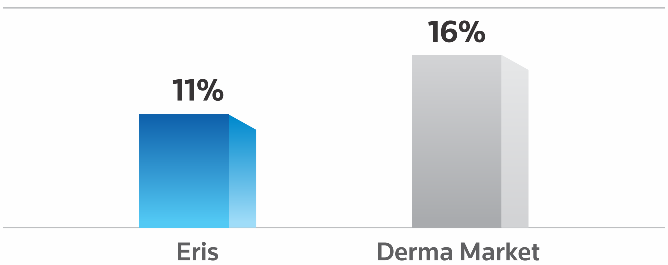
The Dermatology franchise was further strengthened by acquisition of nine medical dermatology brands from Glenmark followed by acquisition of nine cosmetic dermatology brands from Dr. Reddy's Laboratories.

As an outcome of a series of acquisitions undertaken during the year, Eris is ranked #4 in terms of prescription rank among Dermatologists and #3^ in terms of revenue in the Derma space with a 7%^ market share.
*(Source: AWACS MAT Mar'23 | SMSRC MAT Feb'23) ^Rank in the represented market*

In FY 23, while the Dermatology market grew at 15.5% yoy, Eris' acquired Dermatology portfolio grew at 10.7%. We expect the growth trajectory of Eris' portfolio to significantly accelerate in the coming years as multiple value-creation levers will come into play including (i) driving sales and marketing excellence, (ii) restarting the new product launch engine, and (iii) expansion of doctor coverage.

**FY 23 Revenue = INR 3,310 mn**

FY 23 YoY growth rate



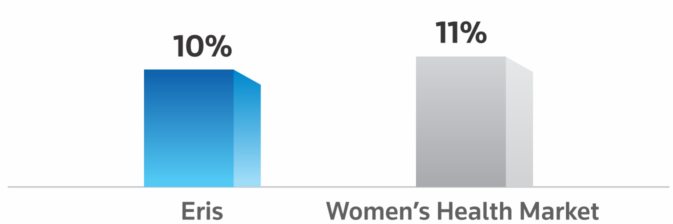

*Source: AWACS MAT Mar'23*

## Women's Health

Our Women's Health segment contributed INR 1,332 mn or 5% of our business. Over FY 16 to FY 23, our Women's Health franchise has grown at a CAGR of 9.8%.

In FY23, Women's Health market grew by 9.5% yoy. Eris outperformed the market by growing at 36.6%. We have significantly accelerated our investments in this segment through the launch of strategic products like Drolute (Dydrogesterone) and FCM injection in FY23. Our Drolute brand has clocked a revenue of INR 23 crore in its first full year of operations whereas our FCM injection franchise has clocked Rs.16 crore of revenue in the 9-month period post its launch - between July '22 and Mar '23.

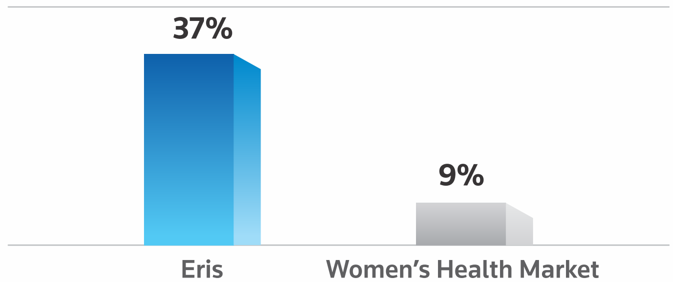
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 1,332 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

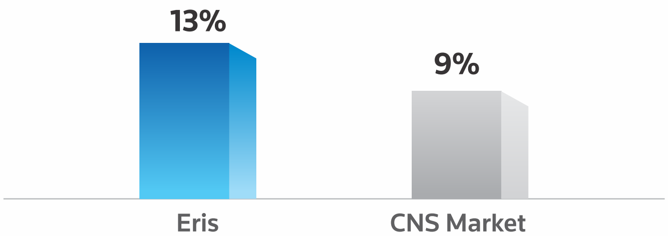
## Central Nervous System (CNS)

Our fifth largest therapy area, CNS contributed INR 1,569 mn or 7% of our business.

In FY 23, while CNS market grew by 12.4% yoy, Eris's CNS segment outperformed the market by growing at 16.5%. Over FY 18 to FY 23, our CNS franchise has grown faster than the market by growing at a CAGR of 12.6% as against a market growth of 9.4%.

**1.3x times faster growth than market**

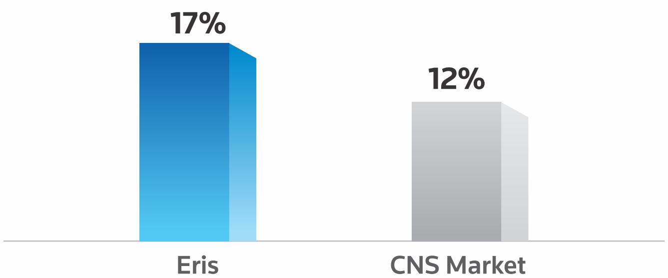
CAGR over FY 16 - FY 23




*Source: AWACS MAT Mar'23*
**data not adjusted for stockist panel changes during the 7 year period*

**FY 23 Revenue = INR 1,569 mn**

FY 23 YoY growth rate




*Source: AWACS MAT Mar'23*

Key new launches in FY23
Nobix, Sonaxa, Trivoxetin and Healsenz Ointment

# OUR IT PLATFORM

As we move towards a digital-first era and hyper-digitised business models, organisation strategies are inevitably getting more integrated with digital technologies. Digital transformation has become a necessity for businesses to remain competitive and relevant. This year has been marked by significant investments in technology, innovation, and collaboration. Our efforts have been focused on harnessing the power of technology to enhance our business processes, stakeholder experiences and cyber security while also fostering innovation and agility.

## DIGITALIZATION OF OPERATIONS

### Microsoft Office 365 Migration

During the year, we have migrated to Microsoft Office 365, an enterprise grade email with enterprise level security and Microsoft Teams for improved collaboration and communication across stakeholders, resulting in faster time-to-market and greater agility. Furthermore, we have embarked on Robotic Process Automation (RPA) with Power Automate, to harness the power of automation in processes and workflows, reduce errors, and improve efficiency.

### Project LEAP

Agility and unceasing innovation remain two of the key pillars of any enterprise in today's realm. In an effort to strengthen these pillars and improvise the existing enterprise resource solution, Eris has undertaken project LEAP. Eris' flagship drive to digitize its operational core (legacy bespoke ERP) to SAP RISE on AWS cloud.

### Adoption of a Lean Data Centre

To enhance our data storage, processing, and accessibility, we have embraced cloud technology which has enabled us to improve our operational efficiency and improve security. We have adopted a cloud-first approach to reduce the overall server footprint in our data centres. In this context, a 6-5-N (6 Actions, 5 Perspectives, N Iterations) cloud strategy has been deployed.

### Foray into wearables

To consider that the new wearable technology for diabetes may transform the way diabetes is managed in the future would not be an exaggeration. In the year gone by, Eris has taken a step forward in this direction and introduced Continuous Glucose Monitor as a wearable device that not only monitors and tracks the insulin levels of the patient every three minutes, but also removes the need for a painful prick method.

Furthermore, a pilot mobile app (Circa CGM) was launched, with a melange of technologies such as wearables, sensors, BLE, cloud based & Artificial Intelligence. The application assists patients in reaching their desired insulin.

Eris is moving towards Smarter Patient care and is planning for a more feature-driven App this year.

### Digital Marketing Initiative

Our continuous endeavours towards digitising our market engagement led us to introduce Holography, Augmented

Reality (AR), and Virtual Reality (VR) in order to create immersive, personalized, and memorable detailing experiences for doctors. This technology can be used to create holographic representations of drug molecules or disease pathways, providing doctors with a better understanding of the science behind our products. Initial introductions have been very well received by the doctors and only proves to be encouraging for us.

Our digital transformation journey has been a significant one, marked by innovation, collaboration, and growth. We have made great strides this year and are well-positioned to continue driving our business forward in the years to come.

# OUR PEOPLE

## A Beacon for Excellence and Growth

We believe that our human capital has a vital role to play in our growth. Eris's human resource management systems and processes intend to enhance organisational capability and vitality, so that the business operates to standards of the highest order. Eris is committed to implement talent management practices that are relevant and effective and drive superior performance. With a talent pool of more than 5,000 employees, we remain committed to investing in our talent pool with a continued focus on driving excellence and growth.

The HR function's strategy is focused on creating a future-ready workplace, strengthening the company culture, building capability for business and nurturing careers. Some of the key initiatives undertaken by HR are detailed herewith.

### Learning and Development

At Eris, learning and development is a vital element of our talent management and development process that facilitates in widening the ambit of knowledge and capabilities of our employees. We encourage people to develop the skills and expertise required to achieve their professional goals. By providing a range of learning and development programmes, we empower and support our people in achieving their full potential.

During the year, a select group of employees from the marketing division were enrolled for a five-month program at a national level management institute for enhancing and developing the requisite skills.

### Saksham

Saksham is a talent pool development programme designed and developed specifically to enhance the skill set of BEs. The candidates participate in a three days workshop, evaluation process and screening process by way of scientific tests, case study discussion and panel interaction. On successful completion of the program, the candidates are promoted leading to better career prospects.

### Reward programme

During the year, we have introduced a reward programme to recognise top performers from various departments, including but not limited to sales and marketing, manufacturing among others. In addition to enhanced employee engagement, the programme also results in improved productivity, boosts employee retention, and creates a more positive workplace.

### Aagman

A corporate induction program, establishing a strong foundation that enables new employees to get a better understanding of not just the organizational policies and processes but how they can align with the organizational goals. During the course of the program, new hires get an opportunity to acclimatize to the new work environment, company culture and role.

### Employee Engagement

Eris endeavours to provide a conducive and supportive work environment to help the employees excel through various employee engagement programs. Employee motivation and engagement are deeply embedded in our approach. In that spirit, we organise team sports and games; and celebrate festive occasions. Besides, we also undertake efforts to inculcate reading practice among employees encouraging them to take a book of their choice from our in-house library every week.

During the year, we hosted the first edition of the Eris Medical Premier League; a science-based quiz competition for the employees across the country. The event witnessed a total participation of over 2,400 employees brimming with enthusiasm and zeal making it a grand success.

### IT enabling of HR processes

One of the key initiatives drawn and executed during the year comprised the IT enabling of HR processes. Technology enabled human resource process comprised major areas like recruitment and on-boarding, performance management system and learning management system. The service empowered employees to access any employee-related information with accuracy.

| | | | |
|---|---|---|---|
| 5,680 | Employees | 3,443 | Medical Representatives* |
| 1,415 | Field Managers | 423 | Manufacturing |
| 103 | Sales and Marketing | 28 | Intellectual Property and Research |
| 268 | Others | | |

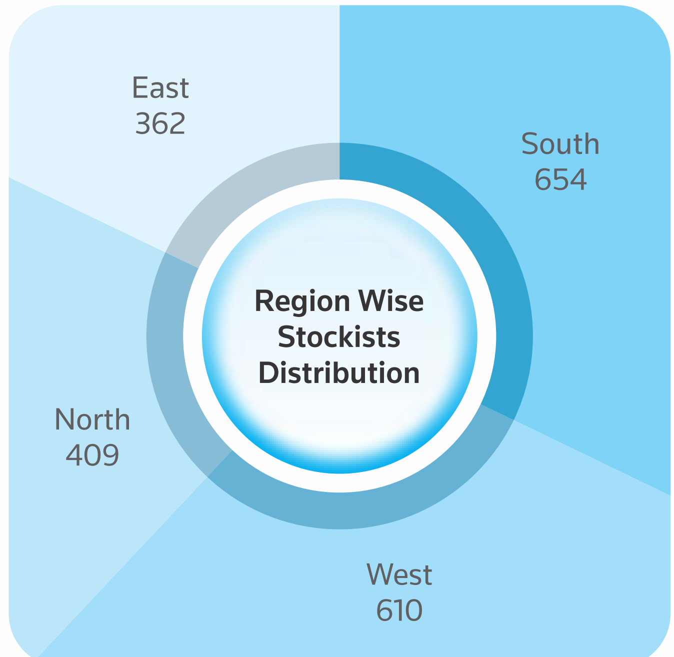
*In the Branded Formulation and Trade Generics business (Including Oaknet)*

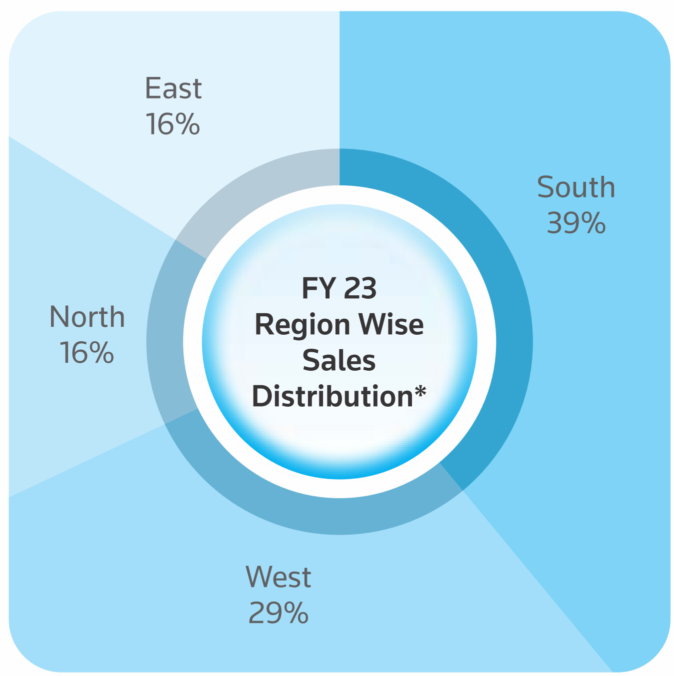
## OUR DISTRIBUTION NETWORK

### Enhancing Reach and Strengthening Presence

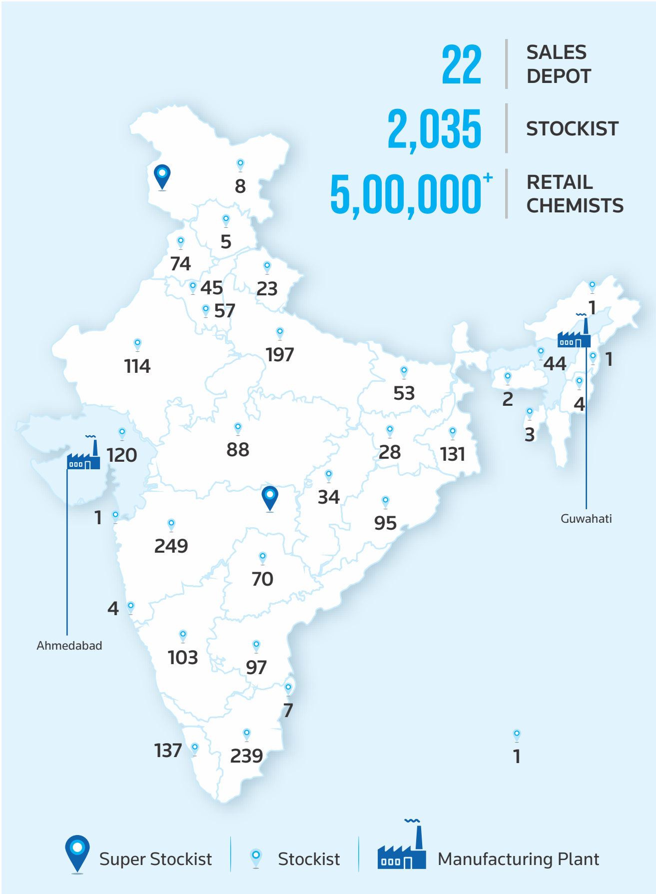
Eris undertakes continuous and focused efforts to strengthen the depth of its distribution network. With robust systems and processes, an agile and responsive supply chain, and synergies arising from distributing various kinds of products, the distribution system is a source of competitive advantage for Eris and is well poised to support the rapid scale up of operations in the coming years.

Eris's pan-India distribution network facilitates availability of its products in over half a million retail chemist outlets across the nation through 2,000+ stockists




*Source: AWACS Mar'23




# OUR MANUFACTURING INFRASTRUCTURE

## Crucial Levers in Place

Eris' manufacturing team is led by industry experts who possess decades of rich experience in various manufacturing aspects. Plants and the various functions are staffed by experienced and competent personnel across levels ensuring standards of highest magnitude. During the year, our state-of-the-art manufacturing facility at Guwahati accounted for 70% of all products sold (by value), down from ~ 80% last year

- 70% of revenues from products manufactured at Guwahati in FY 23
- State-of-the-art manufacturing facility in Guwahati, Assam
- 300+ products manufactured
- 1 Lakh sq ft built-up area
- Our manufacturing facility is eligible to avail of certain tax incentives including income tax exemption and GST subsidies until FY 2025
- WHO GMP guidelines compliant

**Capacity Utilization for Prescription Products**

| Products | Capacity (mn units pa)* | Output (mn units) | Capacity Utilisation |
|---|---|---|---|
| Tablets | 1,440 | 1,019 | 71% |
| Capsules | 150 | 62 | 41% |
| Sachets | 2.4 | 1 | 35% |
| Soft Gel Tablets | 216 | 65 | 30% |

**Capacity Utilization for Supplements and Nutraceuticals**

| Products | Capacity (mn units pa)* | Output (mn units) | Capacity Utilisation |
|---|---|---|---|
| Tablets | 25 | 12 | 48% |
| Capsules | 25 | 14 | 55% |
| Sachets | 1.2 | 1 | 51% |

**Installed capacity based on two shifts per day*

**Compliance to Good Manufacturing Practices (GMP) continues to remain a strong focus area for us**

## Successful commissioning of the New Manufacturing Plant

During the year, our capacity building initiative continued full throttle. As an outcome, we have successfully commissioned our new green field manufacturing plant in Gujarat supporting our pipeline of new product introductions as well as commencing in-house manufacturing of certain previously outsourced products.

- Greenfield Manufacturing Plant in Gujarat
- Footprint: 10x of the existing Guwahati Facility
- Capability to manufacture Oral Solids, Sterile Injectables, Oral Liquids and Topical Formulations

Research & Development Unit Laboratories for Formulation Development, Analytical & Microbiology

Built to WHO GMP standards

| Installed Capacity for Various Dosage Forms | |
|---|---|
| Products | Capacity (mn units pa)* |
| Tablet | 2,160 |
| Capsule | 240 |
| Oral Liquid | 18 |
| Injectable | 36 |
| Ointment | 84 |

**Installed capacity based on two shifts per day*

# ENVIRONMENT, SAFETY AND SOCIAL RESPONSIBILITY

During the year, we continued to undertake a host of initiatives at our manufacturing plant in Guwahati to improve energy efficiencies. As an outcome, we were able to save ~41,000 units of energy per month. Some of the continued energy saving initiatives undertaken during the year are mentioned below:

- Reduction in energy consumption for compressed air generation by placing an air reservoir to store and maintain air pressure
- Hot water tanks have been insulated to minimize energy loss
- Optimisation of energy efficiency through preventive maintenance activities of systems like HVAC, plant and utility equipment at regular intervals
- Cladding of hot water line has been undertaken to prevent any energy loss

At our manufacturing plant in Guwahati, we are utilizing an effluent treatment plant with Zero Liquid Discharge (ZLD) treatment process, designed for the removal of the liquid waste from the system. The focus of the treatment process is to reduce wastewater economically and generate clean water that is suitable for reuse in gardening, cooling tower and other utilities. As a result, the plant processed an average of ~7,800 litres of effluents per day in the last financial year. Our rain water harvesting system which ensures optimum utilization of rain water, harvested ~75,000 litres of rain water per month.

Eris continues to build and improve its occupational health and safety management systems. Hazards and risk associated with site activities are identified and risk control and mitigation measures are implemented periodically. Specific safety protocols are put in-place so that steps on pre-emptive action for safety can be taken on a timely basis. There have been no casualties or accidents at our manufacturing facility in Guwahati since inception. Some of the key health and safety measures adopted at the plant are:

- Conducting frequent risk assessments and regular checks to ensure safety of employees
- Imparting periodic training on fire and first-aid by a team of experts
- Celebrate safety week which covers all aspects of safety measures
- Conducting medical check-up for all employees

We strive to maintain healthy relationships and engagement with local communities and have initiated and adopted social and community welfare undertakings which include a wide spectrum of development activities. The community activities implemented in the vicinity of the manufacturing plant are done in response to the immediate needs of the communities.

# FINANCIAL REVIEW

## Financial Highlights

Summary Consolidated Income statement

| Particulars (INR million) | FY 22 | FY 23 | Growth % |
|---|---|---|---|
| Revenue from Operations | 13,470 | 16,851 | 25.1% |
| Gross Profit | 10,885 | 13,328 | 22.4% |
| EBITDA | 4,850 | 5,367 | 10.7% |
| EBIT | 4,203 | 4,197 | (0.1%) |
| Profit Before Tax | 4,422 | 4,046 | (8.5%) |
| Profit After Tax | 4,058 | 3,742 | (7.8%) |
| Earnings per share (INR) | 29.89 | 28.10 | (6.0%) |

Summary Standalone Income statement

| Particulars (INR million) | FY 22 | FY 23 | Growth % |
|---|---|---|---|
| Revenue from Operations | 12,157 | 13,307 | 9.5% |
| Gross Profit | 10,161 | 10,943 | 7.7% |
| EBITDA | 4,840 | 5,051 | 4.4% |
| EBIT | 4,325 | 4,405 | 1.8% |
| Profit Before Tax | 4,585 | 4,369 | (4.7%) |
| Profit After Tax | 4,172 | 3,980 | (4.6%) |

**Revenue from Operations:**
For the year under review, the Company's Standalone Revenue from Operations grew by 9.5% to INR 13,307 mn from 12,157 mn last year. The standalone revenue growth excluding the impact of Covid products and "at risk" launches stood at 15.6%. The consolidated Revenue from Operations grew by 25.1% to INR 16,851 mn from INR 13,470 mn in FY 22. The consolidated revenue excluding the impact of Covid products and "at risk" launches stood at 31%.

**Gross Profit:**
The standalone gross profit margin stood at 82.2% in FY 23, down 134 bps yoy due to a higher proportion of third-party sourcing this year. We have maintained an average standalone gross margin of 83% over the last 4 years, which is one of the highest in the industry. The standalone gross profit margin (branded formulations) decreased from 83.6% in FY 22 to 82.2% in FY 23 on account of higher proportion of outsourced manufacturing.

The consolidated gross profit margin stood at 79.1% in FY23, down 172 bps yoy driven by the impact of Oaknet and several new product launches including our Insulin products. We expect the consolidated gross profit margin to improve starting FY24 in tandem with Oaknet margin expansion, narrowing of Insulin operating losses and scale-up of new products.

**Employee Expenses:**
The standalone employee expenses grew by 15% yoy as we expanded our field team by ~ 170. The consolidated employee expenses were INR 3,462 mn, up by 38% yoy. This was driven by two factors – (i) creation of a 200-member field team in Eris MJ for our Insulin business, and (ii) the amalgamation of the Oaknet team. The YPM (Yield per Man per Month) in our standalone operations (branded formulations business) for FY23 stood at INR 5 lakh per month.

**Other Expenses:**
Standalone Other Expenses grew by 7.9% in FY23 and remained in line (as a percentage of revenue) with the previous year at 25.3% in FY23. While our Consolidated Other Expenses grew by 27.3% as a result of the addition of Oaknet and Eris MJ, our Insulin venture. Consolidated Other Expenses as a percentage of revenue have increased marginally from 26.2% in FY22 to 26.7% in FY23.

**Depreciation and Amortisation:**
Consolidated Depreciation and Amortisation increased from INR 647 mn in FY22 to INR 1171 mn in FY23, of which INR 798 mn is accounted for the amortisation of deal-related expenditure.

**Finance Expenses and Other Income:**
Consolidated Finance Cost increased from INR 41 mn in FY22 to INR 262 mn in FY23. Whereas Consolidated Other Income declined from INR 261 mn in FY22 to INR 112 mn in FY23. These changes are outcomes of the balance sheet impact of the three acquisitions consummated in FY23.

**Earnings before Depreciation, Amortisation, Interest and Taxes (EBITDA):**
The standalone EBITDA stood at INR 5,051 mn representing a 38% margin and down ~ 185 bps yoy largely driven by the 134 bps increase in COGS. Consolidated EBITDA stood at INR 5,367 mn, representing a 32% margin as guided by us at the start of the year.

**Tax Expenses:**
Our effective tax rate declined slightly to 7.5% in FY 23 from 8.2% in FY 22 as we continue to enjoy tax exemption at our Guwahati manufacturing facility which catered to 70% of our standalone revenue.

**Profit After Tax (PAT):**
Consolidated Profit after Tax for the year at INR 3,742 mn with PAT margin of 22.2% and standalone Profit after Tax for the year at INR 3,980 mn with PAT margin of 29.9%.

**Debt:**
We consummated 3 acquisitions in FY23 with a deal value of INR 12,650 mn. In May 2022, we acquired Oaknet Healthcare for INR 6,500 mn, of which INR 3,000 was paid through our internal accruals and the rest through borrowings. In Jan 2023, we acquired 9 Derma brands from Glenmark for INR 3,400 mn and in Mar 2023 we acquired 9 Cosmetology brands from Dr Reddy's for INR 2,750 mn. The Glenmark and Dr. Reddy's transactions were financed through borrowings.
Our net debt as on 31st Mar 2023 stood at INR 7,740 mn. Our Net Debt to EBITDA ratio stood at 1.45x and are targeting significant prepayment of debt in FY24.

**Operating Cashflow:**
Our consolidated Operating cashflow (OCF) to EBITDA ratio in FY 23 stood at 75% (adjusted for GST-related one-off items on brand acquisitions). I am happy to note that we have maintained an average OCF to EBITDA ratio of 75% for a number of years now – from FY17 through to FY23.

**Working Capital:**
Our core working capital (inventory, debtors and payables) in the standalone business stood at 58 days of operating revenue in FY 23. Our Debtor turnover days in the standalone operations increased from 41 days of operating revenue in FY 22 to 63 days of operating revenue in FY 23 as we continue to invest in new launches.

**Key Financial Ratios – Consolidated**

| Ratio | FY 22 | FY 23 | Variance |
|---|---|---|---|
| **Profitability Margin ratios** | | | |
| Gross Margin | 80.8% | 79.1% | (172) bps |
| EBITDA Margin | 36.0% | 31.9% | (415) bps |
| EBIT Margin | 31.2% | 24.9% | (629) bps |
| PAT Margin | 30.1% | 22.2% | (792) bps |
| **Return ratio** | | | |
| Return on Invested Capital (ex treasury investments and cash & cash equivalents) | 33.9% | 19.6% | (1428) bps |
| Return on net worth (RoE) (ex treasury investments and cash & cash equivalents) | 33.4% | 22.0% | (1134) bps |
| **Working capital ratios** | | | |
| Net Working Capital days | 58 | 50 | (12.9%) |
| Debtors days | 44 | 63 | 45.4% |
| Inventory days | 32 | 28 | (10.9%) |
| **Gearing ratios** | | | |
| Interest coverage ratio | 101 | 16 | (84.2%) |
| Debt/Equity ratio | 0.2 | 0.7 | 245.4% |
| **Liquidity ratios** | | | |
| Current ratio | 3.1 | 1.7 | (45.1%) |
| Current Assets | 6,273 | 7,647 | 21.9% |
| Current Liabilities | 1,996 | 4,432 | 122.0% |

**Key Financial Ratios – Standalone**

| Ratio | FY 22 | FY 23 | Variance |
|---|---|---|---|
| **Profitability Margin ratios** | | | |
| Gross Margin | 83.6% | 82.2% | (134) bps |
| EBITDA Margin | 39.8% | 38.0% | (185) bps |
| EBIT Margin | 35.6% | 33.1% | (248) bps |
| PAT Margin | 34.3% | 29.9% | (441) bps |
| **Return ratio** | | | |
| Return on Invested Capital (ex treasury investments and cash & cash equivalents) | 44.2% | 34.9% | (935) bps |
| **Working capital ratios** | | | |
| Net Working Capital days | 62 | 52 | (15.5%) |
| Debtors days | 41 | 63 | 52.2% |
| Inventory days | 25 | 17 | (31.4%) |
| **Gearing ratios** | | | |
| Interest coverage ratio | 145 | 21 | (85.4%) |
| Debt/Equity ratio | 0.1 | 0.3 | 109.2% |
| **Liquidity ratios** | | | |
| Current ratio | 3.5 | 1.9 | (44.2%) |
| Current Assets | 5,800 | 5,521 | (4.8%) |
| Current Liabilities | 1,662 | 2,838 | 70.7% |

# Internal Financial Control

The pharmaceutical industry is highly regulated, and as such, the company has established a robust system of internal financial controls to ensure compliance with applicable laws and regulations, as well as to maintain the integrity of financial reporting and safeguard company assets.

During the year, management reviewed the internal financial control system and has determined that it is operating effectively. No material weaknesses or significant deficiencies were identified during the year.

The company's internal financial control system includes policies and procedures for financial reporting, risk management, and compliance with regulatory requirements such as Good Manufacturing Practices (GMP) and Good Distribution Practices (GDP). The company also has monitoring mechanisms in place to ensure the ongoing effectiveness of the controls.

These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Overall, management believes that the company's internal financial control system is effective in achieving the company's objectives, including compliance with regulatory requirements, and providing reliable financial reporting. The company remains committed to maintaining a strong internal financial control environment to support its operations and ensure the confidence of its stakeholders.

## Risk and Risk Mitigation

The pharmaceutical industry is subject to various risks that can have significant consequences for the company's financial performance, reputation, and ability to operate. These risks include product development risks, regulatory risks, clinical trial risks, and intellectual property risks, among others.

The company has a Risk Management Committee which is entrusted with the responsibility of overseeing various strategic, operational, compliance and financial risks the organisation faces. The Risk Management Committee reviews and addresses the risks on periodic basis.

The company has established a robust risk management framework to identify, assess, and mitigate these risks. The risk management framework includes regular risk assessments, mitigation plans, and monitoring mechanisms to ensure that risks are effectively managed. The internal auditors carry out a comprehensive risk-based audit which is reviewed by the Risk Management Committee to strengthen the risk mitigations.

During the year, management identified several risks that could potentially impact the company's operations, including regulatory changes, supply chain disruptions, and cybersecurity threats. The company implemented various risk mitigation strategies, such as diversifying its supply chain, enhancing its cybersecurity protocols, and closely monitoring regulatory developments.

Management believes that the risk mitigation strategies implemented during the year were effective in mitigating identified risks. However, the company remains vigilant and is continuously monitoring and assessing its risks to identify any new or emerging risks that may require additional mitigation efforts.

In addition to the company's risk management framework, the company also maintains insurance coverage to provide additional protection against potential risks.

# Outlook

## Strengths And Opportunities

**Strong brands:** The Company continues to focus on maintaining the strength of its brand portfolio; the Top 20 Mother Brands contribute ~70% of its revenue and have grown at 17% in FY23. With 15 out of these 20 brands being ranked among the Top-5 in their respective segments, they are well poised for strong future growth.

**Patent Expiration opportunities:** A number of major molecules will lose exclusivity in the cardio metabolic segment in the next 3-5 years. On the back of its established position in this market, Eris is well positioned to leverage these opportunities as has been evidenced over the last 3 years.

**Leading prescription ranks:** The Company's strong portfolio of Mother Brands enjoys leading prescription ranks with their respective doctor specialties. The Company holds a dominant position in key specialty areas such as diabetologists, cardiologists, neurologists, gynecologists, dermatologists and consulting physicians. Prescription ranks, implying the growth in new prescriptions, are a leading indicator of growth.

**Prescription ranking among super specialists:**

| | |
|---|---|
| Diabetologists | **5th** |
| Cardiologists | **5th** |
| Dermatologists | **4th** |
| Neurologists | **4th** |
| Gynecologists | **7th** |
| Consulting Physicians | **7th** |

*(Source: SMSRC MAT Feb'23)*

**Patient care initiatives:** Our unique Patient care initiatives approach to doctor engagement leads to a professional and science backed customer relationship which apart from helping the healthcare community manage the disease burden, create immense brand equity for the Company.

**Strong balance sheet:** The Company has consistently generated profits and maintained strong cash flows. The Company follows strong return discipline in capital allocation decisions which has helped in having a strong balance sheet with superior returns on invested capital and net worth for the benefit of shareholders.

**Operating efficiency:** The yield per man (YPM) for the Company has potential of scaling up to industry leading numbers. With improvement in the YPM metric margin efficiency also improves.

**Manufacturing footprint:** The manufacturing facility in Guwahati, Assam currently operating at ≈70% capacity utilisation on a two-shift basis is capable of being scaled up to triple shift basis. The unutilised capacity will provide operating leverage benefit to the Company as sales of the products manufactured from the facility increases. The second manufacturing facility in the state of Gujarat will support our pipeline of new product introductions and complement our existing manufacturing facility.

**Demographic tailwinds:** Overall healthcare spending in India is expected to rise due to rise in population, consistent economic development and rapid urbanisation, improved affordability, high real GDP growth rate and improving GDP per capita rising healthcare awareness among the masses and greater demand for insurance coverage, boosted by government and private insurer initiatives.

**Increased lifestyle related diseases:** Increasingly sedentary lifestyle, changing consumption patterns and rapid urbanization has led to a widespread rise in chronic ailments. As the market and economy mature, India is expected to see a higher share of chronic diseases in line with other emerging and most developed nations.

**Health Insurance coverage:** Greater demand for insurance coverage, boosted by government and private insurer initiatives will help drive the expansion of healthcare services and pharmaceuticals market in India.

**Rising healthcare awareness:** Enabled by rising medical information portals and healthcare start-ups, patients are becoming more aware of diseases and preventive therapies/ medicines.

**Increase in government health expenditure:** The government has plans of increasing focus on healthcare, doubling its share of expenditure as a % of GDP by 2025.

## Threats, Risks and Concerns

**Pandemic-like Situation:** The outbreak of the COVID-19 like pandemic across the world and subsequent disruption in economic activities apart from impacting GDP across countries also causes various disruptions which impacts demand of pharmaceutical products.

**Regulatory Overhang:** The Drug Price Control (Amendment) Order limits price increases in schedule drugs mentioned in the National List of Essential Medicines (NLEM). While it has been observed that competitive forces in the market have been more effective in controlling prices, amendments in the list will continue to pose challenges for the industry. As on 31st March 2023, 7% of the Company's revenue were from drugs scheduled in the NLEM (vs. 14% for the Indian Pharma Market).

## Going Ahead

Eris's strong current portfolio will further reap benefits of investments in products, promotions, processes and people in last couple of years. While the existing business remains the main engine of growth for the Company, in-licensing, exploring newer therapeutic areas and future patent expiries are some areas that it will leverage for future growth. Productivity is also expected to improve further with further expansion in doctor reach.

The Company is confident to continue to outperform in core therapies as a result of super speciality focus, strong power brands, presence in fast growing molecules and adaptability and resilience of the business model.

## Safe Harbour and Cautionary Statement

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Important factors that could make a difference to the Company's operations include our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, technological changes, changes in the value of the Rupee and other currency changes, changes in the Indian and international interest rates, allocations of funds by the Governments in the healthcare sector, increasing competition and the conditions of our customers, suppliers and the pharmaceutical industry, global and Indian demand-supply conditions, finished goods prices, cyclical demand and pricing in the Company's principal markets, changes in government laws and regulations, tax regimes, our provisioning policies, economic and political developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events or otherwise.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Amit Bakshi**
Chairperson & Managing Director
**Mr. Krishnakumar Vaidyanathan**
Executive Director & COO
**Mr. Inderjeet Singh Negi**
Executive Director
**Mr. Kaushal Shah**
Executive Director
**Mr. Sujesh Vasudevan**
Independent Director
**Ms. Kalpana Unadkat**
Independent Director
**Mr. Prashant Gupta**
Independent Director
**Mr. Rajeev Dalal**
Independent Director

## AUDIT COMMITTEE

**Mr. Rajeev Dalal**
Chairperson
**Ms. Kalpana Unadkat**
Member
**Mr. Prashant Gupta**
Member
**Mr. Krishnakumar Vaidyanathan**
Member

## BANKERS

**AXIS Bank Limited**
**HDFC Bank Limited**
**State Bank of India**
**CITI Bank N.A.**

## CHIEF FINANCIAL OFFICER

**Mr. Sachin Shah**

## COMPANY SECRETARY

**Mr. Milind Talegaonkar**

## STATUTORY AUDITORS

**M/s. Deloitte Haskins & Sells LLP**

## INTERNAL AUDITORS

**M/s. Agrawal Dhand Motwani & Co.**

## COST AUDITORS

**M/s. Kiran J Mehta & Co.**

## SECRETERIAL AUDITORS

**M/s Ravi Kapoor & Associates**

## REGISTERED OFFICE

Shivarth Ambit, Plot No. 142/2, Ramdas Road, Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad - 380054

## MANUFACTURING FACILITY

Plot Nos. 30 and 31, Brahmaputra Industrial Park, Under Mouza-Sila, Senduri Ghopa, Amingaon, North Guwahati, Guwahati 781 031 Assam, India

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited C - 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083

# BOARD OF DIRECTORS

## MR. AMIT BAKSHI
CHAIRMAN AND MANAGING DIRECTOR

Mr. Amit Bakshi has been on the Board of Eris since inception and serves as Chairman and Managing Director. He has over two decades of experience in the Indian pharmaceutical industry across multiple Indian and MNC pharmaceutical companies. He takes responsibility for setting the strategic direction for Eris as well as maintaining high governance standards. He oversees the company's business with special focus on enhancing patient engagement and architecting total healthcare solutions. Mr. Bakshi has been recognized as 'Entrepreneur of the Year, 2013' by Ernst & Young LLP.

## MR. KRISHNAKUMAR VAIDYANATHAN
EXECUTIVE DIRECTOR & CHIEF OPERATING OFFICER

Mr. Krishnakumar in his role as Chief Operating Officer oversees the business operations of the company. He has over two decades of professional experience across Lifesciences, Corporate Finance and Management Consulting. His core areas of expertise include Strategic Planning, Business Building, Mergers & Acquisitions, Corporate Finance and Operational Excellence. Prior to joining Eris, Mr. Krishnakumar was a Corporate Finance Partner with Ernst & Young LLP for 9 years. Prior to Ernst & Young, Krishnakumar has worked with Avendus Capital, Piramal Pharma Solutions and McKinsey & Company. Mr. Krishnakumar holds an MBA in Finance from IIM Calcutta and a B.Tech from VJTI, Bombay University.

## MR. INDERJEET SINGH NEGI
EXECUTIVE DIRECTOR

Mr. Inderjeet Singh Negi has been on the Board of Eris since inception and serves in the capacity of Executive Director. He is responsible for driving supply chain and sales administration in line with the overall strategic direction of the company. Mr. Negi has worked with several pharmaceutical companies including Sun Pharma and Intas Pharma in various capacities and has more than 20 years' cumulative professional experience. Mr. Negi is a science graduate from HNB Garhwal university.

## MR. KAUSHAL KAMLESH SHAH
EXECUTIVE DIRECTOR

Mr. Kaushal Kamlesh Shah has been associated with Eris since inception and serves in the capacity of Executive Director. He is responsible for driving manufacturing, strategic sourcing and distribution operations. He has 24 years' experience in the pharmaceutical industry. Mr. Shah holds a bachelor's degree in commerce from Gujarat University and a post graduate diploma in management from Som-Lalit Institute of Management Studies.

## MR. SUJESH VASUDEVAN
INDEPENDENT DIRECTOR

Mr. Sujesh Vasudevan is an Independent Director at Eris. A Harvard alumnus, he brings 32+ years of experience in the pharma industry across leading Indian and global companies such as Glenmark, Abbott, and Torrent in the areas of Sales & Marketing and Business Development. He has built and led international businesses for some of these companies. Mr. Sujesh is a Senior Advisor to the Boston Consulting Group (BCG) and a Consultant to Warburg Pincus.

## MS. KALPANA UNADKAT
INDEPENDENT DIRECTOR

Ms. Kalpana Unadkat is an Independent Director at Eris. She is a qualified Solicitor registered with the Bombay Incorporated Law Society and the Law Society of England & Wales. She brings over two decades of legal experience and is presently a Partner with Khaitan & Co. Prior to Khaitan & Co., Ms. Unadkat spent 10 years with the London offices of Ashurst LLP. She is a well-recognised expert on M&A and Corporate Governance principles. She also advises on board effectiveness, particularly around issues of corporate governance, leadership, organisational climate, and decision-making. In this regard, she has led several workshops and trained more than 300 directors with a comprehensive approach to director development. She is also an independent director on the board of public companies (listed and unlisted). She is a co-author of the research "Women on Board" and has been frequently quoted in the media on corporate governance and M&A deals in India.

## MR. PRASHANT GUPTA
INDEPENDENT DIRECTOR

Mr. Prashant Gupta, is an Independent Director at Eris. He is a Partner in the corporate law department of Shardul Amarchand Mangaldas & Co. Mr. Gupta has been recognized by Who's Who Legal, Chambers Asia, Indian Lawyer 250, Legal500 and other leading industry publications as one of the leading capital markets practitioners in India. He was selected by the Indian Business Law Journal as one of the top 100 lawyers in India in 2016 and 2017. Mr. Gupta received his Bachelor of Arts and Master of Arts in Jurisprudence from the University of Oxford, England, and a Bachelor's degree in Commerce from the Shri Ram College of Commerce, University of Delhi. He is member of the Bar Council of Delhi and State Bar of California.

## MR. RAJEEV DALAL
INDEPENDENT DIRECTOR

Mr. Rajeev Dalal is an Independent Director at Eris. He brings over 37 years of experience in corporate finance covering 100+ M&A (domestic and cross border) transactions and Private Equity deals in sectors such as Pharma, Chemicals, FMCG, Metals & Mining, Industrials and Financial Services. Mr. Dalal was a corporate finance Partner at Ernst & Young LLP since 2002, consequent to the merger of Arthur Andersen with Ernst Young in India. Prior to that in 1990, Rajeev co-founded Ind Global Finance Trust (IGFT), which was acquired by Arthur Andersen in the year 2000. Prior to co-founding IGFT, Rajeev worked with HSBC and JM Financial in their investment banking divisions. Mr. Dalal is a member of the Institute of Company Secretaries of India. He is also a Law and Commerce Graduate from Bombay University.

# DIRECTORS' REPORT

**Dear Members,**

The Board of Directors of your Company have pleasure in presenting their 17th Annual Report (7th Post – IPO) on the business and operations of the Company together with the Audited Financial Statements for the financial year ended on March 31, 2023.

The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## 1. FINANCIAL RESULTS:

During the year under review, the performance of your Company was as under:

**(Rs. In Million)**

| **Particulars** | **Standalone** | | **Consolidated** | |
|---|---|---|---|---|
| | **Financial Year ended on March 31,2023** | **Financial Year ended on March 31, 2022** | **Financial Year ended on March 31, 2023** | **Financial Year ended on March 31, 2022** |
| Revenue from Operations | 13,307.25 | 12,157.30 | 16,851.49 | 13,470.43 |
| Other Income | 172.64 | 289.89 | 111.53 | 260.94 |
| **Total Revenue** | **13,479.89** | **12,447.19** | **16,963.02** | **13,731.37** |
| Operating EBITDA | 5,051.14 | 4,839.95 | 5,367.46 | 4,849.55 |
| Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 5,223.78 | 5,129.84 | 5,478.99 | 5,110.49 |
| Less: Depreciation/ Amortisation/ Impairment | (646.57) | (514.55) | (1,170.88) | (647.05) |
| Profit /loss before Finance Costs, Exceptional items and Tax Expense | 4,577.21 | 4,615.29 | 4,308.11 | 4,463.44 |
| Less: Finance Costs | (208.10) | (29.91) | (261.68) | (41.46) |
| Profit /loss before Exceptional items and Tax Expense | 4,369.11 | 4,585.38 | 4,046.43 | 4,421.98 |
| Add/(less): Exceptional items | 0 | 0 | 0 | 0 |
| **Profit/(Loss) before taxation** | **4,369.11** | **4,585.38** | **4,046.43** | **4,421.98** |
| Less : Tax Expenses (Current & Deferred) | (389.03) | (413.46) | (304.83) | (364.09) |
| Profit /loss for the year | 3,980.08 | 4,171.92 | 3,741.60 | 4,057.89 |
| **Profit after tax before share of profit/(loss) of minority interest** | **3,980.08** | **4,171.92** | **3,741.60** | **4,057.89** |
| Share of profit/(loss) attributable to Minority Interest | 0 | 0 | (79.98) | (3.24) |
| **Profit for the year attributable to the shareholders of the company** | **3,980.08** | **4,171.92** | **3,821.58** | **4,061.13** |

**(Rs. In Million)**

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | Financial Year ended on March 31,2023 | Financial Year ended on March 31, 2022 | Financial Year ended on March 31, 2023 | Financial Year ended on March 31, 2022 |
| Other Comprehensive Income/(Loss) | (1.49) | (10.05) | (0.59) | (9.82) |
| **Total Comprehensive Income/Loss** | **3,978.59** | **4,161.87** | **3,742.19** | **4,048.07** |
| Owners of the company | 3,978.59 | 4,161.87 | 3,822.17 | 4,051.31 |
| Add : Balance B/F from the previous year | 18,922.78 | 15,577.39 | 18,736.53 | 15,503.13 |
| Less: Transfer to Debenture Redemption Reserve, If any | 0 | 0 | 0 | 0 |
| Less: Transfer to Reserves | 0 | 0 | 0 | 0 |
| Less: Interim dividend | (999.31) | (816.48) | (999.40) | (816.48) |
| Less: Utilised for buy back of shares | 0 | 0 | 0 | 0 |
| Less: Change in Non-controlling interest / Transfer due to merger | 0 | 0 | 0 | (1.43) |
| **Balance Profit / (Loss) C/F to the next year** | **21,902.06** | **18,922.78** | **21,559.30** | **18,736.53** |

## 2. STATE OF AFFAIRS (standalone):

- The gross sales and other incomes for the financial year under review were Rs. 13,479.89 million as against Rs. 12,447.19 million in the previous year, recording a growth of 8.30%
- The profit before tax was Rs. 4,369.11 million for the financial year under review as against Rs. 4,585.38 million for the previous financial year, registering a decrease of 4.72%
- The profit after tax for the financial year under review was Rs. 3,980.08 million as against Rs. 4,171.92 million for the previous financial year, registering a decrease of 4.60%.

## 3. DIVIDEND:

In line with the Dividend Distribution Policy of the Company, during the financial year under review, the Company had paid Rs. 7.35 per equity share (at the rate of 735%) as an interim dividend and during the previous year the Company had paid Rs. 6.01 (at the rate of 601%) per equity share as an interim dividend with no final dividend. No final dividend has been recommended by the Board of Directors.

The Company has adopted the Dividend Distribution Policy and the said policy is available on the website of the Company at https://eris.co.in/corporate-governance/

## 4. CAPITAL EXPENDITURE (standalone):

As on March 31, 2023, the gross fixed assets (tangible and intangible) stood at Rs. 10,948.28 million (previous year Rs. 7,833.96 million) and the net fixed assets (tangible and intangible), at Rs. 8,978.13 million (previous year Rs. 6,420.03 million).

Capital expenditure during the financial year under review amounted to Rs. 3,112.65 million (previous year Rs. 532.83 million) including a purchase of Part of the dermatology portfolio of Dr. Reddy's Laboratories Ltd. by way of acquisition of 9 (Nine) trademarks along with their applicable line extensions.

During the financial year under review, the Company has paid Rs. 6,554.90 million for business acquisition/consolidation of holding of Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) (previous year NIL).

## 5. TRANSFERS TO RESERVES:

The Company has not transferred any amount to the reserves during the financial year under review. (previous year: NIL)

## 6. CHANGES IN CAPITAL STRUCTURE:

During the financial year under review, the Company had issued and allotted 60,520 equity shares to its employees under the "Eris Lifesciences Employee Stock Option Plan 2017" and 1,521 equity shares to its employees under the "Eris Lifesciences Employee Stock Option Plan 2021". As a result, the issued, subscribed, and paid-up share capital of the Company increased from Rs. 13,59,30,197/- (divided into 13,59,30,197 equity shares of Re. 1/- each) to Rs. 13,59,92,238/- (divided into 13,59,92,238 equity shares of Re. 1/- each). The equity shares issued under the Eris Lifesciences Employee Stock Option Plan 2017 and Eris Lifesciences Employee Stock Option Plan 2021 ranks pari-passu with the existing equity shares of the Company.

## 7. STATUTORY AUDITORS:

M/s. Deloitte Haskins & Sells LLP, having Firm's Registration No. 117366W/W-100018, Statutory Auditors of the Company, were re-appointed at the 15$^{th}$ Annual General Meeting (AGM) held on September 01, 2021, and will complete their term at the end of the 19$^{th}$ AGM (9$^{th}$ Post IPO) of the Company.

**Qualification, reservation, or adverse remark or disclaimer made by the Statutory Auditors in the Audit report:**

The Auditor's Report for the financial year ended March 31, 2023, does not contain any qualification, adverse remark, reservation or disclaimer and therefore, does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

## 8. COST AUDITORS:

The Company has made and maintained cost accounts and records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, for the financial year 2022-23. The Cost Audit Report, for the year ended March 31, 2022, was filed with the Central Government within the prescribed timeline.

M/s Kiran J Mehta & Co., Cost Accountants have been duly reappointed by Board to conduct the audit of the cost records of the Company for the financial year 2023-24.

The remuneration payable to the Cost Auditor is subject to ratification by the Members at the Annual General Meeting. Accordingly, the necessary Resolution for ratification of the remuneration payable to M/s Kiran J Mehta & Co., Cost Accountants, to conduct the audit of cost records of the Company for the financial year 2023-24 has been included in the Notice of the forthcoming 17$^{th}$ Annual General Meeting of the Company. The Directors recommend the same for approval by the Members.

## 9. SECRETARIAL AUDITORS & SECRETARIAL AUDIT REPORT:

The Board, pursuant to Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has duly re-appointed M/s. Ravi Kapoor & Associates, Practicing Company Secretaries, Ahmedabad as the Secretarial Auditor of the Company to conduct Secretarial Audit as per the provisions of the Companies Act, 2013, for the financial year 2023-24.

The Secretarial Auditor of the Company and its material subsidiary have carried out the Secretarial Audit for their respective entities and their reports in form MR-3, for the financial year 2022-23, are annexed as **"Annexure 1"** to this report.

**Qualification, reservation, or adverse remark or disclaimer made by the Secretarial Auditors in the Audit report:**

The Secretarial Auditor's Report for the financial year ended on March 31, 2023, does not contain any qualification, adverse remark, reservation, or disclaimer and therefore, does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

## 10. INTERNAL FINANCIAL CONTROLS:

The Board has adopted the policies, processes, and structure for ensuring the orderly and efficient conduct of its business with adequate and effective internal financial control across the organization, including adherence to the Company's policies, the safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Also, the Company has an internal audit system commensurate with the size of the Company and periodic audits of the internal functions and processes of the Company are ensured by the Board of Directors.

## 11. CONSERVATION OF ENERGY, RESEARCH, AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS, AND OUTGO:

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, appears at **"Annexure 2"** to this report.

## 12. SUBSIDIARY COMPANIES/ JOINT VENTURE/ ASSOCIATE COMPANY:

As on March 31, 2023, the Company has (4) four wholly-owned subsidiaries and (1) one subsidiary and (1) one step down subsidiary. As per the provisions of the Companies Act, 2013, there are no associates or joint venture companies of the Company.

The Company acquired 100% stake in Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) at the company valuation of Rs. ~6,554.90 million through judicious mix of internal accruals and borrowings during the financial year 2022-23.

There has been no material change in the nature of the business of the subsidiaries of the Company.

The Board of Directors had reviewed the affairs of all the subsidiaries of the Company.

**The following changes occurred in the subsidiary companies of the Company:**

- During the year under review, no company ceased to be a subsidiary of the Company.
- During the year under review, Eris Therapeutics Limited, a wholly owned subsidiary, has commenced its operational activities.
- Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited), a wholly owned subsidiary, acquired a part of the dermatology portfolio of Glenmark Pharmaceuticals Limited by way of acquisition of 9 (Nine) trademarks along with their applicable line extensions at a total consideration of Rs. ~3,400 million.
- Eris Healthcare Private Limited, a wholly owned subsidiary, demerged its Acquired Brands business to the Aprica Healthcare Limited, a wholly owned subsidiary, through a scheme of arrangement in the nature of Demerger approved by the National Company Law Tribunal order dated December 23, 2022.

The Company has formulated a policy for determining material subsidiaries. The Policy may be accessed at https://eris.co.in/corporate-governance/

### 13. PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANIES/ JOINT VENTURE/ ASSOCIATE COMPANY:

Pursuant to Section 129(3) of the Companies Act, 2013, and Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries/ joint ventures/ associate companies of the Company, bringing out the highlights of their performance, appears at Form AOC – 1 which appears at **"Annexure 3"** to this report. Details pertaining to the subsidiaries of the Company are provided in the notes to the Consolidated Financial Statements.

The Audited Financial Statements of Company's subsidiaries for the financial year ended March 31, 2023, are available on the web link https://eris.co.in/financials/ and the same are also available for inspection at the Registered Office of the Company as per the details mentioned in the notice of the 17th Annual General Meeting. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same, subject to compliance of the applicable provisions of the Companies Act, 2013.

### 14. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements have been prepared pursuant to Section 129(3) of the Companies Act, 2013, read with Rule 8(1) of the Companies (Accounts) Rules, 2014, and also as per the Indian Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI), in this regard. The Consolidated Financial Statements have been prepared on the basis of audited financial statements of the Company and its subsidiaries as approved by their respective Board of Directors.

### 15. ANNUAL RETURN (MGT-7):

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as on March 31, 2023, is available on the Company's website at https://eris.co.in/corporate-governance/

### 16. CORPORATE SOCIAL RESPONSIBILITY (CSR):

In compliance with the requirements of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee.

The details of the CSR Committee composition, meetings, and the attendance of the Members at the meetings along with other details appear in the Report on Corporate Governance which forms part of this Annual Report.

The annual report on CSR in the prescribed form appears at **"Annexure 4"** to this Report. The content of the CSR Policy is available on the website of the Company at https://eris.co.in/corporate-governance/

### 17. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report, highlighting the important aspects of the business of the Company appears separately in the Annual Report.

### 18. CORPORATE GOVERNANCE:

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013, and as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance and the Practicing Company Secretary's Certificate confirming compliances thereof appears at **"Annexure 5"** to this report.

### 19. BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT:

The Business Responsibility & Sustainability Report as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by the Company from an environmental, social, and governance perspective appears separately in the Annual Report.

## 20. DIRECTORS & KEY MANAGERIAL PERSONNEL:

**During the year under review, the following changes occurred in the constitution of the Board of Directors of the Company:**

- Ms. Vijaya Sampath, Independent Director, submitted her resignation from the Board of the Company vide her letter dated July 19, 2022, with immediate effect. The Company has placed on record its sincere appreciation for the contribution made by Ms. Vijaya Sampath during her tenure on the Board of the Company.
- Pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013, and the recommendation of the Nomination and Remuneration Committee, the Board of Directors, vide circular resolution passed on July 25, 2022, appointed Mr. Sujesh Vasudevan as an Additional Director (Independent) of the Company, for a term of 5 years commencing from July 25, 2022, upto July 24, 2027. The said appointment of Mr. Sujesh Vasudevan as an Independent Director was approved by the Members in the 16$^{th}$ Annual General Meeting dated September 01, 2022, in accordance with the provisions of the Act and the Listing Regulations.
- Pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013, and the recommendation of the NRC, the Board of Directors, vide resolution passed on June 15, 2022, re-appointed Mr. Prashant Gupta, Independent Director of the Company, for further term of 5 years commencing from April 30, 2023 up to April 29, 2028. The said re-appointment of Mr. Prashant Gupta as an Independent Director was approved by the Members in the 16$^{th}$ Annual General Meeting dated September 01, 2022, in accordance with the provisions of the Act and the Listing Regulations.

Except above, the composition of the Board of Directors did not undergo any changes during the year under review.

**Declaration by Independent Directors**

The Company has received declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations confirming that they meet the criteria of independence as prescribed thereunder.

The Independent Directors have complied with the Code for Independent Directors prescribed under Schedule IV of the Companies Act, 2013, and the Listing Regulations. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, and expertise (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder).

The Company familiarises the Independent Directors of the Company with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model and related risks of the Company, etc. Monthly updates on performance/developments of the Company are sent to the Directors. The brief details of the familiarisation programme are available on the website of the Company at https://eris.co.in/corporate-governance/

There were no changes in Key Managerial Personnel during the financial year 2022-23.

**Re-appointment / Appointment**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Krishnakumar Vaidyanathan (DIN: 08976508) retires by rotation at the forthcoming 17$^{th}$ Annual General Meeting and being eligible, offers himself for re-appointment.

Necessary resolutions for approval of the re-appointment of the aforesaid Director has been included in the Notice of the forthcoming 17$^{th}$ Annual General Meeting of the Company. The Directors recommend the same for approval by the Members.

## 21. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review, the Board of Directors of the Company duly met 6 (six) times. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

The applicable details of these Board meetings including the attendance of the Directors at those meetings are given in the report on Corporate Governance which forms part of the Annual Report.

## 22. COMMITTEES OF THE BOARD:

The Company has the following 6 (six) Board Committees which have been established in compliance with the requirement of applicable law(s) and statute(s) and function accordingly:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Executive Committee
- Risk Management Committee

The details with respect to the composition, terms of reference, number of meetings held and other disclosures required to be made in the Board's report etc. of these Committees are given in the report on Corporate Governance which forms part of the Annual Report.

## 23. EMPLOYEES' STOCK OPTION SCHEME:

**Eris Lifesciences Employee Stock Option Plan 2017**

The 'Eris Lifesciences Employee Stock Option Plan 2017' ("ESOP 2017") was approved by the shareholders at their Extra Ordinary General Meeting held on February 3, 2017, and subsequently in the 11th Annual General Meeting held on September 29, 2017, the Shareholders duly ratified the said Plan. The details as required to be disclosed under the Companies Act, 2013, read with the rules made thereunder and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [SEBI SBEB, 2021] are annexed as **"Annexure 6"** and the same are also available on the Company's website at: https://eris.co.in/announcements-notices/

**Eris Lifesciences Limited Employee Stock Option Plan 2021**

The 'Eris Lifesciences Employee Stock Option Plan 2021' ("ESOP 2021") was approved by the shareholders at their 15th Annual General Meeting held on September 01, 2021. The details as required to be disclosed under the Companies Act, 2013, read with the rules made thereunder and SEBI (Share Based Employee Benefits and sweat equity) Regulations, 2021 [SEBI SBEB, 2021] are annexed as **"Annexure 7"** and the same are also available on the Company's website at: https://eris.co.in/announcements-notices/

The objects of the Schemes are, inter alia, to provide an incentive to reward and motivate employees and enable them to participate in the long-term financial growth of the Company. The Company has granted stock options to eligible employees. The options will be exercisable into equity shares as per the terms and conditions stipulated in the above plan(s)

The certificate from the Secretarial Auditors of the Company certifying that the Scheme is implemented in accordance with the SEBI SBEB, 2021 and the resolutions passed by the members in this regard shall be available at the 17th Annual General Meeting for inspection by members.

## 24. CONTRACTS WITH RELATED PARTIES:

The policy on Related Party Transactions as approved by the Board is available on the website of the Company and can be accessed through the web link: https://eris.co.in/corporate-governance/. All contracts/arrangements/transactions entered by the Company during the year under review with the related parties were in the ordinary course of business and on an arm's length basis.

As required under Section 134(3)(h) of the Act, details of transactions entered with related parties under the Act as per the last audited financial statements are given in Form AOC-2 provided at **"Annexure 8"** to this Report.

## 25. PARTICULARS OF LOANS GIVEN, GUARANTEES GIVEN, INVESTMENTS MADE OR SECURITY PROVIDED BY THE COMPANY:

Details of loans, guarantees and investments, etc covered under section 186 of the Companies Act, 2013 appear in the notes to the financial statements.

## 26. PROTECTION OF WOMEN AT WORKPLACE:

No complaints pursuant to the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been received during the year under review. Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 27. RISK MANAGEMENT:

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company.

The Risk Management Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

## 28. DISCLOSURE ON ESTABLISHMENT OF VIGIL MECHANISM:

The Company provides an avenue to the Directors and Employees of the Company to report without fear any instance of an actual or suspected violation, wrongdoings, or any illegal or unethical, or improper practice which may adversely impact the image and/or the financials of the Company. For this, the Company has in place a Vigil Mechanism Policy (Whistle Blower Policy) for Directors and employees to report genuine concerns.

This provides for adequate safeguards against the victimization of employees and Directors who wish to use the vigil mechanism to bring any wrong deed(s) to the notice of the Company.

During the year under review, the implementation of the vigil mechanism has been properly and regularly monitored by the Audit Committee. However, no complaints or instances in this regard have been reported in the financial year 2022-23. The said policy is available on the Company's Website at https://eris.co.in/corporate-governance/

## 29. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- They had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the profit of the Company for that period;
- They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They had prepared the annual accounts on a going concern basis;
- They had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating efficiently; and
- They had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

### 30. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:

The Company has in place a policy on remuneration of Directors, Key Managerial Personnel ("KMP") and Other Employees which appears at **"Annexure 9"** to this report.

The details of parameters adopted for evaluating the performance of Non-Executive Directors appears in the Report on Corporate Governance which forms part of this Annual Report and also available on the Website of the Company at https://eris.co.in/corporate-governance/

### 31. MANNER IN WHICH FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS HAS BEEN CARRIED OUT:

The Board adopted the evaluation performed by the Independent Directors on the Board's performance carried out in accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("SEBI LODR") Reg. 25(4)(a) which took into account factors like 'ability to create value for its shareholders while ensuring legal compliances' and 'corporate governance norms'. Satisfaction has been recorded about the performance based on the aforesaid criteria. The performance of the Committees was adjudged based on the criteria approved by the Nomination and remuneration committee of the Company. The Board records its satisfaction about the performance of all the committees of the Board. The performance evaluation of Chairperson and Managing Director of the Company has been carried out by the Independent Directors in accordance with SEBI LODR Reg. 25(4)(b) and stands duly adopted by the Board. The performance evaluation of non-independent directors has been carried out by the Independent Directors in accordance with SEBI LODR Reg. 25(4)(a) and it has been likewise adopted by the Board. The remaining members of the Board were evaluated at the Board Meetings based on parameters adopted by the Nomination and Remuneration Committee.

### 32. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS:

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### 33. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

Disclosures required pursuant to the provisions of Section 197(12) of the Act read with Rule 5(1), 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report and appears at **"Annexure 10"**.

### 34. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There were no material changes and commitments have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

### 35. PUBLIC DEPOSITS

The Company has not accepted deposits from the public during the year under review. No deposits were outstanding at the beginning or at the closure of the financial year under review.

### 36. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following matters under the Companies Act, 2013, and SEBI Regulations either on account of absence of any transaction or the inapplicability of the provisions:

- Reporting of fraud(s) by the Auditors within the meaning of Section 143(12) of the Companies Act, 2013.
- Disclosure pursuant to section 43(1) read with Rule 4(4) of Companies (Share Capital and Debenture) Rules, 2014 regarding issue of equity shares with differential rights.
- Details of any scheme for providing money for the purchase of shares of the Company by employees for the benefit of employees.

- Issue of shares (including sweat equity shares) to the employees of the Company under any scheme, save and except Employees' Stock Options Plans referred to in this Report.
- Receipt of any commission from the Company or remuneration from any of its subsidiaries by the Managing Director or the Wholetime Directors of the Company as per section 197(14) of the Companies Act, 2013.
- Revision in the financial statements (apart from regrouping adjustments) or directors' report in any of the three preceding financials years.
- Regulation 32 (4) of SEBI LODR Regulations regarding explanation for the variation in the utilisation of money raised by public issue.
- Change in the nature of business as per rule 8(5)(ii) of the Companies Account Rule, 2014.
- Significant or material orders passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.
- Details of an application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year under review along with their status as at the end of the financial year.
- Details of difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions along with the reasons thereof.

## 37. ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from all the stakeholders during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by the Company's executives, staff and workers.

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

**Amit Bakshi**
(DIN: 01250925)
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

**Annexure 1**

**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
**Eris Lifesciences Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Eris Lifesciences Limited (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 my opinion thereon.

Based on our verification of the 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, 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 and verified the provisions of the following acts and regulations and also their applicability as far as the Company is concerned during the period under audit:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent of their applicability to the Company;

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

  (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debt Securities) Regulations, 2021;

  (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

We have also examined compliance with applicable clauses of the following

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. Provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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:**

i) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors.

ii) 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 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.

iii) All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees 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. referred to above.

**Place: Ahmedabad**
**Date: August 07, 2023**

**For, Ravi Kapoor & Associates**

**Ravi Kapoor**
**Company Secretary in practice**
**FCS No.: 2587**
**C P No.: 2407**
**UDIN: F002587E000751830**

This report is to be read with our letter of even date which is annexed as Annexure - A and forms an integral part of this report.

**Annexure A**

To,
The Members
**Eris Lifesciences Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
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.

**Place: Ahmedabad**
**Date: August 07, 2023**

**For, Ravi Kapoor & Associates**

**Ravi Kapoor**
**Company Secretary in practice**
**FCS No.: 2587**
**C P No.: 2407**
**UDIN: F002587E000751830**

## Form No. MR-3

**SECRETARIAL AUDIT REPORT**
For The Financial Year Ended on 31st March, 2023

[Pursuant to Regulation 24A of The Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
**ERIS OAKNET HEALTHCARE PRIVATE LIMITED**
Art Guild House, Unit GB-01 B-Wing,
Phoenix Market City,
LBS Marg, Kurla
Mumbai 400070

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ERIS OAKNET HEALTHCARE PRIVATE LIMITED** *(previously known as Oaknet Healthcare Private Limited)* (**CIN: U74999MH2011PTC296817**) (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2023** (the **"Audit Period"**), 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:-

1. **I have examined the books, papers, minute books, forms and returns filed and other records maintained by ERIS OAKNET HEALTHCARE PRIVATE LIMITED (the "Company") for the financial year ended 31st March, 2023 according to the provisions of:**

   (i) The Companies Act, 2013 (the **"Act"**) and the Rules made there under;

   (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

   (iii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment;

   (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**"SEBI Act"**) to the extent applicable to the Company:

      a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

      b) The Securities Contracts (Regulation) Act, 1956 (**"SCRA"**) and the Rules made there under;

   (v) During the period under review, provisions of the following regulations and guidelines were not applicable to the Company:

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the Securities and Exchange Board of India (Delisting of Equity shares) (Amendment) Regulations, 2015 and the Securities and Exchange Board of India (Delisting of Equity shares) (Amendment) Regulations, 2016;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(vi) OTHER APPLICABLE ACTS:

a) fiscal, labour and environmental laws which are generally applicable to all companies.

**2. The Company is a private limited company and wholly-owned subsidiary of a listed company.**

**3. Further, I have also examined compliance with the applicable clauses of the Secretarial Standards pursuant to section 118(10) of the Act, 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, and filed and returns as may be applicable, with the Registrar of Companies, Regional Director, Central Government, the Tribunal, Court or other authorities within the prescribed time and wherever applicable with additional fees.

**4. I further report that:**

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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.

b) 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 the members consent for convening meetings at a shorter notice wherever required have been duly obtained. Further, there exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) All decisions of the Board were unanimous and the same was captured and recorded as part of the minutes.

d) During the period, the Company had obtained the Certificate of Registration of Order confirming the Reduction of Share Capital from the Registrar of Companies, Mumbai on 6$^{th}$ April 2022, thereby reducing the issued, subscribed and paid-up share equity capital of the Company from INR 230,08,21,600/- divided into 23,00,82,160 equity shares of INR 10 each fully paid to INR 184,05,22,590/- divided into 18,40,52,259 equity shares of INR 10/- each and cancelled 4,60,29,901 equity shares of INR 10/- each fully paid up.

The Company Application for Capital Reduction was filed with NCLT, Mumbai in the previous financial year and the NCLT Order was received on 24th March 2022. However, the effective date of capital reduction was 6th April 2022.

As on date of this report, the issued, subscribed and paid-up share capital of the Company is Rs. INR 184,05,22,910/- divided into 18,40,52,259 equity shares of INR 10/- each and 32 compulsorily convertible preference shares of INR 10/- each.

e) During the period, the Company had altered the clauses of its Article of Association & the Memorandum of Association and complied with the applicable provisions of the Companies Act and applicable rules.

f) During the period, the Company had issued and allotted 64,30,000 Unlisted, Unsecured, Compulsorily Convertible Debentures and raised an amount aggregating to Rs. 32,79,32,682/- and complied with the applicable provisions of the Companies Act and applicable rules.

g) During the period, the Company has disposed by way of transfer, the predominant sources of revenues and the connected cost centers to Eris Lifesciences Limited its Holding Company w.e.f 1st April 2023.

h) I 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.

i) During the year, the Company was acquired by Eris Lifesciences Limited on 12th May 2022. The Company is now a material subsidiary of Eris Lifesciences Limited in terms of Regulation 16(1)(c ) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

This Report is to be read with my letter of even date which is annexed as **"ANNEXURE - A"** and forms an integral part of this Report.

**Place: Bangalore**
**Date: 04th August 2023**

**Vijayalakshmi K**
**Membership No.: A 23320**
**C.P. No.: 12066**
**UDIN: A023320E000744293**

**Annexure A**

To,
The Members,
**ERIS OAKNET HEALTHCARE PRIVATE LIMITED**
Art Guild House, Unit GB-01 B-Wing,
Phoenix Market City,
LBS Marg, Kurla
Mumbai 400070

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination is limited to the verification of procedures on test basis.

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.

**Place: Bangalore**
**Date: 04th August 2023**

**Vijayalakshmi K**
**Membership No.: A 23320**
**C.P. No.: 12066**
**UDIN: A023320E000744293**

**Annexure 2**

## PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

### (a) Conservation of energy:

#### (i) Steps taken for conservation of energy:

- Power consumption monitoring is regularly done at the manufacturing facility, resulting in optimum energy consumption and conservation.
- Use of LED lights and human sensor switches to save electricity has been adopted.
- Regulation in usage of office lighting.
- Regular monitoring of high energy consumption areas and taking appropriate measures as and when required. For instance optimisation of compressed air generation process, thermal insulation of hot water tanks and steam lines, preventive/periodic maintenance of HVAC plants and utility equipment.
- All efforts are made to use more natural lights in the premises to optimise the consumption of energy.
- Reduction in energy consumption for compressed air generation by placing an air reservoir to store and maintain air pressure
- Hot water tanks have been insulated to minimize energy loss
- Optimisation of energy efficiency through preventive maintenance activities of systems like HVAC, plant and utility equipment at regular intervals
- Cladding of hot water line has been undertaken to prevent any energy loss

#### (ii) The steps taken by the company for utilising alternate sources of energy:

- The Company evaluates all possibilities of utilizing alternate sources of energy in its operations, wherever possible.

#### (iii) The capital investment on energy conservation equipment:

- During the year, the company has not made any capital investment on energy conservation equipment.

### (b) Technology absorption:

- Company regularly monitors the technical advancements which can help in reducing cost and make the existing processes more eco-friendly and result in minimization of environmental hazards.
- The benefits derived from these efforts would be product improvement, cost reduction, and sustainable development.
- No technology was imported by the Company during the year under review.
- During the year, the Company has not made any expenditure on research and development related to technology absorption.

**(c) Foreign Exchange Earnings and Outgo details are as follows:**

(Rs. in million)

| Sr. No. | Particulars | 2022-23 | 2021-22 |
|---|---|---|---|
| 1 | Foreign Exchange Earnings | Nil | Nil |
| 2 | Foreign Exchange Outgo* | 5327 | 111.43 |

*Includes Payment Rs. 5248.75 Millions related to investment in Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited).

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

## Annexure 3

### FORM AOC-1

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

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

### PART A - SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in million)

| Name of the Subsidiary | Aprica Healthcare Limited (Previously known as UTH Healthcare Limited) | Eris M. J. Biopharm Private Limited (Previously known as Kinedex Healthcare Private Limited) | Eris Therapeutics Limited | Eris Healthcare Private Limited | Eris Pharmaceutical Private Limited | Eris Oaknet Healthcare Private Limited (Previously known as Oaknet Healthcare Private Limited) |
|---|---|---|---|---|---|---|
| The date since when subsidiary was Acquired/ Incorporated | 01.10.2017 | 23.11.2016 | 23.06.2021 | 01.12.2017 | 02.06.2020 | 12.05.2022 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Subsidiaries | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Share capital | 95.12 | 13.72 | 2.58 | 0.10 | 0.10 | 1,840.52 |
| Reserves & surplus | 467.79 | 215.85 | 195.72 | (201.90) | (0.28) | (1,156.58) |
| Total Assets | 860.73 | 438.29 | 2,523.67 | 471.53 | 0.07 | 5,132.78 |
| Total Liabilities | 97.82 | 208.72 | 2,325.37 | 643.33 | 0.25 | 4,384.54 |
| Investments | 30.02 | 0 | 0 | 30.09 | 0 | 0 |
| Turnover | 542.01 | 171.93 | 5.56 | 696.42 | 0 | 2,268.48 |
| Profit before taxation | 29.96 | (253.35) | (51.81) | (78.39) | (0.19) | 454.81 |
| Provision for taxation | 4.78 | 13.09 | 0 | 33.14 | 0 | 0 |
| Profit after taxation | 25.18 | (266.44) | (51.81) | (111.53) | (0.19) | 454.81 |
| Proposed Dividend | 0 | 0 | 0 | 0 | 0 | 0 |
| % of shareholding | 100.00 | 70.00 | 100.00 | 100.00 | 76 by EHPL | 100.00 |

**Notes:**

1. **Names of subsidiaries which are yet to commence operations: NA**
2. **Names of subsidiaries which have been liquidated or sold during the year: NA**

## PART B - ASSOCIATES AND JOINT VENTURES

| | Name of Associates or Joint Ventures | There are no associates or joint ventures of the Company during the year |
|---|---|---|
| 1. | Latest audited Balance Sheet Date | N.A. |
| 2. | Date on which the Associate or Joint Venture was associated or acquired | N.A. |
| 3. | Shares of Associate or Joint Ventures held by the company on the year end<br>a. Numbers<br>b. Amount of Investment in Associates or Joint Venture<br>c. Extent of Holding (in percentage) | N.A. |
| 4. | Description of how there is significant influence | N.A. |
| 5. | Reason why the associate/joint venture is not consolidated | N.A. |
| 6. | Net worth attributable to shareholding as per latest audited Balance Sheet | N.A. |
| 7. | Profit or Loss for the year<br>a. Considered in Consolidation<br>b. Not Considered in Consolidation | N.A. |

1. **Names of associates or joint ventures which are yet to commence operations: NA**
2. **Names of associates or joint ventures which have been liquidated or sold during the year: NA**

**For Eris Lifesciences Limited**

Amit Bakshi
Managing Director
DIN: 01250925

Inderjeet Singh Negi
Whole Time Director
DIN: 01255388

Sachin Shah
Chief Financial Officer

Milind Talegaonkar
Company Secretary
Membership No-A26493

Date: August 07, 2023
Place: Ahmedabad

Annexure 4

## ANNUAL REPORT ON CSR ACTIVITIES

**[Pursuant to Section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014]**

### 1. BRIEF OF THE COMPANY'S CSR POLICY:

While the Company continues to expand and grow in its sector of business, it has not lost sight of its commitment to play its role as an enlightened corporate citizen. Corporate Social Responsibility has always been on its agenda. Pursuant to the provisions of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company has framed a CSR Policy which lays down guidelines for the Company to make CSR as one of the key focus areas and contribute to society through high impact, sustainable programmes by undertaking the activities in accordance with Schedule VII of the Companies Act, 2013.

**The Company's focus areas under CSR are:**

- Preventive Medical Screening
- Education
- Environment
- Rural & Agricultural Development

### 2. THE COMPOSITION OF THE CSR COMMITTEE:

The CSR committee of the Board is responsible, inter alia, for overseeing the execution of the Company's CSR policy.

**The composition of the CSR Committee of the Company as on March 31, 2023, was:**

| Sr. No. | Name of the Director | Designation | Nature of directorship (Executive / Non-executive/ Independent / Non-independent | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|---|
| 1 | Mr. Inderjeet Singh Negi | Chairperson | Executive and Non-Independent | 1 | 1 |
| 2 | Mr. Rajeev Dalal | Member | Non-Executive and Independent | 1 | 1 |
| 3 | Mr. Kaushal Shah | Member | Executive and Non-Independent | 1 | 1 |
| 4 | Mr. Sujesh Vasudevan* | Member | Non-Executive and Independent | NA | NA |

* Mr. Sujesh Vasudevan was added to the Committee as a Member w.e.f. August 05, 2022.

### 3. WEB-LINKS:

Composition of CSR Committee: https://eris.co.in/wp-content/uploads/2022/08/Composition-of-Committee-1.pdf
CSR Policy and CSR Projects/Programmes: https://eris.co.in/corporate-governance/

### 4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT): Not Applicable

5. **DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY**

| Sr. No. | Financial Year | Amount available for set-off from preceding financial years (Rs. in Million) | Amount required to be set off for the financial year, if any (Rs. in Million) |
|---|---|---|---|
| 1 | 2022-23 | ~129.65 (available for set-off from preceding financial year 2021-22)<br>~ 0.29 (available for set-off from preceding financial year 2020-21) | The Company has set-off Rs. 52.36 Million from the excess amount available from financial year 2021-22 during the financial year 2022-23. |
| 2 | 2021-22 | ~ 0.29 (available for set-off from preceding financial year 2020-21) | The Company has carried forward the excess amount available financial year. |
| 3 | 2020-21 | Not Applicable | Not Applicable |
| **Total** | | **~129.94** | |

*Note: The total CSR obligation of the Company for financial year 2022-23 was Rs. 75.83 Million and the Company had spent Rs. 23.47 Million since an excess CSR expenditure amount of Rs. 129.94 Million was available with Company which was spent during the financial year 2021-22 on its CSR activities and out of said excess amount, Rs. 52.36 Million has been set off in financial year 2022-23. Now an excess amount of Rs. 77.58 Million is remaining with the Company to set off against the CSR requirements of succeeding 2 (two) financial years.*

6. **AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS (Section 135(5)):**
   Rs. 3791.28 million.

7. **PRESCRIBED CSR EXPENDITURE :**
   Rs. 75.83 million. (2% of Average Net Profit)

   **DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:**

   (a) Total amount to be spent for the financial year: Rs. 75.83 Million

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

   (c) Amount required to be set off for the financial year, if any: Rs. 52.36 Million

   (d) Total CSR obligation for the financial year (a+b-c): Rs. 23.47 Million

8. **CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (Rs. in Million.) | Amount Unspent (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 |
| 23.47 | Nil | NA | NA | Nil | NA |

**Details of CSR amount spent against ongoing projects for the financial year:** Not Applicable

Details of CSR amount spent against other than ongoing Projects/ Programmes for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sr. No. | Name of the Project/ Programme | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the Project/ Programme. | | Amount spent for the Project/ Programme (Rs. in Million). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | Preventive medical screening at public places, sanitization, and promotion of vaccination | Promoting health care including Preventive health care (Schedule VII(i)) | Yes | Pan India | | 22.39 | Yes | - | - |
| 2. | Promoting Education of Underprivileged | Education (Schedule VII(ii)) | Yes | Gujarat | | 1.08 | Yes | - | - |
| | **Total** | | | | | **23.47** | | | |

Amount spent in Administrative Overheads: Not Applicable

Amount spent on Impact Assessment, if applicable: Not Applicable

Total amount spent for the Financial Year: Rs. 23.47 Million

Excess amount for set-off for the Financial Year, if any: Not Applicable

9. **Details of Unspent CSR amount for the preceding three financial years:** Not Applicable
   **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not Applicable

10. **In case of creation or acquisition of capital asset, the details relating to the asset so created or acquired through CSR spent in the financial year**
    No creation or acquisition of capital asset(s) during the current financial year

11. **The reasons for unspent amount:** Not Applicable

**For Eris Lifesciences Limited**

**Amit Bakshi**
(DIN: 01250925)
Chairperson & Managing Director

**Inderjeet Singh Negi**
(DIN: 01255388)
Chairperson, CSR Committee

Date: August 07, 2023
Place: Ahmedabad

Annexure 5

## CORPORATE GOVERNANCE REPORT

**(Pursuant to provisions of Schedule V of the SEBI (LODR) Regulations, 2015/ "SEBI Listing Regulations")**

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Our organization wholeheartedly embraces the immense importance of corporate governance. We recognize the essential role a strong corporate governance structure plays in ensuring the enduring prosperity and sustainability of our Company, as well as the welfare of all those impacted. At all levels of our organization, we give utmost priority to the core principles of openness, responsibility, and ethical conduct. By steadfastly adhering to best practices and fostering transparent lines of communication, we guarantee that our decision-making procedures remain equitable and unbiased.

We proactively involve and take into account the perspectives of all stakeholders, protecting their interests and fostering a climate of confidence. Our commitment to corporate governance goes beyond mere adherence to rules; it is deeply ingrained in our corporate culture and acts as a guiding principle for our daily conduct. We understand that by upholding the most stringent corporate governance standards, we not only improve our own performance but also cultivate robust relationships with our employees, customers, partners, and communities.

### 2. BOARD OF DIRECTORS:

The Board of Directors holds a central position within an organization, playing a vital role in its achievements. The presence of an ideal blend of executive and independent directors is imperative, as it heightens the board's efficacy, objectivity, and sincerity, thereby directly benefiting the investors. This well-balanced composition of Directors ensures a diverse range of perspectives and prevents biases.

Aligned with our dedication to this principle, our Board of Directors (Board) is composed of a total of 8 Directors, including 3 promoter Executive Directors, 1 Executive Director, and 4 Non-Executive Independent Directors. This composition fully adheres to the relevant provisions outlined in the Companies Act, 2013 ("the Act"), as well as the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Board is headed by an Executive Promoter Director.

None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as of March 31, 2023, have been made by the Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("Act"). The maximum tenure of Independent Directors is compliant with the requirements of the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

#### BOARD MEETINGS

The Company places before the Board all the pertinent and essential information at their meetings for the information and approval of the Board. During the year ended March 31, 2023 the Board met 6 (Six) times on May 3, 2022, June 15, 2022, August 5, 2022, October 20, 2022, January 17, 2023, and March 16, 2023.

## COMPOSITION OF THE BOARD AND CATEGORY OF DIRECTORS

The Composition of the Board, the category of Directors' and their attendance at the Board Meeting held during the year is as follows.

| Directors | Category & Designation | No. of Board meetings attended | Last AGM attendance (Yes/No) | Other Directorship^ | No. of Committees in which Chairperson/ member # | |
|---|---|---|---|---|---|---|
| | | | | | Chairperson | Member |
| Mr. Amit Bakshi (DIN: 01250925) | Promoter, Executive, Managing Director and Chairperson | 6 | Yes | 2 | 0 | 0 |
| Mr. Inderjeet Singh Negi (DIN: 01255388) | Promoter, Executive and Whole-time Director | 6 | Yes | 2 | 0 | 1 |
| Mr. Kaushal Shah (DIN: 01229038) | Promoter, Executive and Whole-time Director | 6 | Yes | 4 | 0 | 0 |
| Mr. Krishnakumar Vaidyanathan (DIN: 08976508) | Executive and Whole-time Director | 6 | Yes | 2 | 0 | 1 |
| Mr. Sujesh Vasudevan (DIN: 08240092) | Non-Executive and Independent Director | 4 | Yes | 0 | 0 | 1 |
| Mr. Prashant Gupta (DIN:08122641) | Non-Executive and Independent Director | 4 | Yes | 0 | 0 | 1 |
| Mr. Rajeev Dalal (DIN: 00222650) | Non-Executive and Independent Director | 6 | Yes | 4 | 2 | 0 |
| Ms. Kalpana Unadkat (DIN: 02490816) | Non-Executive and Independent Director | 6 | Yes | 2 | 0 | 4 |
| Mrs. Vijaya Sampath* (DIN: 00641110) | Non-Executive and Independent Director | 2 | NA | 10 | 1 | 6 |

* Mrs. Vijaya Sampath, an Independent Director has resigned from the Board of the Company with effect from July 19, 2022

^ The above list of 'other Directorships' is based on a declaration received from the respective Directors and does not include Directorship in this Company.

\# The Committee (Audit and Stakeholders' Relationship Committee only) Memberships and Chairmanship in Companies include all public companies (including this Company) and does not include private limited, foreign and Section 8 Companies.

During the financial year under review, the Board of Directors underwent two notable changes.

Firstly, on July 19, 2022, Ms. Vijaya Sampath tendered her resignation on account of promoting greater diversity in the Board's composition in terms of experience, skills, and domain knowledge along with a confirmation that there are no other material reasons other than those mentioned in the resignation letter.

Secondly, on July 25, 2022, Mr. Sujesh Vasudevan was appointed as an additional Independent Director through the passing of a circular resolution to hold the office till the conclusion of next Annual General Meeting of the Company and was then regularised as an Independent Director for a term of 5 years by the members in the 16th Annual General Meeting held on September 01, 2022.

**DIRECTORSHIP IN LISTED COMPANIES OTHER THAN ERIS LIFESCIENCES LIMITED**

| Name of Directors | Category & Designation | Name of Listed Company |
|---|---|---|
| Mr. Amit Indubhushan Bakshi (DIN: 01250925) | N.A | N.A |
| Mr. Inderjeet Singh Negi (DIN: 01255388) | N.A | N.A |
| Mr. Kaushal Shah (DIN: 01229038) | N.A | N.A |
| Mr. Krishnakumar Vaidyanathan (DIN: 08976508) | N.A | N.A |
| Mr. Prashant Gupta (DIN:08122641) | N.A | N.A |
| Mr. Sujesh Vasudevan (DIN: 08240092) | N.A | N.A |
| Mr. Rajeev Dalal (DIN: 00222650) | N.A | N.A |
| Ms. Kalpana Unadkat (DIN: 02490816) | Non-Executive and Independent Director | Avenue Supermarts Limited |

All the information required to be furnished to the Board was made available to them along with detailed agenda notes. Information is also provided to the Board of Directors as and when required to make informed and timely decisions for the Company.

None of the Directors are related to each other in any way.

**As on March 31, 2023, the details of Equity Shares held by Non-Executive Directors are as under:** None of the Non-Executive Directors possessed any shares of the Company on March 31, 2023.

The familiarisation programmes imparted to Independent Directors are available on https://eris.co.in/corporate-governance/

The Board, in their meeting, assessed the veracity of the declaration given by the Independent Directors and confirmed that the Independent Directors comply with the provisions regarding independence specified in the SEBI LODR regulations and are Independent of the Management of the Company.

**The Board of Directors identifies and approves the following core skills/expertise/competencies required by the Board of Directors for the effective functioning of the business and sector in which the Company operates:**

- Pharmaceutical Industry expertise;
- Financial expertise;
- Legal expertise;
- Out of Industry perspective;
- Familiarity with Company history gained through long employment;
- Marketing of brands in the Pharma market.

The Directors of the Company possess the aforementioned core skills/expertise/competencies.

| Name of Director | Pharmaceutical Industry expertise | Financial expertise | Legal expertise | Out of Industry perspective | Familiarity with Company history gained through long employment | Marketing of brands in Pharma market |
|---|---|---|---|---|---|---|
| Mr. Amit Indubhushan Bakshi (DIN: 01250925) | Y | Y | - | - | Y | Y |
| Mr. Inderjeet Singh Negi (DIN: 01255388) | Y | Y | - | - | Y | Y |
| Mr. Kaushal Shah (DIN: 01229038) | Y | Y | - | - | Y | Y |
| Mr. Krishnakumar Vaidyanathan (DIN: 08976508) | Y | Y | - | Y | Y | - |
| Mr. Sujesh Vasudevan (DIN: 08240092) | Y | Y | - | Y | - | Y |
| Mr. Prashant Gupta (DIN:08122641) | - | Y | Y | Y | - | - |
| Mr. Rajeev Dalal (DIN: 00222650) | Y | Y | - | Y | - | - |
| Ms. Kalpana Unadkat (DIN: 02490816) | - | Y | Y | Y | - | - |

**3. AUDIT COMMITTEE:**

The composition of the Audit Committee is in compliance with the requirements of Section 177(2) of the Act and Regulation 18 of the Listing Regulations, as on March 31,2023 comprising of 4 (four) members out of which 1 (one) being Executive Director and 3 (three) Non-Executive Independent Directors.

During the year under review, the Audit Committee duly met 5 (Five) times on May 3, 2022, June 15, 2022, August 5, 2022, October 20, 2022, and January 17, 2023. The gap between any two successive Audit Committee meetings did not exceed one hundred and twenty days.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

| Sr. No. | Name of the Director | Designation in relation to membership of the committee | No. of meetings attended |
|---|---|---|---|
| 1 | Mr. Rajeev Dalal** | Chairperson<br>Non-Executive Independent Director | 3 |
| 2 | Ms. Kalpana Unadkat | Member<br>Non-Executive Independent Director | 5 |
| 3 | Mr. Prashant Gupta | Member<br>Non-Executive Independent Director | 4 |
| 4 | Mr. Krishnakumar Vaidyanathan | Member<br>Executive Director | 5 |
| 5 | Mrs. Vijaya Sampath* | Chairperson<br>Non-Executive Independent Director | 2 |

* Mrs. Vijaya Sampath, an Independent Director has resigned from the Board and Audit Committee of the Company with effect from July 19, 2022.

** Mr. Rajeev Dalal, an Independent Director was appointed as Member w.e.f. July 23, 2022 and appointed as Chairperson w.e.f. August 05, 2022, of the Audit Committee.

All recommendations made by the Audit Committee during the year under review have been accepted by the Board of Directors.

## BRIEF DESCRIPTION OF THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee is responsible for the discharge of its statutory role as per framework provided under the Act and the applicable SEBI rules and regulations. It covers, inter alia, the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors (including chief internal auditor of the Company and external auditors) and the fixation of the audit fee;
3. Approval of payment to statutory auditors or external auditors for any other services rendered by them;
4. Reviewing, the financial statements with respect to its unlisted Subsidiary(ies), in particular investments made by such Subsidiary(ies);
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements and auditor's report thereon before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the statutory auditor's and Internal Auditors independence and performance and discuss the same with the management and review effectiveness and adequacy of audit process and review Internal audit reports relating to internal control weaknesses;
8. Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed and mandatorily review Statement of significant related party transactions;

9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
13. Reviewing compliance with internal and statutory audit reports and examine reasons for substantial defaults and delays in implementing audit recommendations;
14. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
15. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of Non-payment of declared dividends) and creditors;
16. Reviewing the functioning of the whistle blower mechanism;
17. Review of statutory compliances and legal cases;
18. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
19. Carrying out any other functions required to be carried out by the Audit Committee in terms of applicable law.
20. Mandatorily review Management discussion and analysis of financial condition and results of operations;
21. Management letter / letters of internal control weaknesses issued by the statutory auditors;
22. Statement of deviations in terms of the SEBI Listing Regulations:
    a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations;
    b. Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.
23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders

## 4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The composition of the Stakeholders Relationship Committee is in compliance with the requirements of Section 178(5) of the Act and Regulation 20 of the Listing Regulations, as on March 31, 2023, comprising of 4 (Four) members out of which 1 (one) being the Executive Director and 3 (three) Non-Executive Independent Directors.

The Chairperson of the Stakeholders Relationship Committee is Mr. Rajeev Dalal, Non-Executive Independent Director.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

| Sr. No. | Name of the Director | Designation in relation to membership of the committee | No. of meetings attended |
|---|---|---|---|
| 1. | Mr. Rajeev Dalal | Chairperson<br>Non-Executive Independent Director | 1 |
| 2. | Ms. Kalpana Unadkat | Member<br>Non-Executive Independent Director | 1 |
| 3. | Mr. Sujesh Vasudevan * | Member<br>Non-Executive Independent Director | 1 |
| 4. | Mr. Inderjeet Singh Negi | Member<br>Executive Director | 1 |

* Mr. Sujesh Vasudevan, an Independent Director, appointed as a member in the Committee w.e.f. August 05, 2022 of Stakeholders Relationship Committee.

The committee carries out functions enumerated in the SEBI Listing Regulations. During the year under review, the Stakeholders Relationship Committee duly met 1 (one) time on January 17, 2023.

Mr. Milind Talegaonkar, Company Secretary of the Company acts as the Secretary and Compliance Officer to the meetings of the Committee.

**Number of Shareholder Complaints Received, Solved and Pending during the year:**

| No. of Complaints Received | No. of Complaint Solved to the satisfaction of shareholders | No. of Complaint not solved to the satisfaction of shareholders | No. of Complaints Pending |
|---|---|---|---|
| 1 | 1 | 0 | 0 |

**BRIEF DESCRIPTION OF THE TERMS OF REFERENCE OF THE STAKEHOLDERS RELATIONSHIP COMMITTEE**

1. Considering and resolving grievances of shareholders', debenture holders, and other security holders;
2. Redressal of grievances of the security holders of the Company, including complaints in respect of allotment of Equity Shares, transfer of Equity Shares, Non-receipt of declared dividends, annual reports, balance sheets of the Company, etc.;
3. Allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures, or any other securities;
4. To consider and approve, any and all requests of the Security(ies) holders of the Company, for re-materialisation or de-materialisation of the Securities;
5. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;

**5. NOMINATION AND REMUNERATION COMMITTEE:**

The composition of the Nomination and Remuneration Committee is in compliance with the requirements of Section 178(1) of the Act and Regulation 19 of the Listing Regulations as on March 31, 2023, comprising of 3 (Three) Non-Executive Independent Directors of the Company.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

| Sr. No. | Name of the Director | Designation in relation to membership of the committee | No. of meetings attended |
|---|---|---|---|
| 1 | Mr. Prashant Gupta | Member<br>Non-Executive Independent Director | 1 |
| 2 | Mr. Rajeev Dalal | Member<br>Non-Executive Independent Director | 1 |
| 3 | Mrs. Vijaya Sampath # | Chairperson<br>Non-Executive Independent Director | 1 |
| 4 | Ms. Kalpana Unadkat * | Chairperson<br>Non-Executive Independent Director | NA |

#Mrs. Vijaya Sampath, an Independent Director has resigned from the Board and Nomination and Remuneration Committee of the Company with effect from July 19, 2022.

*Ms. Kalpana Unadkat, an Independent Director appointed as Member on July 22, 2022 and appointed as Chairperson on August 05, 2022, of the Nomination and Remuneration Committee.

The Committee carries out functions enumerated in the SEBI Listing Regulations. During the year under review the Nomination and Remuneration Committee duly met only once on May 31, 2022.

The Nomination and Remuneration Committee, in its meeting held on 29th January, 2019, has adopted the following parameters to evaluate the performance of Independent Directors:

- Attendance at meetings of the Board and Committees thereof,
- Extent of participation through discussions in the Board meetings or Committee thereof,
- Contribution to strategic decision making,
- Inputs received while making risk assessments and suggestions on risk mitigation,
- Inputs received during the review of financial statements, business performance,
- Overall contribution to the enhancement of brand image of the Company,
- Performance of the Directors,
- Fulfilment of the independence criteria as specified in applicable regulation of SEBI LODR Regulations, 2015 and their independence from the management

**Managing Director and the Whole-time Director(s) and other Executive Director(s):**

- appropriate benchmarks set as per industry standards,
- the performance of the role occupant.

**BRIEF DESCRIPTION OF THE TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE**

- 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;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance (including independent director);
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of directors;
- To administer and superintend the ESOP scheme of the Company.

## 6. CSR COMMITTEE

As on March 31, 2023 the CSR Committee comprises of 4 (Four) members out of which 2 (Two) are Executive Directors and 2 (Two) are Non-Executive Independent Director of the Company. The CSR Committee carries out functions enumerated in the Act. During the Year CSR Committee has conducted only one meeting on June 15, 2022.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

| Sr. No. | Name of the Director | Designation in relation to membership of the committee | No. of Meeting Attended |
|---|---|---|---|
| 1 | Mr. Inderjeet Singh Negi | Chairperson<br>Executive Director | 1 |
| 2 | Mr. Kaushal Shah | Member<br>Executive Director | 1 |
| 3 | Mr. Sujesh Vasudevan* | Member<br>Non-Executive Independent Director | - |
| 4 | Mr. Rajeev Dalal | Member<br>Non-Executive Independent Director | 1 |

*Mr. Sujesh Vasudevan, an Independent Director appointed in the Committee as a Member w.e.f. August 05, 2022.

The Company has spent Rs. 23.47 Million on CSR activities during the financial year under review.

The terms of reference of the CSR Committee, inter alia, includes the following:

- Recommending the amount of expenditure to be incurred on the activities referred to in clause (a) of sub-section (3) of Section 135 of the Companies Act, 2013 for every financial year; and
- Monitoring the Corporate Social Responsibility Policy of your Company from time to time and recommending to the Board, any amendments in Corporate Social Responsibility Policy indicating activities that can be undertaken by the Company as specified in Schedule VII to the Companies Act 2013.

## 7. EXECUTIVE COMMITTEE MEETING

As on March 31, 2023 the Executive Committee comprises of 4 (four) members, all being Executive Directors. During the Year Company has conducted ten Meetings on April 14, 2022, April 26, 2022, May 18, 2022, June 21, 2022, September 8, 2022, October 17, 2022, January 17, 2023, February 13, 2023, March 1, 2023, and March 16, 2023.

The Composition as on March 31, 2023, of the Executive Committee are as follows:

| Sr. No. | Name of the Director (and designation in relation to membership of the committee) | Executive / Non-Executive | Independent / Non-Independent | No. of Meeting Attended |
|---|---|---|---|---|
| 1 | Mr. Amit Indubhushan Bakshi | Chairperson<br>Executive | Non-Independent | 10 |
| 2 | Mr. Inderjeet Singh Negi | Member<br>Executive | Non-Independent | 10 |
| 3 | Mr. Kaushal Shah | Member<br>Executive | Non-Independent | 10 |
| 4 | Mr. Krishnakumar Vaidyanathan | Member<br>Executive | Non-Independent | 9 |

**BRIEF DESCRIPTION OF THE TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE, INTER ALIA INCLUDES:**

- Deal with the day-to-day activities of the Company business including all operational matters affecting it;
- Develop and implement the adopted business plans, policies, guidelines, strategies, procedures, budgets and operational plans;

- Monitor and manage the operating and financial performance of the Company;
- Optimise, prioritise and allocate investment and resources;
- Manage and develop talent and undertake succession planning;
- Manage the risk profile of the Company;
- Give or make available to the Board such information, reports and other documents to enable it to carry out its duties.
- Be responsible for the identification, management, and mitigation of risk(s) across the Company's business;
- Manage the internal controls environment;
- Be responsible and accountable for the integrity of management information and financial reporting systems;
- Review the legal structure and propose recommendations for its improvement to the Board based thereon; and
- Borrow monies in terms of Section 179(3)(d) of the Act read with the first proviso thereto not exceeding an amount of INR 1000 crores (Rupees One Thousand Crores only) in the aggregate
- Invest the funds of the Company in terms of Section 179(3)(e) of the Act read with the first proviso thereto within the aforesaid overall limit of INR 1000 crores (Rupees One Thousand Crores only).
- Grant loans or give guarantee or provide security in respect of loans in terms of Section 179(3)(f) read with the first proviso thereto within the limits available to the Board from time to time.
- All actions and decisions ancillary, incidental, or connected to the above unless those are ultra-vires the Company or fall within the terms of reference of any other committee of the Board or is only exercisable by the general body, or is specifically required by the prevailing Company Laws to be exercisable only by the Board without permitting any committee delegation thereof.

**8. RISK MANAGEMENT COMMITTEE:**

As on March 31, 2023 the Risk Management Committee comprises of 5 (five) members out of which 3 (three) are Executive Directors, 1 (one) is Non-Executive Independent Director, and 1 (one) is Chief Financial Officer of the Company. The committee carries out functions enumerated in the Act.

During the Year Company has conducted 2 (two) Meetings on July 05, 2022 and December 23, 2022.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

| Sr. No. | Name of the Director | Designation in relation to membership of the committee | No. of Meeting Attended |
|---|---|---|---|
| 1 | Mr. Krishnakumar Vaidyanathan | Chairperson<br>Executive Director | 2 |
| 2 | Mr. Amit Bakshi | Member<br>Executive Director | 0 |
| 3 | Mr. Sachin Shah | Member<br>Chief Financial Officer | 2 |
| 4 | Mr. Kaushal Shah | Member<br>Executive Director | 0 |
| 5 | Mr. Kalpana Unadkat | Member<br>Non-Executive Independent Director | 2 |

## BRIEF DESCRIPTION OF THE TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, for the following:

- To formulate a detailed risk management policy in conformity with the requirements of the LODR regulations as amended from time to time.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company. For instance, validating the process of Risk Management, the procedure for Risk Minimization, Cyber Security risk management and mitigation;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems. This would include the activity of continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;
- To periodically review the risk management policy, at least once in two years (or such other frequency stipulated by law from time to time), including by considering the changing industry dynamics and evolving complexity;
- To keep the board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee
- To coordinate its activities with other committees, in instances where there is an overlap with activities of such committees, as per the framework laid down by the board of Directors.
- To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

## 9. INDEPENDENT DIRECTORS MEETING:

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, separate meeting of Independent Directors was held on March 16, 2023, without the participation of Non-Independent Directors and members of the management.

The Independent Directors discussed on various aspects, viz. performance of non-independent directors and the Board as a whole, performance of the Chairperson of the Company, quality, quantity and timeliness of the flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 10. REMUNERATION OF THE DIRECTORS

a. Transactions with the non-executive directors: The Company does not have a material pecuniary relationship or transactions with its non-executive directors except those were held by the Company in its ordinary course of business and on arms-length basis. The Company has paid sitting fees to non-executive directors for attending the meetings of the Board / Committees / sub-committees. Further, the Company has paid commission to non-executive directors.

b. Criteria for making payments to non-executive directors are available on the Company's website: https://eris.co.in/corporate-governance/

c. Disclosures with respect to remuneration: In addition to the disclosures required under the Companies Act, 2013, as given in the annual return, the disclosure regarding remuneration are as follows:

1. Details of fixed component and performance linked incentives, along with the performance criteria:

(Amount in Rupees)

| Sr. No | Particulars | Mr. Amit Bakshi Managing Director | Mr. Kaushal Shah Whole-time Director | Mr. Inderjeet Singh Negi Whole-time Director | Mr. Krishnakumar Vaidyanathan Whole-time Director |
|---|---|---|---|---|---|
| 1 | Basic Salary | 1,74,99,996 | 26,25,000 | 45,50,004 | 1,35,00,000 |
| 2 | Fixed components | 1,12,76,652 | 43,67,136 | 78,49,540 | 3,13,52,052 |
| 3 | Variable components | 2,00,00,000 | - | - | - |
| | **Total** | 4,87,76,648 | 69,92,136 | 1,23,99,544 | 4,48,52,052 |

**Non-Executive Directors:**

During the year under review sitting fees and commission were paid to the non-executive directors including independent directors of the Company which are as under;

(Amount in Rupees)

| Name of Director | Amount of commission paid | Amount of sitting fees paid |
|---|---|---|
| Mrs. Vijaya Sampath* | 9,03,226 | 3,75,000 |
| Mr. Prashant Gupta | 33,00,000 | 6,75,000 |
| Mr. Rajeev Dalal | 33,00,000 | 9,00,000 |
| Ms. Kalpana Unadkat | 35,50,000 | 9,75,000 |
| Mr. Sujesh Vasudevan ** | 24,42,463 | 3,75,000 |

* Mrs. Vijaya Sampath, an Independent Director has resigned from the Board of the Company with effect from July 19, 2022

** Mr. Sujesh Vasudevan, an Independent Director has joined the Board of the Company with effect from July 25, 2022

2. Performance criteria includes the growth, consolidation, Position of the Company in the Indian Pharmaceutical Market (IPM), Compliance Record, comparison with the peer group as assessed/ adjudged along with other criteria as decided by the Board / Committee from time to time.

3. There are no separate service agreements executed by the Company and its Directors.

   However, the Company has executed the following agreements:

   - Managing Director Employment Agreement with Mr. Amit Bakshi,
   - Employment Agreement with Mr. Kaushal Shah, Mr. Inderjeet Singh Negi and Mr. Krishnakumar Vaidyanathan

   The non-executive/Independent Directors are entitled to commission and sitting fees in respect of the meetings of the Board and its committee/ sub-committees attended by them and they are also entitled to reimbursement of all expenses for participation in the Board and other meetings in accordance with the Letter of Appointment issued to them.

   Apart from the above agreements and letters of appointments, there are no service agreements/severance fees executed / paid by the Company to the Directors. For all the above mentioned agreements notice period is/ would be 120 days. Non-Executive Directors may resign from his/her position at any time after serving a reasonable written notice to the Board.

4. Except 75,797 options granted to Mr. Krishnakumar Vaidyanathan, Executive Director and Chief Operating Officer, under ESOP Plan 2021 of the Company, no ESOPs have been granted to any other Director of the Company during the financial year under review.

## 11. GENERAL BODY MEETINGS:

**The date and time of annual general meetings held during last three years and the special resolution(s) passed there at, are as follows**:

| Meeting No. | Financial Year | Date and Time | Venue | Special Resolution passed |
|---|---|---|---|---|
| 14th | 2019-20 | Tuesday, September 29, 2020 At 11:00 A.M. | Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") Deemed venue was the Registered office of the Company located at 8th Floor, Commerce House- IV, Prahladnagar, 100 ft road Ahmedabad GJ 380015 | Appointment of Mr. Kaushal Kamlesh Shah as a Whole-time Director of the Company |
| 15th | 2020-21 | Wednesday, September 01, 2021 At 11:00 A.M. | Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") The Deemed venue was the Registered office of the Company located at 8th Floor, Commerce House- IV, Prahladnagar, 100 ft road Ahmedabad GJ 380015 | • Re-appointment of Mrs. Vijaya Sampath as an Independent Director of the Company<br>• Re-appointment of Mr. Amit Bakshi as the Managing Director of the Company<br>• Appointment of Mr. Krishnakumar Vaidyanathan as the Whole-Time Director of the Company<br>• Re-appointment of Mr. Inderjeet Singh Negi as the Whole-Time Director of the Company<br>• Approval of Eris Lifesciences Employees Stock Option Plan, 2021 (ESOP-2021) |
| 16th | 2021-22 | Thursday, September 01, 2022 At 11:00 A.M. | Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") The Deemed venue was the Registered office of the Company located at Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 | • Re-appointment of Mr. Prashant Gupta as an Independent Director of the Company.<br>• Appointment Mr. Sujesh Vasudevan as an Independent Director of the Company. |

**The Company neither passed any resolution through postal ballot during the year under review nor any special resolution is proposed to be conducted through postal ballot.**

## 12. MEANS OF COMMUNICATION:

**Quarterly / Annual Results:** The quarterly / half-yearly / annual financial results as required under Regulation 33 of the Listing Regulations have been intimated to the Stock Exchanges and published in the newspaper- 'The Financial Express' (English & Gujarati editions). Further, the said are also available at the website of the Company i.e. https://eris.co.in/financials/

**News releases, presentations and others:** Official news releases and official media releases are sent to Stock Exchanges and are put on the Company's website.

**Information on the website of the Company:** The Company is in compliance of Regulation 46 of the Listing Regulations. On the website of the Company (https://eris.co.in/), a separate section under 'Investors' tab has been created, where Company disseminates information and various announcements made by the Company are available.

**Presentations to institutional investors / analysts:** The transcript of the conference calls for Results, presentations made to institutional investors and financial analysts are intimated to the Stock Exchanges and are put on the Company's website i.e. https://eris.co.in/financials/.

## 13. GENERAL SHAREHOLDER INFORMATION:

| | | |
|---|---|---|
| (i) | Annual General Meeting<br>Day, Date, Time and Venue | Day : Monday<br>Date: 25th September, 2023<br>Time: 11:00 a.m.<br>Venue: Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 |
| (ii) | Financial Year | 1st April, 2022 to 31st March, 2023 |
| (iii) | Dividend Payment Date | Not Applicable |
| (iv) | ISIN No. for ordinary shares of the Company in Demat form | INE406M01024 |
| (v) | Registered Office | Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 |
| (vi) | Registrar and Transfer Agent | Link Intime India Pvt. Ltd.<br>C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai-400083 |
| (vii) | Investor Correspondence | Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 |
| (viii) | Plant Location | Plot no. 30 and 31, Brahmaputra Industrial Park, Under Mouza-Sila, Senduri Ghopa, Amingaon, North Guwahati, Guwahati 781 031 Assam, India |
| (ix) | Any Website where it displays official releases | http://www.eris.co.in |
| (x) | Any presentation made to the institutional investor and analyst | Displayed on website of the Company. |
| (xi) | Is half yearly report sent to the shareholders | No |
| (xii) | Whether Management Discussion and Analysis is a part of this report | The said report is part of the Annual Report. |
| (xiii) | Share Transfer System | The work of physical share transfer is presently handled by Registrar and Transfer Agent.<br>The work of electronic transfer of shares is done through the depositories. |

| | | |
|---|---|---|
| (xv) | Auditors for the FY 2022-23 and Proposed Auditors for the FY 2023 – 2024 | M/s Deloitte Haskins & Sells LLP |
| (xvi) | Compliance Officer | Mr. Milind Talegaonkar |
| (xvii) | Company Secretary | Mr. Milind Talegaonkar |
| (xviii) | Whether securities are suspended from trading | No |

**Listing on Stock Exchange(s):**

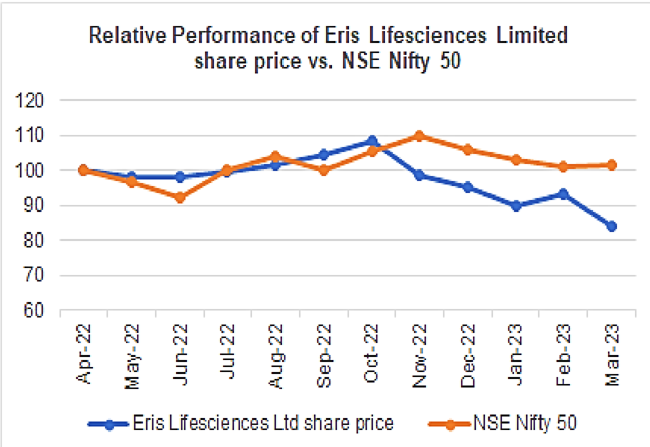
| Sr. No. | Name of Stock Exchange | Address of Stock Exchange | Stock Code |
|---|---|---|---|
| 1 | BSE Limited | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001 | 540596 |
| 2 | National Stock Exchange of India Limited | Exchange Plaza Bandra Kurla Complex Bandra (E)Mumbai-400051 | ERIS |

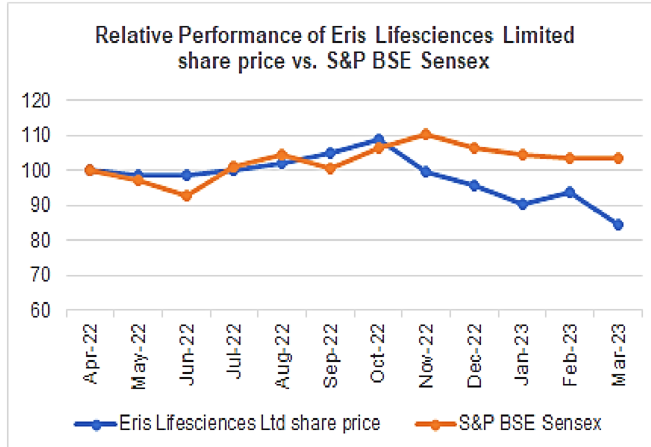
**Note:** Annual Listing fees for the Financial Year 2022-23 has been duly paid to the stock exchanges.

**Market price data of the Company:**

| | BSE Limited | | National Stock Exchange of India Limited | |
|---|---|---|---|---|
| **Month** | **Month's High Price** | **Month's low Price** | **Month's High Price** | **Month's low Price** |
| Apr-22 | 744.70 | 658.25 | 745.20 | 658.25 |
| May-22 | 725.55 | 651.75 | 724.00 | 650.85 |
| Jun-22 | 677.80 | 600.50 | 679.35 | 600.30 |
| Jul-22 | 714.00 | 628.50 | 692.00 | 634.55 |
| Aug-22 | 733.00 | 662.15 | 721.50 | 663.05 |
| Sep-22 | 722.75 | 670.85 | 722.00 | 674.00 |
| Oct-22 | 749.85 | 693.95 | 749.80 | 695.55 |
| Nov-22 | 744.55 | 661.00 | 744.50 | 661.00 |
| Dec-22 | 697.90 | 635.70 | 687.30 | 636.35 |
| Jan-23 | 674.30 | 606.35 | 672.00 | 605.75 |
| Feb-23 | 689.85 | 602.80 | 659.85 | 602.50 |
| Mar-23 | 647.55 | 550.90 | 640.10 | 551.30 |

Performance of the Share price of the Company in comparison to the BSE SENSEX and NSE NIFTY




## DISTRIBUTION OF SHAREHOLDINGS AND SHARE HOLDING PATTERN

**Distribution schedule: (As on March 31, 2023):**

| Distribution of Shares | No of Share Holders | Percentage to Total No. of Shareholders | No of Shares Held | Percentage to Total Share Capital |
|---|---|---|---|---|
| 1 – 500 | 45,468 | 97.9850 | 16,10,647 | 1.1844 |
| 501 – 1000 | 482 | 1.0387 | 3,57,520 | 0.2629 |
| 1001 – 2000 | 170 | 0.3664 | 2,39,573 | 0.1762 |
| 2001 – 3000 | 51 | 0.1099 | 1,31,655 | 0.0968 |
| 3001 – 4000 | 34 | 0.0733 | 1,18,744 | 0.0873 |
| 4001 – 5000 | 25 | 0.0539 | 1,15,528 | 0.0850 |
| 5001 – 10000 | 42 | 0.0905 | 3,14,868 | 0.2315 |
| Above 10001 | 131 | 0.2823 | 13,31,03,703 | 97.8760 |
| **Grand Total** | **46,403** | **100.00** | **13,59,92,238** | **100.00** |

**Shareholding Pattern:**

**CATEGORY WISE SHAREHOLDING PATTERN AS ON MARCH 31, 2023:**

| Sr. No. | Category | No. of Shares Held | % of Holding |
|---|---|---|---|
| 1 | **Promoter & Promoter Group** | | |
| | Indian | 7,18,83,644 | 52.8587% |
| | Foreign | 0 | 0 |
| 2 | **Public** | | |
| | Institutions | 3,38,38,077 | 24.8824% |
| | Central Government/ State Government(s)/President of India | 0 | 0 |
| | Non-Institutions | 3,02,70,517 | 22.2589% |
| 3 | **Non Promoter – Non Public** | | |
| | Custodian/DR Holder | 0 | 0 |
| | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | 0 | 0 |
| **Total (1+2+3)** | | **13,59,92,238** | **100%** |

## 14. DEMATERIALIZATION OF SHARES AND LIQUIDITY.

The Company's shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). All the shares except 5 Equity shares of the Company have been dematerialised by investors as on March 31, 2023. All shares of the Company except Lock-in shares are liquid and actively traded in normal volume on BSE Limited and National Stock Exchange of India Limited.

## 15. OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2023, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

## 16. FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES:

The risk of exchange rate volatility is mitigated by splitting and spreading the foreign exchange payments between the date of issue of import orders and the final payment against receipt of supplies. The Company has obtained the necessary authorisations for covering the foreign exchange exposure. The decision to avail hedging is taken on a case to case basis.

## 17. CREDIT RATING:

During the year under review, no credit rating was required by the Company.

## 18. OTHER DISCLOSURES:

(a) Materially significant related party transactions:

There were no materially significant related party transactions during the year under review that may have potential conflict with the interests of the Company at large.

(b) Details of Noncompliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI) or any Authority on any matter related to capital markets during the last three years:

During the period under review, the Company had not received any notice regarding Non-compliance of the provisions of applicable laws to the Company which are material in nature.

(c) Whistle Blower Policy/Vigil Mechanism:

In accordance with the requirements of the Act, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place the Whistle Blower Policy approved by the Board of Directors. The Company affirms that no personnel has been denied access to the Audit Committee. The said policy has been uploaded on the website of the Company i.e. https://eris.co.in/corporate-governance/

(d) Compliance with mandatory requirements and adoption of Non-mandatory requirements:

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, at present, the Company has not adopted the Non-mandatory requirements of Regulation 27 read with Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except for Reporting of Internal Auditor to the Audit Committee.

(e) Web link where policy for determining 'material' subsidiaries is available:

The Company has in place the Policy for determining Material subsidiaries and the said policy has been uploaded on the website of the Company i.e. https://eris.co.in/corporate-governance/.

(f) Web link where policy on dealing with related party transactions is available:

The Company has in place the policy on dealing with related party transactions and the said policy has been uploaded on the website of the Company i.e. https://eris.co.in/corporate-governance/.

(g) Commodity Price Risk and Hedging Activities:

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing of drugs. The prices of raw materials generally fluctuate in line with commodity cycles over a short period of time.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company also has a Risk Management framework to proactively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalisation, renegotiating procurement contracts etc. Additionally, the Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.

Most of these materials are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company does not use any derivative contracts to hedge exposure to fluctuations in commodity prices.

(h) Details of the utilization of funds raised through preferential allotment or Qualified Institutions Placement as specified under Regulation 32 (7A):

During the financial year under review, the Company has not raised any funds through preferential allotment or Qualified Institutions Placement.

(i) The Company has received a certificate from Mr. Ravi Kapoor, Practising Company Secretary, confirming that None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI, Ministry of Corporate Affairs or any such other Statutory Authority, as stipulated under Regulation 34(3) of the Listing Regulations. Copy of the said certificate appears at "**Annexure A**" to this report.

(j) There were no instances where the Board of Directors had not accepted any of the recommendation(s) given by any Committee(s) of the Board during the financial year under review.

(k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs. 15.03 million.

(l) Disclosure required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of Complaints outstanding at the beginning of the financial year: Nil

Number of complaints filed during the financial year: Nil

Number of complaints disposed of during the financial year: Nil

Number of complaints pending as on the end of the financial year: Nil

(m) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount':

Please refer to the section on Financial Statement of this Annual Report and Related Party Disclosures made by the Company under Regulation 23 of SEBI (LODR) Regulations, 2015.

(n) Details of material subsidiaries of the Company:

| **Name of Material Subsidiary** | **Date and Place of Incorporation** | **Details of Statutory Auditors** |
|---|---|---|
| Eris Oaknet Healthcare Private Limited<br><br>(Formerly known as Oaknet Healthcare Private Limited) | Date of Incorporation: August 08, 2011<br><br>Place of Incorporation: Bangalore, Karnataka | Name of Statutory Auditors: Deloitte Haskins & Sells LLP<br><br>Date of Appointment: September 30, 2022. |

There is no Non-compliance with any requirement of the Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

## 19. UNCLAIMED SHARES LYING IN DEMAT SUSPENSE ACCOUNT:

The balance in the Demat suspense account or unclaimed suspense account is NIL.

## 20. DETAILS OF NON-COMPLIANCE

No Penalties have been imposed by any stock exchanges and SEBI which are material in nature, nor has there been any instance of Non-compliance with any legal requirements of the corporate governance report other than those mentioned Secretarial Audit Report issued by the Secretarial Auditor of the Company.

## 21. DISCLOSURE OF COMPLIANCE OF CORPORATE GOVERNANCE REQUIREMENTS:

The Company has complied with the corporate governance requirement as specified in the regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI LODR Regulations.

## 22. MANAGING DIRECTOR /CFO CERTIFICATION:

The Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI LODR Regulations. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the SEBI LODR Regulations. The annual certificate given by the Chairman and Managing Director and the Chief Financial Officer appears at "**Annexure B**" to this report.

## 23. CODE OF CONDUCT:

The Board of Directors has laid down the Code of Conduct for all the Board Members and members of the senior management. The code is a comprehensive code applicable to all Directors, Executive as well as Non – Executive and members of the Senior Management. The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them.

The Code has been uploaded on the website of the Company.

## 24. DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO REGULATION 26 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The Company has obtained affirmation from all the members of the Board and Senior Management Personnel of the Company that they have complied with the Code of Conduct for the Board of Directors and Senior Management Personnel in respect of the financial year 2022-23.

I, Amit Bakshi, Chairman & Managing Director of Eris Lifesciences Limited, declare that the Company has obtained affirmation from all the members of the Board and Senior Management Personnel of the Company, that they have complied with the Code of Conduct for Board of Directors and Senior Management Personnel in respect of the financial year 2022-23.

Place: Ahmedabad
Date: August 07, 2023

Amit Bakshi
Chairperson & Managing Director
DIN: 01250925

## 25. COMPLIANCE CERTIFICATE OF THE PRACTICING COMPANY SECRETARY

A Certificate from the Practicing Company Secretary regarding the compliance of conditions of corporate governance, as stipulated under Regulation 34 of the SEBI Regulations appears at "**Annexure C**" to this report.

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**To,**
**The Members of**
**ERIS LIFESCIENCES LIMITED**
**Shivarth Ambit, Plot No 142/2, Ramdas Road,**
**Off SBR Near Swati Bungalows, Bodakdev,**
**Ahmedabad – 380 054.**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Eris Lifesciences Limited** having CIN **L24232GJ2007PLC049867** and having registered office at Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR Near Swati Bungalows, Bodakdev Ahmedabad – 380 054 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

| Sr. No | Name of Director | DIN | Date of appointment in Company |
|---|---|---|---|
| 1 | Rajeev Dalal | 00222650 | 19/12/2020 |
| 2 | Sujesh Vasudevan | 08240092 | 25/07/2022 |
| 3 | Kaushal Kamlesh Shah | 01229038 | 04/08/2020 |
| 4 | Amit Indubhushan Bakshi | 01250925 | 27/01/2007 |
| 5 | Inderjeet Singh Negi | 01255388 | 25/01/2007 |
| 6 | Prashant Gupta | 08122641 | 30/04/2018 |
| 7 | Kalpana Vasantrai Unadkat | 02490816 | 05/01/2021 |
| 8 | Krishnakumar Vaidyanathan | 08976508 | 20/12/2020 |

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated above for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 12.06.2023**
**Place: Ahmedabad**

**Ravi Kapoor & Associates**

**Ravi Kapoor**
**Proprietor**
**Mem. No FCS. 2587**
**COP No.: 2407**
**UDIN: F002587E000479690**

**Annexure B to the Corporate Governance Report**

## COMPLIANCE CERTIFICATE PURSUANT TO REGULATION 17(8) OF SEBI LODR, 2015

To,
The Board of Directors.
Eris Lifesciences Limited

We, Amit Bakshi, DIN: 01250925, Chairperson & Managing Director and Sachin Shah, Chief Financial Officer of Eris Lifesciences Limited ("Company") to the best of our knowledge and belief certify that:

A. We have reviewed standalone as well as consolidated financial statements and the cash flow statement of the Company for the quarter/year ended March 31, 2023 and to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) There has not been any significant changes in internal control over financial reporting during the year;

   (2) There has not been any significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) There has not been any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

| | | |
|---|---|---|
| Place: Ahmedabad | Amit Bakshi | Sachin Shah |
| Date: August 07, 2023 | Chairperson & Managing Director | Chief Financial Officer |

## Compliance Certificate

To,
The Members of
**Eris Lifesciences Limited**
**Shivarth Ambit, Plot No 142/2, Ramdas Road,**
**Off SBR, Near Swati Bungalows, Bodakdev,**
**Ahmedabad - 380 054**

We have examined the Compliance with the conditions of Corporate Governance by **Eris Lifesciences Limited** for the year ended on 31st March, 2023 as per Para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1st April, 2022 to 31st March, 2023. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

Compliance with the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has materially complied with the conditions of Corporate Governance as stipulated in Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Date: 12.06.2023**
**Place: Ahmedabad**

**Ravi Kapoor & Associates**

**Ravi Kapoor**
**Proprietor**
**Mem. No FCS. 2587**
**COP No.: 2407**
**UDIN: F002587E000479679**

Annexure 6

# ERIS LIFESCIENCES LIMITED

Registered Office: Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054

Email: complianceofficer@erislifesciences.com Website: www.eris.co.in
Tel: +91 79 6966 1000 Fax: +91 79 6966 1155
CIN: L24232GJ2007PLC049867

**DISCLOSURES WITH RESPECT TO EMPLOYEES' STOCK OPTION PLAN, 2017 OF THE COMPANY PURSUANT TO RULE 12 OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, REGULATION 14 AND PART F OF SCHEDULE I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021:**

A. **Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by the ICAI or any other relevant accounting standards as prescribed from time to time:**

Members may refer to the audited financial statements prepared as per IND AS for the year 2022-2023.

B. **Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Ind-AS 33:**

Diluted EPS for the year ended March 31, 2023 is Rs. 29.23 calculated in accordance with IND AS 33

C. **Details related to Employees' Stock Option Plan, 2017 ("ESOP 2017")**

| Sr. No. | Description | Details |
|---|---|---|
| 1 | Date of Shareholders' Approval | 3rd February, 2017<br>29th September, 2017 (Ratified) |
| 2 | Total Number of Options approved under ESOPs | 3,91,599 equity shares |
| 3 | Vesting requirements | Options granted under ESOP 2017 would vest not earlier than 1 (One) year and not later than 5 (Five) years from the date of Grant of such Options.<br>The Option would vest on completion of vesting period and the vesting of options would be subject to continued employment/service with the Company.<br>The Nomination and Remuneration Committee of the Company/Compensation Committee may specify certain performance parameters subject to which the Options would vest.<br>The Options would vest in a Director only if he continues to remain a Director of the Company on the date of the Vesting of Options. Vesting of Options in case of Employees on long leave: The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Board. |

| | | |
|---|---|---|
| 4 | Exercise Price | The Exercise Price per Option shall be such price as may be determined by the Nomination and Remuneration Committee of the Company/ Compensation Committee being not less than the face value of an equity share of the Company as on the date of grant of Option. The Exercise price of options (as of the date of grant of options) was determined as Rs. 451.04. |
| 5 | Pricing Formula | Discount to fair market value of the Equity Shares as on the date of grant. |
| 6 | Maximum term of option granted | The options would vest over a maximum period of 5 years from the date of grant of Options. |
| 7 | Sources of Shares | Primary |
| 8 | Variation in terms of options | Nil |
| 9 | Method used to account for ESOPs | Black Scholes Option Pricing Model. |
| 10 | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall be disclosed | NA |
| 11 | Option movement during the year as on March 31, 2022 | |
| | a. Number of options outstanding at the beginning of the period | 1,07,536 |
| | b. Number of options granted during the year | Nil |
| | c. Number of options forfeited/ lapsed during the year | 0 |
| | d. Number of option vested during the year | 53,710 |
| | e. Number of options exercised during the year | 60,520 |
| | f. Number of shares arising as a result of exercise of options | 60,520 |
| | g. Money realised by exercise of options (INR), if scheme is implemented directly by the Company | 2,72,96,940 |
| | h. Loan repaid by the trust during the year from exercise price received | NA |
| | i. Number of options outstanding at the end of the year | 47,016 |
| | j. Number of options exercisable at the end of the year | 47,016 |

| | | |
|---|---|---|
| **12** | Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock | Weighted average exercise prices: Rs. 451.04<br>Weighted average fair values: Rs 268.77 |
| **13** | Employee- wise details of options granted during the year to: | NA |
| | i. Senior Managerial Personnel and / or Key Managerial Personnel | |
| | ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | |
| | iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | |

14. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

a. The weighted average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk free interest rate and any other inputs to the model:

| Sr. No | Particular | 2022-23 |
|---|---|---|
| i | weighted average risk free interest rate | 6.91% |
| ii | weighted average expected option life (in Years) | 5.50 |
| iii | weighted average expected volatility | 20.56% |
| iv | weighted average expected dividend yield | 1.00% |
| v | weighted average share price | 601.38 |
| vi | weighted average exercise price (rounded to nearest decimal) | 451.04 |

b. The method used and the assumptions made to incorporate the effects of expected early exercise:
Black Scholes Option Pricing Model. The assumptions are as stated in the above table.

c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:
The expected volatility has been calculated based on the nearest comparable peers' prices, as the historical data of the Company is not available considering the unlisted status of your Company as of the grant date of stock options.

d. Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition:

   Yes, the features are mentioned below, viz:

   a. weighted average risk free interest rate

   b. weighted average expected volatility

   c. weighted average share price

Disclosures in respect of grants made in three years prior to IPO under each ESOP:

a. During the year 2016-17, the ESOP scheme 2017 was approved but no grants were made.

b. On April 12, 2017 all options under the said scheme i.e. 391,599 options were granted prior to the IPO.

Information regarding options Lapse:

a. During the year 2017-18, 23,281 options became unexercisable.

b. During the year 2018-19, 11,640 options became unexercisable/Lapsed.

c. During the year 2019-20, 14,965 Options became unexercisable/Lapsed.

d. During the year 2020-21, 48,221 Options became unexercisable/Lapsed.

e. During the year 2021-22, 16,629 Options became unexercisable/Lapsed.

f. During the year 2022-23, none of the Options became unexercisable/Lapsed

g. The Company has re-credited total 98,107 options to options reserved till signing of the report.

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

Annexure 7

# ERIS LIFESCIENCES LIMITED

Registered Office: Shivarth Ambit, Plot No 142/2, Ramdas Road Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054

Email: complianceofficer@erislifesciences.com Website: www.eris.co.in
Tel: +91 79 6966 1000 Fax: +91 79 6966 1155
CIN: L24232GJ2007PLC049867

**DISCLOSURES WITH RESPECT TO THE EMPLOYEES' STOCK OPTION PLAN, 2021 OF THE COMPANY PURSUANT TO RULE 12 OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, REGULATION 14 AND PART F OF SCHEDULE I TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021:**

**A. Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by the ICAI or any other relevant accounting standards as prescribed from time to time:**

Members may refer to the audited financial statements prepared as per IND AS for the year 2022-2023.

**B. Diluted Earnings Per Share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Ind-AS 33:**

Standalone Diluted EPS for the year ended March 31, 2023, is Rs. 29.23/- calculated in accordance with IND AS 33

**C. Details related to Employees' Stock Option Plan, 2021 ("ESOP 2021")**

| Sr. No. | Description | Details |
|---|---|---|
| 1. | Date of Shareholders' Approval | 01st September, 2021 |
| 2. | Total Number of Options approved under ESOPs | 13,58,630 equity shares |
| 3. | Vesting requirements | There shall be a minimum period of one year between the grant of Options and the vesting of Options.<br>The granted Options shall be vested as per the vesting schedule of 25:25:25:25, i.e., 25% of the grant shall vest at the first anniversary of the grant, 25% of the grant shall vest at the second anniversary of the grant, 25% of the grant shall vest at the third anniversary of the grant and 25% of the grant shall vest at the fourth anniversary of the grant.<br>Unless the Administrator decides otherwise, no amount shall vest, if such Participant carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company and/or its subsidiary(ies) ("Group") or any activity related to the business carried on by the Group. |

| | | |
|---|---|---|
| 4. | Exercise Price or Pricing Formula | The exercise price shall be 80% of the closing price (CMP) of the equity shares of the company on the National Stock Exchange of India Limited on the date immediately preceding the date of grant and if such a date is a trading holiday, the earliest such preceding day which is not a trading holiday. |
| 5. | Maximum term of option granted | 31st December 2037 |
| 6. | Sources of Shares | Primary |
| 7. | Variation in terms of options | Nil |
| 8. | Method used to account for ESOPs | Black Scholes Option Pricing Model. |
| 9. | Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall be disclosed | NA |
| 10 | Option movement during the year as on March 31, 2023 | |
| | a. Number of options outstanding at the beginning of the period | NIL |
| | b. Number of options granted during the year | 2,79,568 |
| | c. Number of options forfeited/ lapsed during the year | 29,625 |
| | d. Number of options vested during the year | 53,512 |
| | e. Number of options exercised during the year | 1,521 |
| | f. Number of shares arising as a result of the exercise of options | 1,521 |
| | g. Money realised by exercise of options (INR), if the scheme is implemented directly by the company | 0.85 Million |
| | h. Loan repaid by the trust during the year from exercise price received | NA |
| | i. Number of options outstanding at the end of the year | 4,62,524 |
| | j. Number of options exercisable at the end of the year | 47,173 |

| | | |
|---|---|---|
| 11. | Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock | Weighted average exercise prices:<br>1st Grant made on 10 Feb 2022: Rs. 557.24<br>2nd Grant made on 10 Feb 2023: Rs. 510.32<br><br>Weighted average fair values:<br>1st Grant made on 10 Feb 2022: Rs 341.62<br>2nd Grant made on 10 Feb 2023: Rs.313.34 |
| 12. | Employee-wise details of options granted during the year to: | |
| | i. Senior Managerial Personnel and / or Key Managerial Personnel | Mr. Krishnakumar Vaidyanathan- Executive Director & Chief Operating Officer - 75,797 Options<br>Mr. Sachin Shah – CFO – 11,967 Options<br>Mr. Milind Talegaonkar – Company Secretary - 3430 Options |
| | ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | Mr. Krishnakumar Vaidyanathan- Executive Director & Chief Operating Officer - 75,797 Options<br><br>Gagan Atreja- President (Sales & Marketing) - 15,957 Options |
| | iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | NIL |

13. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

a. The weighted average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk free interest rate and any other inputs to the model:

- 1st Grant made on 10 Feb 2022

| Sr. No | Particular | 2022-23 |
|---|---|---|
| i | weighted average risk free interest rate | 6.37% |
| ii | weighted average expected option life (in Years) | 7.50 |
| iii | weighted average expected volatility | 33.38% |
| iv | weighted average expected dividend yield | 0.76% |
| v | weighted average share price | 696.55 |
| vi | weighted average exercise price (rounded to the nearest decimal) | 557.24 |

- 2nd Grant made on 10 Feb 2023

| Sr. No | Particular | 2022-23 |
|---|---|---|
| i | weighted average risk free interest rate | 7.15% |
| ii | weighted average expected option life (in Years) | 7.50 |
| iii | weighted average expected volatility | 31.99% |
| iv | weighted average expected dividend yield | 0.96% |
| v | weighted average share price | 637.90 |
| vi | weighted average exercise price (rounded to the nearest decimal) | 510.32 |

b. The method used and the assumptions made to incorporate the effects of expected early exercise:
Black Scholes Option Pricing Model. The assumptions are as stated in the above table.

c. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility:

- 1st Grant made on 10 Feb 2022

  The expected volatility has been calculated based on the average Underlying Annualized Volatility from the listing date to February 10, 2022, of Eris Lifesciences Ltd

- 2nd Grant made on 10 Feb 2023

  The expected volatility has been calculated based on the average Underlying Annualized Volatility from the listing date to February 10, 2023, of Eris Lifesciences Ltd

d. Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition:

Yes, the features are mentioned below, viz:

a. weighted average risk free interest rate

b. weighted average expected volatility

c. weighted average share price

**Disclosures in respect of grants made in three years prior to IPO under each ESOP**: NA

**Information regarding options Lapse:**
During the year 2022-23, 29,625 options became un-exercisable/lapsed.

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

**Annexure 8**

## FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto. (FY 2022-23)

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

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

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

| **1** | | |
|---|---|---|
| a | Name(s) of the related party and nature of relationship: | Aprica Healthcare Limited<br>(Wholly owned subsidiary) |
| b | Nature of contracts/arrangements/transactions: | Sales of Finished goods<br>Royalty Income<br>Composite support service income<br>Royalty expense |
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The sale of stock-in-trade was in ordinary course of Business and at arms' length basis<br>Value of transactions -<br>• Sales of Finished goods – 64.32 Million<br>• Royalty Income – 4.68 Million<br>• Composite support service income – 0.12 Million<br>• Royalty expense – 4.60 Million |
| e | Date(s) of approval by the Board, if any: | Not Applicable |
| f | Amount paid as advances, if any: | NIL |

| **2** | | |
|---|---|---|
| a | Name(s) of the related party and nature of relationship: | Eris Healthcare Private Limited<br>(Wholly owned subsidiary) |
| b | Nature of contracts/arrangements/transactions: | Sales of Finished goods<br>Purchases of Stock-in-trade<br>Sales of property plant and equipment<br>Royalty Expense<br>Composite support service income |

| | | |
|---|---|---|
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The transactions were in ordinary course of Business and at arms' length basis<br>Value of transactions –<br>• Sales of Finished goods - 55.78 Million<br>• Purchases of Stock-in-trade – 0.28 Million<br>• Sales of property plant and equipment – 0.35 Million<br>• Royalty Income – 3.26 Million<br>• Composite support service income – 0.30 Million |
| e | Date(s) of approval by the Board, if any: | Not Applicable |
| f | Amount paid as advances, if any: | NIL |

| | | |
|---|---|---|
| **3** | | |
| a | Name(s) of the related party and nature of relationship: | Eris Oaknet Healthcare Private Limited (Wholly owned subsidiary) |
| b | Nature of contracts/arrangements/transactions: | Sales of Stock-in-trade<br>Composite support service income<br>Guarantee Commission income<br>Royalty income |
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The transaction was in ordinary course of Business and at arms' length basis<br>Value of transactions –<br>• Sales of Stock-in-trade - 5.81 Million<br>• Composite support service income – 0.06 Million<br>• Guarantee Commission income – 4.78 Million<br>• Royalty income – 0.23 Million |
| e | Date(s) of approval by the Board, if any: | Not Applicable |
| f | Amount paid as advances, if any: | NIL |

| 4 | | |
|---|---|---|
| a | Name(s) of the related party and nature of relationship: | Eris Therapeutics Limited<br>(Wholly owned subsidiary) |
| b | Nature of contracts/arrangements/transactions: | Sales of property plant and equipment<br>Purchases of Stock-in-trade<br>Composite support service income<br>Other Expenses |
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The transaction was in ordinary course of Business and at arms' length basis<br>Value of transactions –<br>• Sales of property plant and equipment – 0.06 Million<br>• Purchases of Stock-in-trade – 1.02 Million<br>• Composite support service income – 0.12 Million<br>• Other Expenses – 0.06 Million |
| e | Date(s) of approval by the Board, if any: | Not Applicable |
| f | Amount paid as advances, if any: | NIL |

| 5 | | |
|---|---|---|
| a | Name(s) of the related party and nature of relationship: | Eris M. J. Biopharm Private Limited<br>(Subsidiary) |
| b | Nature of contracts/arrangements/transactions: | Composite support service income |
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The transaction was in ordinary course of Business and at arms' length basis<br>Value of transaction – 0.12 Million |
| e | Date(s) of approval by the Board, if any: | Not Applicable |
| f | Amount paid as advances, if any: | NIL |

| 6 | | |
|---|---|---|
| a | Name(s) of the related party and nature of relationship: | Mr. Parv Bakshi<br>(Son of Mr. Amit Bakshi, Chairperson and Managing Director) |
| b | Nature of contracts/arrangements/transactions: | Remuneration |
| c | Duration of the contracts/arrangements/transactions: | On-going |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any: | The payment of approved remuneration has been made by the Company against the services rendered by Mr. Parv Bakshi<br>Value of transaction – 0.51 Million |
| e | Date(s) of approval by the Board, if any: | Board approval – Not applicable<br>Approved by Executive Committee under Omnibus approval mechanism dated May 31, 2021 |
| f | Amount paid as advances, if any: | NIL |

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

**Annexure 9**

## POLICY ON REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL ("KMP") AND OTHER EMPLOYEES

**Preamble**

This Policy on Remuneration of Directors, Key Managerial Personnel ("KMP") and Other Employees (hereinafter referred as the "Policy") of Eris Lifesciences Limited ("the Company") is designed and formulated by the Nomination and Remuneration Committee ("the Committee") of the Company pursuant to the Companies Act, 2013 (the "Act") and rules made thereunder and the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail and the Company shall abide by the applicable law.

The Board of Directors of the Company adopted this policy at their meeting held on August 17, 2017.

The Policy lays down the criteria with regard to remuneration of Directors, KMP and other employees.

A. **Guiding Principles for remuneration**: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate with their contributions and shall be sufficient enough to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge and skill required including complexity of the job, work duration and risks associated with the work, and attitude of the worker like positive outlook, team work, loyalty, past remuneration, past performance etc.

   The level and components of the remuneration shall be such so as to align with the long term interest of the company and it's shareholders.

B. **Components of Remuneration**:

   The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.

   a. **Fixed compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
   b. **Variable compensation:** The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
   c. **Share based payments:** The Board of Directors may, on the recommendation of the Nomination and Remuneration Committee, issue to certain class of personnel a share and share price related incentive program.
   d. **Non-monetary benefits:** Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance /credit facility, rent free accommodation, Company cars with or without chauffer's, share and share price related incentive, reimbursement of electricity and telephone bills etc.
   e. **Commission:** The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.
   f. **Retirement benefits:** The Company shall provide retirement benefits applicable in accordance with law.
   g. **Sitting Fee and Commission:** The Company may pay sitting fee for attending Board and Committee meeting and commission to the Directors of the Company in compliance with law.
   h. **Loan/ advances to the Employees:** The Company may give loan or advances to the employees in accordance with the provisions of the Companies Act, 2013 and the terms and conditions of the Loan Policy of the Company, as approved by the Board or any Committees thereof, from time to time.

**C. Entitlement**: The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

| Designation / Class | To be determined by |
|---|---|
| Managing Director/ Whole Time Director | The remuneration for the Managing Director/ Whole Time Director is as per the agreement approved by the shareholders on recommendation of the Board of Directors. In case of any change, the same would require the approval of the shareholders on recommendation of the Board of Directors and other applicable compliances required by laws. |
| Independent Directors* | Board of Directors / Executive Committee |
| Other Directors | Board of Directors |
| Senior Management | Recommendation of the Nomination and Remuneration Committee and approval of Board of Directors |
| Other Employee | Departmental Heads in consultation with Human Resources Head |

*Sitting fee payable to the directors shall be in accordance with the provisions of the law.

**D. Amendment**: The Remuneration policy may be reviewed by the Board of the Company on the recommendation of the Nomination & Remuneration Committee of the Board.

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

**Annexure- 10**

**Information required under Section 197 of the Companies Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

1. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2022-23 and the percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary during the financial year 2022-23:**

| Sr. No. | Name of Director & KMP | Designation of Director & KMP | Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2022-23 | % increase/(decrease) in remuneration in the FY 2022-23* |
|---|---|---|---|---|
| 1. | Mr. Amit Indubhushan Bakshi | Managing Director | 142.97 | 6% |
| 2. | Mr. Inderjeet Singh Negi | Whole time Director | 36.34 | 6% |
| 3. | Mr. Kaushal Kamlesh Shah | Whole time Director | 20.49 | 6% |
| 4. | Mr. Krishnakumar Vaidyanathan | Whole time Director | 131.47 | 13% |
| 5. | Mrs. Vijaya Sampath | Independent Director | 3.75 | -80% |
| 6. | Mr. Prashant Gupta | Independent Director | 11.65 | -36% |
| 7. | Ms. Kalpana Vasantrai Unadkat | Independent Director | 13.26 | 1% |
| 8. | Mr. Rajeev Dalal | Independent Director | 12.31 | 14% |
| 9. | Mr. Sujesh Vasudevan | Independent Director | 8.26 | NA |
| 10. | Mr. Sachin Shah | CFO | 42.06 | 9% |
| 11. | Mr. Milind Talegaonkar | Company Secretary | 12.60 | -4% |

* Includes sitting fees paid to Non-Executive Directors.

2. **The percentage increase in the median remuneration of employees in the financial year:** 8.68%

3. **The number of permanent employees on the rolls of the Company as on 31st March, 2023:** 3,548

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   The percentile increase in the managerial remuneration has been 8.56% which is higher than the change in the remuneration of employees other than constituting managerial remuneration which register an increase of 19.18%. The change in the remuneration of field staff is made as per their sales performance as per a documented increment structure uniformly applied to the field staff. The managerial function is concerned with more critical issues which influence and determine the survival, continued growth, and the business direction for the company. The managerial talent is scarce and hence its retention is even more important. Managerial personnel form executive management and remain accountable to all the stakeholders of the company for business performance as well as corporate governance and therefore need to demonstrate balance of judgement and mature decision making in the backdrop of fast changing and increasingly complex industry landscape. These reasons justify the higher increase in the managerial remuneration.

5. **It is hereby affirmed that the remuneration paid is as per the Company's Remuneration Policy.**

**Details pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. **Top 10 employees in terms of remuneration drawn during the year:**

| Name of Employee | Designation | Remuneration received# | Qualifications | Experience | Date of commencement of employment | Age (Approx) | Last employment | Percentage of equity shares held by the employee |
|---|---|---|---|---|---|---|---|---|
| Amit Bakshi | Managing Director | 4,87,76,648 | Indian School Certificate examination | He has previously worked with companies in the pharmaceutical sector in various capacities and has more than 20 years experience in the pharmaceutical industry. | January 2007 | 48 yrs | Intas Pharmaceuticals Limited | 40.83% |
| Krishnakumar Vaidyanathan | Whole time Director & COO | 4,48,52,052 | MBA in finance and B. Tech | He has more than 20 years of professional experience across Lifesciences, Corporate Finance and Management Consulting. | December 2020 | 49 yrs | Ernst & Young LLP | 0 |
| Sachin Shah | CFO | 1,43,50,962 | Chartered Accountant | He has more than 11 years experience in Investment Banking and pharmaceutical industry. | January 2013 | 43 yrs | Avendus Capital Private Limited | Negligible |
| Alok Mahajan | Vice President | 1,32,97,884 | PGDM Marketing | He has previously worked in marketing field for more than 20 years | June 2018 | 47 yrs | Ruchi Soya | Negligible |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Deepak Kapoor | Senior Vice President | 1,26,41,662 | B.Sc., IIM Amedabad Crash course | He has more than 30years experience inthe Pharmaceutical industry in sales and marketing | February 2020 | 59 yrs | Sun Pharma | 0 |
| Inderjeet Singh Negi | Whole time Director | 1,23,99,544 | Bachelor's degree in science | He has more than 21 years of experience in the pharmaceutical industry | January 2007 | 52 yrs | Intas Pharma-ceuticals Limited | 4.36 |
| Vijay S. Joshi | President | 1,23,05,520 | Bachelor's degree in science | He has previous-ly worked with companies in the pharmaceutical sector in various capacities and has more than 31 years experience in the pharmaceutical industry | May 2010 | 70 yrs | USV Group | Negligible |
| Manish Kapoor | Vice President | 1,23,60,692 | B.Sc + MBA (Marketing) | He has more than 22 Years experi-ence in pharma-ceutical industry. | August 2018 | 46 yrs | Sanofi Pasteur | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Gagan Atreja | President | 1,12,36,813 | (1) Pharmaceutical Marketing & Management from MDI, Gurgaon (2010)<br>(2) Certified in Advanced Business Leadership from IIM-A (2007-2008)<br>(3) Post Graduate Diploma in Business Management (Mktg.) from Kurukshetra University (1988 - 1989)<br>(4) B.Sc. Biology (1985-1987) | He has more than 35 years experience in pharmaceutical industry | June 2022 | 55 yrs | Torrent Pharmaceuticals Ltd | 0 |
| Santosh Danavale | Vice President | 1,31,21,559 | B.Sc. | He has more than 21 Yrs experience in pharmaceutical industry. | April 2007 | 43 Yrs | Intas Pharmaceuticals | Negligible |

# Remuneration received include the effect of ESOP exercised by the employees.

- Employees mentioned above are neither relatives of any directors or managers of the Company.
- All appointments are/were contractual in accordance with terms and conditions as per Company rules.

2. **Other Employee(s) drawing a remuneration of Rs. 1.02 Crore or above:**

| Name of Employee | Designation | Remuneration received | Nature of employment, whether contractual or otherwise | Qualifications and experience | Date of commencement of employment | Age | Last employmen | Percentage of equity shares held by the employee | Relation with Diretor, if any |
|---|---|---|---|---|---|---|---|---|---|
| Santanu Rudra | Vice President | 1,06,72,572 | M Pharm | He has more than 26 years of experience in field of Pharmaceuticals. | August, 2018 | 53 yrs | Wockhardt Ltd. | 0 | NA |

3. **Other Employee(s) Employed for part of the year with an average salary above Rs. 8.5 Lakh per month or above;**

| Name of Employee | Designation | Remuneration received | Nature of employment, whether contractual or otherwise | Qualifications and experience | Date of commencement of employment | Age (Approx) | Last employment | Percentage of equity shares held by the employee | Relation with Diretor, if any |
|---|---|---|---|---|---|---|---|---|---|
| NIL | | | | | | | | | |

4. **Other Employee(s) employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.**

| Name of Employee | Designation | Remuneration received | Nature of employment, whether contractual or otherwise | Qualifications and experience | Date of commencement of employment | Age (Approx) | Last employment | Percentage of equity shares held by the employee | Relation with Diretor, if any |
|---|---|---|---|---|---|---|---|---|---|
| NIL | | | | | | | | | |

**For Eris Lifesciences Limited**

**Amit Bakshi**
DIN: 01250925
Chairperson & Managing Director

Date: August 07, 2023
Place: Ahmedabad

# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

## SECTION A: GENERAL DISCLOSURES

| I. | Details of the listed entity | |
|---|---|---|
| 1 | Corporate Identity Number (CIN) of the Listed Entity | L24232GJ2007PLC049867 |
| 2 | Name of the Listed Entity | Eris Lifesciences Limited |
| 3 | Year of incorporation | 25-01-2007 |
| 4 | Registered office address | Shivarth Ambit, Plot No 142/2, Ramdas Road, Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 |
| 5 | Corporate address | Shivarth Ambit, Plot No 142/2, Ramdas Road, Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054 |
| 6 | E-mail | complianceofficer@erislifesciences.com |
| 7 | Telephone | 07969661000 |
| 8 | Website | https://eris.co.in/ |
| 9 | Financial year for which reporting is being done | 2022-23 |
| 10 | Name of the Stock Exchange(s) where shares are listed | BSE Limited<br>National Stock Exchange of India Limited |
| 11 | Paid-up Capital (In Rs) | Rs. 13,59,92,238/- |
| 12 | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | |
| | Name | Milind Talegaonkar |
| | Contact | 07969661000 |
| | E mail | complianceofficer@erislifesciences.com |
| 13 | Reporting boundary | Reporting is done on a Standalone basis |

| II. | Products/services | | | |
|---|---|---|---|---|
| 14 | Details of business activities (accounting for 90% of the turnover) | | | |
| | Sr. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
| | 01. | Pharmaceutical | manufacturing and marketing of pharmaceutical products | 100.00% |
| 15 | Products/Services sold by the entity (accounting for 90% of the entity's Turnover) | | | |
| | Sr. No. | Product/Service | NIC Code | % of total Turnover contributed |
| | 01. | manufacturing of pharmaceuticals | 2100 | 100.00% |

| III. | Operations | | | |
|---|---|---|---|---|
| 16 | **Number of locations where plants and/or operations/offices of the entity are situated** | | | |
| | **Location** | **Number of plants** | **Number of offices** | **Total** |
| | National | 1 | 3 | 4 |
| | International | 0 | 0 | 0 |
| | | | | |
| 17 | **Markets served by the entity** | | | |
| | | | | |
| A | **Number of locations** | | | |
| | **Locations** | **Number** | | |
| | National (No. of States) | 27 | | |
| | International (No. of Countries) | 0 | | |
| | | | | |
| B | **What is the contribution of exports as a percentage of the total turnover of the entity?** Our Company follows "pure play domestic branded formulations" business model. There are, therefore, no exports. | | | |
| | | | | |
| C | **A brief on types of customers** The Company serves across all segments of customers. At the core, the final customers are the patients who buy the products of the Company based on the prescriptions from the Doctors. The primary channel of distribution is through the wholesale drug distributors, stockist and retail pharmacies. | | | |

| IV. | Employees | | | | | |
|---|---|---|---|---|---|---|
| 18 | **Details as at the end of Financial Year** | | | | | |
| | | | | | | |
| **A.** | **Employees and workers (including differently abled)** | | | | | |
| **S. No.** | **Particulars** | **Total (A)** | **Male** | | **Female** | |
| | | | **No. (B)** | **% (B / A)** | **No. (C)** | **% (C/A)** |
| | **EMPLOYEES** | | | | | |
| 1 | Permanent (D) | 2588 | 2513 | 97.10% | 75 | 2.90% |
| 2 | Other than permanent (E) | 867 | 850 | 98.04% | 17 | 1.96% |
| **3** | **Total employees (D + E)** | **3455** | **3363** | **97.34%** | **92** | **2.66%** |

| S. No. | Particulars | Total (A) | Male No. (B) | Male % (B / A) | Female No. (C) | Female % (C / A) |
|---|---|---|---|---|---|---|
| | **WORKERS** | | | | | |
| 4 | Permanent (F) | 93 | 89 | 95.70% | 4 | 4.30 % |
| 5 | Other than permanent (G) | 0 | 0 | 0 | 0 | 0 |
| **6** | **Total workers (F + G)** | **93** | **89** | **95.70%** | **4** | **4.30 %** |

**B. Differently abled Employees and workers:**

| S. No. | Particulars | Total (A) | Male | | Female | |
|---|---|---|---|---|---|---|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| | **DIFFERENTLY ABLED EMPLOYEES** | | | | | |
| 1 | Permanent (D) | 0 | 0 | 0 | 0 | 0 |
| 2 | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| **3** | **Total differently abled employees (D + E)** | **0** | **0** | **0** | **0** | **0** |
| | **DIFFERENTLY ABLED WORKERS** | | | | | |
| 4 | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5 | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| **6** | **Total differently abled workers (F + G)** | **0** | **0** | **0** | **0** | **0** |

**19 Participation/Inclusion/Representation of women**

| | Total (A) | No. and percentage of Females | |
|---|---|---|---|
| | | No. (B) | % (B / A) |
| Board of Directors | 8 | 1 | 12.50% |
| Key Management Personnel | 2 | 0 | 0.00% |

**20 Turnover rate for permanent employees and workers** *(Disclose trends for the past 3 years)*

| | FY 2022-23 *(Turnover rate in current FY)* | | | FY 2021-22 *(Turnover rate in previous FY)* | | | FY 2020-21 *(Turnover rate in the year prior to the previous FY)* | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** | **Male** | **Female** | **Total** |
| Permanent Employees | 24.3% | 30.40% | 24.50% | 23.80% | 30.00% | 24% | 17.60% | 21.50% | 17.70% |
| Permanent Workers | 33.66% | 0 | 33.66% | 35.69% | 0 | 35.69% | 36.08% | 0 | 36.08% |

| V. | Holding, Subsidiary and Associate Companies (including joint ventures) | | | | |
|---|---|---|---|---|---|
| 21 | Names of holding / subsidiary / associate companies / joint ventures | | | | |
| | **Sr. No.** | **Name of the holding/ subsidiary/ associate companies / joint ventures** | **Indicate whether holding/ Subsidiary/ Associate/ Joint Venture** | **% of shares held by listed entity** | **Does the entity indicatedat column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)** |
| | 1. | Aprica Healthcare Limited (Previously known as UTH Healthcare Limited) | Wholly Owned Subsidiary | 100% | Yes |
| | 2. | Eris M. J. Biopharm Private Limited (Previously known as Kinedex Healthcare Private Limited) | Subsidiary | 70% | Yes |
| | 3. | Eris Therapeutics Limited | Wholly Owned Subsidiary | 100% | Yes |
| | 4. | Eris Oaknet Healthcare Private Limited (Previously known as Oaknet Healthcare Private Limited) | Wholly Owned Subsidiary | 100% | Yes |
| | 5. | Eris Healthcare Private Limited ("EHPL") | Wholly Owned Subsidiary | 100% | Yes |
| | 6. | Eris Pharmaceuticals Private Limited | Subsidiary of EHPL | 76% | Yes |

| VI. | CSR Details | |
|---|---|---|
| 22 | **(i) Whether CSR is applicable as per section 135 of Companies Act, 2013:** | Yes |
| | (ii) Turnover (Rs. in Millions) | Rs. 13,071.20 |
| | (iii) Net worth (Rs. in Millions) | Rs. 22,218.84 |

| VII. | Transparency and Disclosures Compliances | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 23 | Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct | | | | | | | |
| | Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy) | FY 2022-23 Current Financial Year | | | FY 2021-22 Previous Financial Year | | |
| | | | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| | Communities | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Investors (other than shareholders) | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Shareholders | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Employees and workers | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Customers | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Value Chain Partners | Yes* | 0 | 0 | - | 0 | 0 | - |
| | Other (please specify) | Yes* | 0 | 0 | - | 0 | 0 | - |

**Some of the policies guiding the Company's conduct with all its stakeholders, including grievance mechanisms are placed on the Company's website at the link mentioned below: -*

*https://eris.co.in/corporate-governance/*

*Also, the Company has in place separate teams for handling the queries of different stakeholders the email Ids for them are as mentioned below:*

*a) Investor Queries- investor.relations@eris.co.in*

*b) HR related queries- hr.communication@erislifesciences.com*

*c) Secretarial- complianceofficer@erislifesciences.com*

*d) Legal- legal@erislifesciences.com*

*In addition, there are internal policies placed on the intranet platform of the Company.*

| 24 | Overview of the entity's material responsible business conduct issues | | | | | |
|---|---|---|---|---|---|---|
| | **Sr. No.** | **Material issue identified** | **Indicate whether risk or opportunity (R/O)** | **Rationale for identifying the risk / opportunity** | **In case of risk, approach to adapt or mitigate** | **Financial implications of the risk or opportunity (Indicate positive or negative implications)** |
| | **1.** | ESG and Regulatory Compliances | Risk | The risk of financial and reputational damage that arises from non-compliance with environmental, social, and governance (ESG) standards and regulations. | 1. Identify potential ESG Risks<br>2. Implement the ESG compliance program and monitor the ESG compliance performance. | • Stronger positioning with investors;<br>• Better ability to attract capital<br>• Operations become more sustainable<br>• Reduced risk of fines and penalties<br>• Improved reputation |
| | **2.** | Product quality and safety | Risk | Product quality issues could have serious patient safety issues along with product liability and regulatory ramifications.<br><br>A lapse in product quality can have a cascading effect, leading to product withdrawals, recalls, decreased sales, and reputational damage. | 1. Implement effective quality control procedures.<br>2. Use robust data management processes<br>3. Provide training to employees<br>4. Strengthen the system in place for reporting and investigating incidents.<br>5. Conduct regular audits | • Patient safety and hence reputational damage<br>• Legal liability<br>• Fines and penalties<br>• Increased costs due to recall and destruction of products, change in manufacturing processes and loss of sale. |
| | **3.** | Supply chain management | Risk | The entire product life cycle relies heavily on the supply chain, necessitating a robust contingency plan to address unforeseen circumstances that could potentially disrupt the supply chain. Moreover, the Company extends its responsible business principles throughout the value chain, expecting suppliers to comply with these principles. | 1. Create a strong evaluation system to analyse the effects of unprecedented disruptions on the supply chain and formulate a thorough contingency strategy to minimize significant consequences on the business.<br>2. Conduct a supplier evaluation following standard practices and requirements as guided by sector-specific responsible supply chain initiatives. | **Positive:**<br>Through the adoption of responsible supply chain practices, the company look forward to effectively manage disruptions in the supply chain that may arise from unexpected events.<br>**Negative:**<br>Any disruptions occurring throughout Eris's supply chain can have a detrimental effect on its operations, leading to hindered product supply and increased costs. |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **4.** | Occupational Health and safety | Risk | Consistent with the Organisational philosophy of putting-'Safety before everything else'<br><br>Any organization with an unsafe or unhealthy work environment is very vulnerable to low employee satisfaction and retention. | 1. Continuous improvement in safety standards<br>2. Employee training and establishing protocols.<br>3. Corrective action plans post the identification and assessment of safety incidents. | **Positive:**<br>• Employee satisfaction<br>• Decrease in employee turnover.<br>• Increased reputation<br><br>**Negative:**<br>• Operational disruptions<br>• Imposition of fines and penalties<br>• Decrease in morale and productivity. |
| | **5.** | Human Resource retention | Risk & opportunity | Risk:<br>1. Loss of institutional experience.<br>2. Increased costs<br>3. Reduced productivity<br>4. Damage to morale.<br><br>Opportunities:<br>1. Increased employee engagement<br>2. Reduced costs<br>3. Improved reputation. | 1. Identify the root causes of employee turnover.<br>2. Create a positive work environment.<br>3. Offer competitive compensation and benefits.<br>4. Provide opportunities for learning, development, and advancement.<br>5. Celebrate success.<br>6. Address employee concerns.<br>7. Create a culture of trust and respect.<br>8. Conduct employee engagement surveys | **Positive:**<br>• Reduced costs<br>• Reduced risk of accidents<br>• Enhanced reputation<br><br>**Negative:**<br>• Cost of recruiting and hiring<br>• Cost of training<br>• Loss of productivity<br>• Damage to morale |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **6.** | Technology and digitalisation | Risk and Opportunity | Risk:<br>The risks associated with technology have a direct impact on the security and integrity of the entire business operations. It is crucial to periodically assess the criticality of technology and cyber security to prevent data privacy breaches, safeguarding the confidential information of the Company and its stakeholders.<br>Opportunity:<br>By establishing robust governance practices regarding data integrity, technology, digitalization, and innovation, the Company can create a secure and impenetrable network. This allows for the smooth execution of business transactions on a global scale, while ensuring the ability to adapt and grow at a rapid pace. | 1. Strengthening perimeter security<br>2. Enhancing IT and monitoring systems<br>3. Implementing anti-virus software<br>4. Effectively managing software patches<br>5. Regular trainings on cyber security | **Positive:**<br>• Compliance with data security and privacy regulations<br>• Prevent data loss<br>**Negative:**<br>• Increased number of data breaches<br>• Loss of valuable data<br>• Network outages, or technical glitches |
| | **7.** | Community development - CSR | Opportunity | By actively participating in Corporate Social Responsibility (CSR) endeavours that give preference to preventive health screenings the company improves its perception in the community that it operates in. | NA | **Positive:**<br>The enhanced image improves the willingness of the medical fraternity to trust the pharmaceutical offerings of the company w.r.t. their effectiveness in curing the patients. |

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

| | |
|---|---|
| Principle 1 | Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable |
| Principle 2 | Businesses should provide goods and services in a manner that is sustainable and safe |
| Principle 3 | Businesses should respect and promote the well-being of all employees, including those in their value chains |
| Principle 4 | Businesses should respect the interests of and be responsive towards all its stakeholders |
| Principle 5 | Businesses should respect and promote human rights |
| Principle 6 | Businesses should respect, protect and make efforts to protect and restore the environment |
| Principle 7 | Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent |
| Principle 8 | Businesses should promote inclusive growth and equitable development |
| Principle 9 | Businesses should engage with and provide value to their consumers in a responsible manner |

| Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|
| **Policy and management processes** | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available | Yes. All policies which are mandatorily required to be disclosed under various governing regulations have been placed on the website https://eris.co.in/corporate-governance/ and other policies have been placed on the intranet of the Company for its employees. | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/ No) | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | National Guidelines on Responsible Business Conduct (NGBRC) | NGBRC | NGBRC | Global Reporting Initiative Standards, NGBRC | United Nations Guiding Principles on Business and Human Rights, NGBRC | Global Reporting Initiative Standards, NGBRC | NGBRC | NGBRC | WHO GMP guidelines compliant, Product quality- ISO 9001: 2015, NGBRC |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any. | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. | - | - | - | - | - | - | - | - | - |

**Governance, leadership and oversight**

| | |
|---|---|
| 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements | We believe that concerns for Society and Environment along with the business existence and its expansion are the core values of any organisation. This belief has always kept us thoughtful to align our business practices with the ESG related guidelines. We strive to adopt best environmental practices and protocols within the paradigm of our operations and create value for all stakeholders whilst growing responsibly and sustainably.<br><br>During the year, a host of initiatives were undertaken at the manufacturing plant to step up our game on the ESG front. We always prioritize contributing to Environment Health and Safety issues. In line with the said view, we have set-up an effluent treatment plant with Zero Liquid Discharge (ZLD) treatment process, designed for the removal of liquid waste from the system. The emphasis of the process is to manage wastewater economically and produce clean water. We have installed Electricity Meters and VFDs (Variable Frequency Devices) at all energy-intensive points in the facility to monitor and reduce specific energy consumption. We have set and implemented specific targets for use of recycled water in areas such as gardening, cooling tower, boiler and washrooms. We endeavour to maintain healthy relationship and engagement with local communities and work with them as partners. In that spirit, we have initiated and adopted social and community welfare undertakings which include a wide spectrum of development activities. |

| | |
|---|---|
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Name: Mr. Krishnakumar Vaidyanathan<br>DIN: 08976508<br>Designation: Wholetime Director & Chief Operating Officer |
| | |
| 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). | Yes |
| If yes, provide details. | The Executive Committee of the Company oversees the ESG initiatives of the Company. The Committee supports the Board on all matters relating to sustainability and inter alia reviews the progress of sustainability strategies and defines action plan as may be appropriate from time to time to achieve the same. |

**10. Details of Review of NGRBCs by the Company**

| Subject for Review | Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee | | | | | | | | | Frequency (Annually / Half yearly / Quarterly/ Any other-please specify) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action | Yes, Committee of the Board | | | | | | | | | Periodic/Need base | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances | Yes, Committee of the Board | | | | | | | | | Ongoing basis | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency.** | **P1** | **P2** | **P3** | **P4** | **P5** | **P6** | **P7** | **P8** | **P9** |
| | No. The working of the policies are monitored by the executive management of the Company and any deviations therefrom are deliberated at the Board level. | | | | | | | | |

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:** NA

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

### Essential Indicators

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

| Segment | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact | %age of persons in respective category covered by the awareness programmes |
|---|---|---|---|
| Board of Directors | Familiarisation/ awareness program for the Board of Directors/ KMPs of the Company is done periodically. The topics cover business, regulations, code of business conduct and ethics, economy and environmental, social and governance parameters. In addition, frequent updates are shared with all the Board members/ KMPs apprising them on developments in the Company, key regulatory changes, risks, compliances and legal cases. | Principles 1-9 | 100% |
| Key Managerial Personnel | | Principles 1-9 | 100% |
| Employees other than BoD and KMPs | The employees/ workers of the Company undergo various training programmes throughout the year. The training programmes include:- Prohibition of Insider Trading, Prevention of Sexual Harassment at work place, Cyber security and awareness, code of conduct and ESG | Principles 1-9 | 100% |
| Workers | | Principles 1-9 | 100% |

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings**

During the financial year, no penalty / fine, settlement, compounding fee, imprisonment, or any kind of punishment has been imposed on the Company or its Directors and KMPs.

| Monetary | | | | | |
|---|---|---|---|---|---|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| **Penalty/ Fine** | - | - | - | - | - |
| **Settlement** | - | - | - | - | - |
| **Compounding fee** | - | - | - | - | - |

| Non-Monetary | | | | |
|---|---|---|---|---|
| | NGRBC Principle | Name of the regulatory/ enforcement agencies/judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| **Imprisonment** | - | - | - | - |
| **Punishment** | - | - | - | - |

**3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:** Not Applicable.

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief Provide a web-link to the policy, if available**

Yes.

The policy reiterates that the Company is committed to maintain the highest ethical standards of business conduct and does not tolerate corruption of any kind at any level. The policy is applicable to our employees, agents and such other persons or entities that act on behalf of the Company.

The Company has placed the policy on its intranet and is made available to the Company's representatives including third parties.

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

During the financial year, no disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption against the Directors, KMPs, employees or workers of the Company.

| | FY 2022-23 (Current Financial Year) | FY 2021-22 (Previous Financial Year) |
|---|---|---|
| Directors | - | - |
| KMPs | - | - |
| Employees | - | - |
| Workers | - | - |

**6. Details of complaints with regard to conflict of interest:** During the financial year, no complaints were received in relation to Conflict of Interest of the Directors or KMPs.

| | FY 2022-23 | | FY 2021-22 | |
|---|---|---|---|---|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | - | - | - | - |

| | | | | |
|---|---|---|---|---|
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | - | - | - | - |

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable

## Leadership Indicators

| | |
|---|---|
| 1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year | The Company has a 'Supplier Code of Conduct' (SCoC) that provides guidance to value chain partners. The SCoC contains critical information on applicable laws, regulations, policies and procedures. It also provides direction on the behavioural and ethical standards to be met. |
| 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? | Yes. The Company has the following processes in place to avoid/ manage conflict of interest:<br>• Yearly processes like assessment of independence, where applicable, and disclosure of interested entities.<br>• Insulating the deliberations involving consideration of transactions with related entities from the directors identified to be interested.<br>• Greater consideration towards establishment of arms-length nature of the transactions.<br>• Continuous monitoring of adherence to the code of conduct for Directors and Senior Management Personnel. |

## PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

## Essential Indicators

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

| | FY (2022-23) | PY (2021-22) | Details of improvements in environmental and social impacts |
|---|---|---|---|
| R&D* | - | - | - |
| Capex# | - | - | - |

* Companies adopts the innovations available in the market and hence has no R&D expenditure in this regard.

# As the capital expenditure for reducing effluent discharge, air pollutants, energy and water conservation incurred in the earlier years continue to serve the Company hence no expenditure in this regard was necessary.

| | |
|---|---|
| **2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)** | Measures like preference for/commitment to:<br>• local content in the supplies<br>• geographically closer vendors<br>• vendors who are more integrated backwards<br>• vendors with demonstrated commitment towards compliance with regulatory requirements and reduction of their carbon footprint (formalized through a Supplier Code of Conduct)<br>• ethical, fair and transparent vendor selection processes |
| **b. If yes, what percentage of inputs were sourced sustainably?** | 100% of inputs were sourced sustainably in terms of the company's sustainable sourcing programme. |

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for**

| | |
|---|---|
| (a) Plastics (including packaging) | Plastic waste, if any, is disposed by Eris in a way that is safe and healthy to the environment |
| (b) E-waste | NA |
| (c) Hazardous waste | NA |
| (d) other waste (Expired Products) | Expired products are handed over to the authorised incineration agency for being disposed of in accordance with the requirements of the Bio-Medical Waste Management Rules, 2016. |
| **4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).** | No |
| If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? | Not Applicable |
| If not, provide steps taken to address the same. | As the expired medicines are required to be disposed of in accordance with the requirements of the Bio-Medical Waste Management Rules, 2016, the EPR is inapplicable to that extent. |

## Leadership Indicators

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)?** If yes, provide details

No, the inputs or products of the company do not have the potential to have a significant negative influence on the environment. Further, Authorised incineration facilities dispose of the waste produced during product manufacture, packaging, or expiration in a safe manner.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**- Not applicable

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

As the Company is engaged in the business of manufacturing and marketing of pharmaceuticals, the Company cannot recycle or reuse input materials in the manufacturing process due to the legal requirements forbidding the recycling/reuse and mandating their disposal in accordance with applicable law.

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | NA | NA | NA | NA | NA | NA |
| E waste | NA | NA | NA | NA | NA | NA |
| Hazardous waste | NA | NA | NA | NA | NA | NA |
| Other waste (Expired products) | NA | NA | 172.054 | NA | NA | 103.977 |

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Not applicable.

## PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

**1. a. Details of measures for the well-being of employee**

| Category | % of employees covered by | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent employees** | | | | | | | | | | | |
| Male | 2513 | 2513 | 100% | 2513 | 100% | - | - | - | - | - | - |
| Female | 75 | 75 | 100% | 75 | 100% | 75 | 100% | - | - | 75 | 100% |
| **Total** | **2588** | **2588** | **100%** | **2588** | **100%** | **75** | **2.90%** | **-** | **-** | **75** | **2.90%** |
| **Other than Permanent employees** | | | | | | | | | | | |
| Male | 850 | 850 | 100% | 850 | 100% | - | - | - | - | - | - |
| Female | 17 | 17 | 100% | 17 | 100% | 17 | 100% | - | - | 17 | 100% |
| **Total** | **867** | **867** | **100%** | **867** | **100%** | **17** | **1.96%** | **-** | **-** | **17** | **1.96%** |

**b. Details of measures for the well-being of workers:**

| % of employees covered by | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Category | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| **Permanent workers** | | | | | | | | | | | |
| Male | 89 | 68 | 76.40% | 68 | 76.40% | - | - | - | - | - | - |
| Female | 4 | 2 | 50.00% | 2 | 50.00% | 4 | 100% | - | - | 4 | 100% |
| **Total** | **93** | **70** | **75.27%** | **70** | **75.27%** | **4** | **4.30%** | **-** | **-** | **4** | **4.30%** |
| **Other than Permanent workers** | | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**2. Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

| Benefits | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF | 100% | 100% | Y | 100% | 100% | Y |
| Gratuity | 100% | 100% | Y | 100% | 100% | Y |
| ESI | 9.31% | 46.43% | Y | 13.88% | 51.00% | Y |
| Others- Please specify | | | | | | |

### 3. Accessibility of workplaces

| | |
|---|---|
| **Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?** | Yes, we are committed to providing a workplace that is accessible to all employees, regardless of their abilities. By taking the following steps, the entity is creating a more inclusive and welcoming environment for all employees:<br>• Placement of ramps/elevators along with stairs which makes it easier for people with mobility impairments to move around.<br>• Providing accessible toilet facilities throughout the entity's premises, which includes wheelchair-accessible stalls, grab bars, and accessible sinks.<br>• Allowing employees to work in more easily accessible places such as by transferring a wheelchair user's workstation from an inaccessible upper floor to the ground floor. |
| If not, whether any steps are being taken by the entity in this regard. | NA |

### 4.

| | |
|---|---|
| **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016?** | Yes, the Company provides an inclusive work culture and a discrimination-free environment for all its employees. The Company values and embraces diversity and does not discriminate against anyone based on race, gender, religion / beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity, gender expression, caring responsibilities, or any other protected class of person in the country, and have a Diversity, Equity and inclusion policy in place to ensure the same. |
| If so, provide a web-link to the policy. | The Company has placed its policy on the company's website at https://eris.co.in/corporate-governance/ |

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| | Permanent employees | | Permanent workers | |
|---|---|---|---|---|
| **Gender** | **Return to work rate** | **Retention rate** | **Return to work rate** | **Retention rate** |
| Male | 100% | 100% | 100% | 100% |
| Female | 100% | 100% | 100% | 100% |
| Total | 100% | 100% | 100% | 100% |

| 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? | Yes |
|---|---|

If yes, give details of the mechanism in brief.

| | Yes/~~No~~ *(If Yes, then give details of the mechanism in brief)* |
|---|---|
| Permanent Workers | The Company has a Whistle Blower Policy in place that provides a grievance redressal mechanism and encourages its employees and workers to report without fear any instance of actual or suspected violation, wrongdoings or any illegal or unethical or improper practice which may adversely impact the image and / or the financials of the Company.<br>Any reports or queries can be referred to the Audit Committee's Chairperson.<br>Additionally, the employees and workers can also write to the HR Team at the email ID- hr.communication@erislifesciences.com regarding their grievance. |
| Other than Permanent Worker | |
| Permanent Employees | |
| Other than Permanent Employees | |

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:** Not Applicable

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | %(B/A) | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | %(D/C) |
| **Total Permanent Employees** | - | - | - | - | - | - |
| Male | - | - | - | - | - | - |
| Female | - | - | - | - | - | - |
| **Total Permanent Workers** | - | - | - | - | - | - |
| Male | - | - | - | - | - | - |
| Female | - | - | - | - | - | - |

**8. Details of training given to employees and workers:**

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| **Male** | 3363 | 242 | 7.20% | 78 | 2.32% | 3207 | - | - | 123 | 3.83% |
| **Female** | 92 | 15 | 16.30% | 4 | 4.35% | 93 | - | - | 15 | 16.12% |
| **Total** | **3455** | **257** | **7.44%** | **82** | **2.37%** | **3300** | **-** | **-** | **138** | **4.18%** |
| **Workers** | | | | | | | | | | |
| **Male** | 89 | 89 | 100% | 40 | 44.94% | 86 | 86 | 100% | 40 | 46.51% |
| **Female** | 4 | 4 | 100% | 2 | 50.00% | 4 | 4 | 100% | 2 | 50.00% |
| **Total** | **93** | **93** | **100%** | **42** | **45.16%** | **90** | **90** | **100%** | **42** | **46.67%** |

**9. Details of performance and career development reviews of employees and worker:**

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| **Employees** | | | | | | |
| Male | 3363 | 3363 | 100% | 3207 | 3207 | 100% |
| Female | 92 | 92 | 100% | 93 | 93 | 100% |
| **Total** | **3455** | **3455** | **100%** | **3300** | **3300** | **100%** |
| **Workers** | | | | | | |
| Male | 89 | 89 | 100 % | 86 | 86 | 100% |
| Female | 4 | 4 | 100% | 4 | 4 | 100% |
| **Total** | **93** | **93** | **100%** | **90** | **90** | **100%** |

**10. Health and safety management system:**

| | | |
|---|---|---|
| a. | Whether an occupational health and safety management system has been implemented by the entity? | Yes, we have effectively implemented an occupational health and safety management system across the organisation including its group companies. |
| | If yes, the coverage such system? | Our health and safety management system covers all the units and employees of our organisation. Hence the coverage is 100%. |
| b. | What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? | Well documented work related hazards that are applicable to Pharma industry are available in the public domain and are relied upon for the identification of such hazards.<br>The processes used to assess risks:<br>**Routine basis:**<br>• Conducting regular inspections of our workplaces to identify potential hazards. These inspections are conducted by trained safety professionals who look for hazards such as unsafe equipment, poor housekeeping, and inadequate training.<br>• Conducting regular medical check-ups for all employees<br>**Non-routine basis:**<br>Incident based assessments are done for identification of risks and measures needed for their mitigation. |
| c. | Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. | Yes, we have a well-established SOPs for reporting and handling work-related hazards which covers various aspects like identification of hazards, hazard control, incident reporting, and training to workers for handling the hazards.<br>The SOPs are reviewed periodically for addition of new hazards and mitigation measures. |
| d. | Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? | Yes. For instance, with a view to promoting physical and mental wellbeing for all our employees and workers we have organised several health programs / camps at the corporate office, like:<br>• Administration of all the Covid Vaccination dose to employees and their family members.<br>• Health camp for identification of Anaemia among the employees.<br>• Health camp for testing Iron deficiency in the employees<br>• Free distribution of Medications for employees and their family members. |

**11. Details of safety related incidents, in the following format:**

| Safety Incident/Number | Category | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | - | - |
| | Workers | - | - |
| Total recordable work-related injuries | Employees | - | - |
| | Workers | - | - |
| No. of fatalities | Employees | - | - |
| | Workers | - | - |
| High consequence work-related injury or ill-health (excluding fatalities) | Employees | - | - |
| | Workers | - | - |

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

We endeavour to maintain a safe and healthy workplace while offering our workers and staff the best care possible. We ensure that the following measures are taken care of to create a safe and healthy workplace:

- **Safety Culture:** We aim to create a safe work culture by ensuring that everyone recognises the value of safety and is dedicated to maintaining a safe and healthy workplace.
- **Providing Safe Resources:** We ensure that all the equipment and resources used / available at the workplace are safe to use and handle.
- **Providing Suitable Training:** We routinely train our employees on how to properly operate the equipments safely and further guiding them to perform operations in a safe manner, including general safety topics.
- **Conduct routine safety checks:** We perform routine safety checks to ensure all the processes are at place and followed for the well being of everyone, this also help us in identifying any potential hazards before they cause any disaster.

**13. Number of Complaints on the following made by employees and workers:**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0 | 0 | - | 1 | 0 | - |
| Health & Safety | 0 | 0 | - | 0 | 0 | - |

**14. Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Health and safety practices | 100% of the locations are audited internally by the entity. |
| Working Conditions | 100% of the locations are audited internally by the entity. |

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

No corrective action plan has been necessitated on the above-mentioned parameters.

## Leadership Indicators

**1. Does the entity extend any life insurance or any compensatory package in the event of death of**

| | |
|---|---|
| (A) Employees | Yes |
| (B) Workers | Yes |

The Company has Personal Accident Policy under which the benefits are granted to the family members of the deceased employee.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company requires its value chain partners to abide by the principles of the Company's Supplier Code of Conduct and implement responsible business conduct principles in its operating practices.

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities *(as reported in Q11 of Essential Indicators above)*, who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|---|---|---|---|---|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| Employees | - | - | - | - |
| Workers | - | - | - | - |

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes

The Company provides skill upgradation trainings to all its employees during their employment. The skills acquired by the employees as a part of his role and responsibility and by virtue of the periodic trainings enable the individuals to pursue employment post their retirement or termination of employment.

**5. Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Health and safety practices | 100% |
| Working Conditions | 100% |

The value chain partners are expected to adhere to the principles of Health and safety practices, working conditions as per extant regulations and report non-compliances/deviations, if any, in accordance with the contractual obligation agreed by them.

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Few recommendations were received during the assessments, which have been addressed internally.

However, no significant risks / concerns were observed under scoring the effectiveness of the efforts put on health and safety within the Company.

## PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Our stakeholder engagement is based on seamless dialogue, empathy and a focus on value creation, which forms the foundation of our engagement approach at Eris. The Company relies on various individuals, groups, institutions or entities that contributes to its success and strong foundation for the future years to come for its continued and steady growth and success. The stakeholders can be internal or external and can be further divided into primary (Groups that are directly impacted) and secondary (groups that are indirectly impacted).

The Company cannot exist without its stakeholders and to identify the key stakeholders the Company resorts to the following parameters:

a) The fundamental impact that a stakeholder has on the performance of the Company.

b) How dynamic the relationship is and can the Company exist without the stakeholder

c) How much interest does the Stakeholder has in the Company.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

| **Stakeholder Group** | **Whether identified as Vulnerable & Marginalized Group** *(Yes/No)* | **Channels of communication** *(Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other* | **Frequency of engagement** *(Annually/ Half yearly/ Quarterly / others – please specify)* | **Purpose and scope of engagement including key topics and concerns raised during such engagement** |
|---|---|---|---|---|
| Employees | No | Email, Town halls, Employee Engagement Surveys, HR Portal | Ongoing | Employee wellbeing and satisfaction is an integral part of the Company's growth model. Employee engagement through various means of communication provides an insight into the key action areas for employee wellbeing and growth. The key areas of interest for employees are:<br>• Training, professional growth and development<br>• Well-being initiatives<br>• Employee recognition<br>• Fair remuneration<br>• Work-life balance<br>• Aagman/E-Aagman of employees |

| | | | | |
|---|---|---|---|---|
| Investors/ Shareholders | No | Emails, Annual Reports, Earning / Investor calls, General Meetings | Quarterly/ Based on investor requirement | Investors/ Shareholders form an integral part of the stakeholder group, influencing the decisions of the Company. The key areas of interest for the investors/ shareholders are:<br>• Corporate governance<br>• ESG disclosures<br>• Regulatory compliance<br>• Responsible supply chain management<br>• Product responsibility<br>• Cost competitiveness<br>• Overall Company performance |
| Suppliers/ Vendors/ Manufacturers | No | Email, telephones, personal visits | Ongoing | Responsible supply chain practices are critically important for ensuring the business continuity in a sustainable manner. Engagement with suppliers, vendors enable the Company to identify the key material issues impacting the supply chain. The key areas of interest for the suppliers are:<br>• Timely payments<br>• Collaboration |
| Customers | No | Physical meetings, virtual meetings | Ongoing | The Company gathers information through permissible means to understand the end users' expectations and experience with our pharmaceutical products and counselling them about the lifestyle changes needed for effective management of the treatment. |
| Community | Yes | Physical meets and digital channels | Ongoing | As a conscientious corporate entity, we firmly believe in reciprocating the society's years of care, support, and nurturing bestowed upon our organization. From conducting community needs assessments and resolving grievances to implementing robust CSR initiatives, we actively contribute to the development of the community. Furthermore, we prioritize hiring individuals from the local area where our business operates to meet our manpower requirements whenever feasible. |

| | | | | |
|---|---|---|---|---|
| Regulator | No | Emails, submissions, personal meetings | Need based | Our Company upholds a strong commitment to adhere to all Regulations in their entirety. In the dynamic realm of sustainability-related regulations and laws, we actively engage with government bodies and regulators to gain comprehensive insights into the specific requirements applicable to our Company, as well as the pharmaceutical sector as a whole. |

## Leadership Indicators

**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The business and functional heads are responsible for interactions with the stakeholders and the Board is updated about the expectations and outcomes of the interactions on a periodic basis through its meeting with the business and functional heads and through periodic meetings with respective functions.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics** (Yes / No).

Yes.

**If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

- Access road has been constructed, which equally serve the community residing in the neighbourhood.
- Adoption of zero liquid discharge policy for preserving ground water quality.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Our engagements like "on call initiatives" make available advanced point of care devices to patients who could ill afford to buy those. Our screening initiatives greatly help in identifying co-morbidities and thereby sensitize the vulnerable patient populations towards their fragile medical condition and the importance of scrupulously following the prescription regimen and lifestyle modifications recommended by his/her practitioner.

## PRINCIPLE 5: Businesses should respect and promote human rights

### Essential Indicators

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| **Employees** | | | | | | |
| Permanent | 2588 | 850 | 32.84% | 2485 | 475 | 19.11% |
| Other than permanent | 867 | 815 | 94.00% | 815 | 665 | 81.59% |
| **Total Employees** | **3455** | **1665** | **48.19%** | **3300** | **1140** | **34.54%** |
| **Workers** | | | | | | |
| Permanent | 93 | 93 | 100% | 90 | 90 | 100% |
| Other than permanent | - | - | - | - | - | - |
| **Total Workers** | **93** | **93** | **100%** | **90** | **90** | **100%** |

**2. Details of minimum wages paid to employees and workers, in the following format:**

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total (A) | Equal to Minimum Wage | | More than Minimum Wage | | Total (D) | Equal to Minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| **Employees** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 2513 | - | - | 2513 | 100% | 2410 | - | - | 2410 | 100% |
| Female | 75 | - | - | 75 | 100% | 75 | - | - | 75 | 100% |
| **Other than Permanent** | | | | | | | | | | |
| Male | 850 | - | - | 850 | 100% | 797 | - | - | 797 | 100% |
| Female | 17 | - | - | 17 | 100% | 18 | - | - | 18 | 100% |
| **Workers** | | | | | | | | | | |
| **Permanent** | | | | | | | | | | |
| Male | 89 | - | - | 89 | 100% | 86 | - | - | 86 | 100% |
| Female | 4 | - | - | 4 | 100% | 4 | - | - | 4 | 100% |
| **Other than Permanent** | | | | | | | | | | |
| Male | - | - | - | - | - | - | - | - | - | - |
| Female | - | - | - | - | - | - | - | - | - | - |

**3. Details of remuneration/salary/wages, in the following format:**

| | Male | | Female | |
|---|---|---|---|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BOD) | 7 | 69,92,136 | 1 | 45,25,000 |
| Key Managerial Personnel | 2 | 93,24,117 | | |
| Employees other than BOD and KMP | 3357 | 4,11,823 | 92 | 4,32,572 |
| Workers | 89 | 2,42,490 | 4 | 1,65,647 |

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?**

Yes, the head of HR department is the focal point for addressing and assessing the issues related to Human Rights. It is ensured that the company's policies remain in line with the international human rights standards and can assist in resolving any potential problems.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues**

The Company has a grievance redressal mechanism in place and any employee can reach out to the HR at the email ID- hr.communication@erislifesciences.com. The contact details are also mentioned on the Company's website at https://eris.co.in/corporate-governance/.

Apart from this the Company also has a whistle blower policy in place and the identity of the whistle blower is maintained confidential by taking due care.

**6. Number of Complaints on the following made by employees and workers:**

| | FY 2022-23 | | | FY 2021-22 | | |
|---|---|---|---|---|---|---|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | - | - | - | - | - | - |
| Discrimination at workplace | - | - | - | - | - | - |
| Child Labour | - | - | - | - | - | - |
| Forced Labour/ Involuntary Labour | - | - | - | - | - | - |
| Wages | - | - | - | - | - | - |
| Other human rights related issues | - | - | - | - | - | - |

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The identity of the complainant is kept confidential and the investigations in respect of the complaints received are carried out strictly in a confidential manner. The Company ensures that the complaints received are dealt with as per the Company's policy on Prevention of Sexual Harassment at workplace for the cases pertaining to harassment and as per the Company's other policies such as the Whistle Blower Policy, Diversity, Equity and inclusion policy or Equal opportunity policy for any other matters. These policies ensure protection of the identity of the complainant or whistle blower.

**8. Do human rights requirements form part of your business agreements and contracts?**

Yes, in certain business agreements and contracts where relevant.

**9. Assessments for the year:**

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|---|---|
| Child Labour | 100% of the locations are audited internally by the entity. |
| Forced/involuntary labour | |
| Sexual harassment | |
| Discrimination at workplace | |
| Wages | |
| Others - please specify | |

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not applicable.

## Leadership Indicators

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

By implementing the human rights policy through the conduct of numerous training sessions and maintaining a vigilant system, our Company ensures that our workforce is highly conscious and responsive to human rights issues. It is worth noting that no complaints were received throughout the year, indicating the effectiveness of these measures.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

The entity avails technological tools facilitating surveillance over premises together with the nurturing of a culture which reassure and encourage all persons to come forward and report the instances of any human rights abuse which they come across with absolute guarantee against any possible vindictiveness as a consequence of such reporting.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the office premises of the Company has ramps, elevators, dedicated toilets and other amenities as per the requirement of the Rights of Persons with Disabilities Act, 2016 which are accessible to differently abled visitors.

**4. Details on assessment of value chain partners:**

| | % of value chain partners (by value of business done with such partners) that were assessed |
|---|---|
| Sexual harassment | 100%* <br><br> *The Company requires its value chain partners to abide by the principles of the Company's Supplier Code of Conduct and implement responsible business conduct principles in its operating practices and report instances of any deviations therefrom. No deviations have been reported during the reporting year. |
| Discrimination at workplace | |
| Child Labour | |
| Forced/involuntary labour | |
| Wages | |
| Others – please specify | |

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not applicable

## PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

(in KWH)

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Total electricity consumption (A) | 32,06,710 | 32,16,464 |
| Total fuel consumption (B) | 24,698 | 35,135 |
| Energy consumption through other sources (C) | 0 | 0 |
| **Total energy consumption (A+B+C)** | **32,31,408** | **32,51,599** |
| Energy intensity per rupee of turnover | 0.02% | 0.02% |
| (Total energy consumption/ turnover in rupees) | 0.02% | 0.02% |
| Energy intensity (optional) - the relevant metric may be selected by the entity | - | - |

| | |
|---|---|
| **2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N)** | No, the company is not identified as designated consumer under the Performance, Achieve and Trade (PAT) Scheme of the Government of India. |
| **If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.** | Not Applicable |

**3. Provide details of the following disclosures related to water, in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) Surface water | - | - |
| (ii) Groundwater | 13,545 | 13,950 |
| (iii) Third party water | 0 | 0 |
| (iv) Seawater / desalinated water | 0 | 0 |
| (v) Others | 0 | 0 |
| **Total volume of water withdrawal** *(in kilolitres) (i + ii + iii + iv + v)* | 13,545 | 13,950 |
| **Total volume of water consumption** *(in kilolitres)* | 13,545 | 13,950 |
| **Water intensity per rupee of turnover** *(Water consumed / turnover)* | 0.0001% | 0.0001% |

**4. Has the entity implemented a mechanism for Zero Liquid Discharge?**

If yes, provide details of its coverage and implementation

Yes, with respect to our contribution in Environment Health and Safety, we have set-up an effluent treatment plant with Zero Liquid Discharge (ZLD) treatment process at our manufacturing plant, designed for the removal of liquid waste from the system. The emphasis of the process is to manage wastewater economically and produce clean water.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| NOx | Metric Tonnes | 0.21 | 0.23 |
| SOx | Metric Tonnes | 0.78 | As the State PCB was not equipped with the appropriate Testing equipment the emission cannot be calculated. |
| Particulate matter (PM) | Metric Tonnes | 0.01 | 0.01 |
| Persistent organic pollutants (POP) | NA | NA | NA |
| Volatile organic compounds (VOC) | NA | NA | NA |
| Hazardous air pollutants (HAP) | NA | NA | NA |
| Others – please specify | | | |

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| **Total Scope 1 emissions** (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | NA | NA |
| **Total Scope 2 emissions** (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | NA | NA |
| **Total Scope 1 and Scope 2 emissions per rupee of turnover** | - | - | - |
| **Total Scope 1 and Scope 2 emission intensity** (optional) - the relevant metric may be selected by the entity | - | - | - |

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes, we do constantly attempt to minimise the amount of an impact that a business has on the environment including reduction of greenhouse gases for which we have taken the following measures:

- Optimizing compressed air generation by installing an air reservoir to store and maintain air pressure
- Insulation of hot water tanks to minimize energy loss
- Optimisation of energy efficiency through preventive maintenance activities of systems like HVAC, plant and utility equipment at regular intervals

**8. Provide details related to waste management by the entity, in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Total Waste generated (in metric tonnes)** | | |
| Plastic waste (A) | 50.05 | 45.03 |
| E-waste (B) | 0 | 0 |
| Bio-medical waste (C) | 0 | 0 |
| Construction and demolition waste (D) | 0 | 0 |
| Battery waste (E) | 0 | 0 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste. Please specify, if any. (G) | | |
| Process Waste<br>ETP Sludge<br>Spent Oil | 2.75<br>0.05<br>0.02 | 1.67<br>0.02<br>0.01 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | NA | NA |
| **Total (A+B + C + D + E + F + G + H)** | **52.87** | **46.73** |

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Recycled | 0 | 0 |
| (ii) Re-used | 0 | 0 |
| (iii) Other recovery operations | 0 | 0 |
| **Total** | **0** | **0** |
| **For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)** | | |
| **Category of waste** | | |
| (i) Incineration | 172.054 | 103.977 |
| (ii) Landfilling | NA | NA |
| (iii) Other disposal operations | NA | NA |
| **Total** | **172.054** | **103.977** |

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

We have implemented an organised waste management system, where expired products are handed over to the authorised incineration agency for being disposed of in accordance with the requirements of the Bio-Medical Waste Management Rules, 2016.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

The Company does not have operations around ecologically sensitive areas.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

The Company has not undertaken environmental impact assessment during the current financial year.

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).**

Yes, all our units operate in compliance with the applicable environmental laws/ regulations/ guidelines and rules made thereunder.

## Leadership Indicators

**1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

(in KWH)

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **From renewable sources** | | |
| Total electricity consumption (A) | 13,47,702 | 12,82,659 |
| Total fuel consumption (B) | 0 | 0 |
| Energy consumption through other sources (C) | 0 | 0 |
| **Total energy consumed from renewable sources (A+B+C)** | **13,47,702** | **12,82,659** |
| **From non-renewable sources** | | |
| Total electricity consumption (A) | 18,59,008 | 19,33,805 |
| Total fuel consumption (B) | 24,698 | 35,135 |
| Energy consumption through other sources (C) | 0 | 0 |
| **Total energy consumed from non-renewable sources (A+B+C)** | **18,83,706** | **19,68,940** |

**2. Provide the following details related to water discharged:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Water discharge by destination and level of treatment** *(in kilolitres)* | | |
| (i) To Surface water | | |
| No treatment | 0 | 0 |
| With treatment - please specify level of treatment | 0 | 0 |
| (ii) To Groundwater | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (iii) To Seawater | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (iv) Sent to third-parties | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (v) Others | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | | |
| **Total water discharged (in kilolitres)** | **0** | **0** |

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

**For each facility / plant located in areas of water stress, provide the following information:**

**(i) Name of the area: ERIS LIFESCIENCES LTD**

**(ii) Nature of operations: PHARMACEUTICALS MEDICINE MANUFACTURING UNIT**

**(iii) Water withdrawal, consumption and discharge in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---|---|
| **Water withdrawal by source (in kilolitres)** | | |
| (i) To Surface water | 0 | 0 |
| (ii) To Groundwater | 13,545 | 13,950 |
| (iii) Third-party water | 0 | 0 |
| (iv) Seawater / desalinated water | 0 | 0 |
| (v) Others | 0 | 0 |
| **Total volume of water withdrawal (in kilolitres)** | 13,545 | 13,950 |
| **Total volume of water consumption (in kilolitres)** | 13,545 | 13,950 |
| **Water intensity per rupee of turnover (Water consumed / turnover)** | 0.0001% | 0.0001% |
| **Water intensity** (optional) – the relevant metric may be selected by the entity | | |
| **Water discharge by destination and level of treatment** (in kilolitres) | | |
| (i) To Surface water | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (ii) To Groundwater | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (iii) To Seawater | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (iv) Sent to third-parties | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| (v) Others | | |
| No treatment | 0 | 0 |
| With treatment – please specify level of treatment | 0 | 0 |
| **Total water discharged (in kilolitres)** | **0** | **0** |

***Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.***

**4. Please provide details of total Scope 3 emissions & its intensity, in the following format:**

The Company is progressing year on year in emission monitoring. Going forward, we aim to conduct scope 3 emission calculations across the value chain.

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.-** Not applicable

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Please refer the Management Discussion and Analysis Report.

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link:**

Yes. We have a Disaster Management Plan that covers crucial information like factory layout plan, objectives, process, process hazards and their control measures, natural disasters control measures, Environment Impact Assessment Plan, Emergency Evacuation plan, Emergency declaration procedures, Plant safe shut down procedures, and Emergency action plan.

The company has also specified necessary roles, medical arrangements, training programs and crucial mutual help telephone numbers to ensure smooth operation in the event of an emergency.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

Not applicable

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

None of the value chain partners have been assessed for environmental impacts during the financial year under review.

## PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

**1. a. Number of affiliations with trade and industry chambers/ associations.**

We are not affiliated to any trade and Industry chambers / associations.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.** – Not applicable.

**2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

We are committed to conduct our business in a fair and transparent manner. We operate in a way that does not violate any laws or regulations and also promote fair competition in the industry. No such adverse orders were received from any regulatory authorities based on anti-competitive conduct in the reporting year.

## Leadership Indicators

**1. Details of public policy positions advocated by the entity:**

- India-specific studies to generate relevant evidence
- Patient care initiatives for precision diagnosis
- Evidence based treatment
- Early detection and regular monitoring

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

## Essential Indicators

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

During the year under review, the Company was not required under applicable laws to undertake any Social Impact Assessment.

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

As none of the green field or other projects of the company resulted in the displacement of any local residents, no Rehabilitation or Resettlement was necessary during the year under review.

**3. Describe the mechanisms to receive and redress grievances of the community.**

The Company has a grievance mechanism in place and any member in the community can reach out to the Company by writing their grievances on the email IDs placed on the Company's website at the link mentioned below: -

https://eris.co.in/corporate-governance/

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Directly sourced from MSMEs/ small producers | 35.38% | 28.09% |
| Sourced directly from within the district and neighbouring districts | 5.25% | 4.65% |

## Leadership Indicators

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):** Not applicable.

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

During the year under review, the Company did not undertake any CSR projects in designated aspirational districts.

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups?** (Yes/No)

The entity is keen to procure from marginalised / vulnerable groups. However, the nature of the pharmaceutical industry and strict emphasis of the regulators on the quality, mechanisations of manufacturing processes make the upstream manufacturing processes extremely capital and technology intensive. The entry barrier resulting thereby keeps marginalised / vulnerable groups away from the API industry. As and when such an opportunity will arise in future, the entity will be receptive towards considering it.

**(b) From which marginalized /vulnerable groups do you procure? –** Not Applicable

**(c) What percentage of total procurement (by value) does it constitute?** Not Applicable

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Though difficult to quantify, the insights and supports provided in the traditional knowledge is immensely useful in the evaluation of commercial in-licensing proposals that are related to phytopharmaceuticals or in proprietary formulations with such plant-based ingredients.

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:** Not applicable

**6. Details of beneficiaries of CSR Projects/Programs:**

| Sr. No. | CSR Project/Programs | No. of persons benefitted from CSR Projects / Programs | % of beneficiaries from vulnerable and marginalized groups |
|---|---|---|---|
| Refer Management Discussion and Analysis Report starting from page no 30. | | | |

## PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The Company possesses a comprehensive mechanism to handle complaints regarding product quality. Upon receiving a complaint, it is duly recorded in the system, and the person filing the complaint is promptly acknowledged. Subsequently, an initial evaluation is conducted, followed by the initiation of a sample investigation. This investigation takes place concurrently with the initial risk assessment and inquiry process. Once the investigation concludes, a plan for corrective action is set in motion, and a summary report detailing the complaint is submitted. A final risk assessment is then performed, and a response is sent to the complainant. Finally, the complaint is closed.

We have both online and offline mechanisms to receive feedbacks and address complaints.

Online mechanisms include:

- Dedicated email id - patientsafety@erislifesciences.com
- Dedicated customer care toll free number – 18002700390
- Dedicated web page on our website for Adverse Event Reporting
- Web link: https://eris.co.in/adverse-event-reporting/

For offline reporting of adverse events, we have placed a form on our website where it can be downloaded and posted at our corporate office address.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | NA |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | NA |

**3. Number of consumer complaints in respect of the following:**

| | FY 2022-23 | | Remarks | FY 2021-22 | | Remarks |
|---|---|---|---|---|---|---|
| | Received during the year | Pending resolution at end of year | | Received during the year | Pending resolution at end of year | |
| Data privacy | - | - | - | - | - | - |
| Advertising | - | - | - | - | - | - |
| Cyber-security | - | - | - | - | - | - |
| Delivery of essential services | - | - | - | - | - | - |
| Restrictive Trade Practices | - | - | - | - | - | - |
| Unfair Trade Practices | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |

**4. Details of instances of product recalls on account of safety issues:**

| | Number | Reasons for recall |
|---|---|---|
| Voluntary recalls | 05 | The products were recalled owing to our commitment for upholding the highest standards of quality. |
| Forced recalls | 0 | Not applicable |

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No). If available, provide a web-link of the policy.**

Yes, we have established a comprehensive framework and policy to effectively manage cyber security and mitigate risks related to data privacy. Through proactive measures, such as stringent protocols, guidelines, and regular security audits, it ensures the protection of sensitive information from unauthorized access and potential cyber threats.

Additionally, we have also prioritized employee training programs, encryption techniques, access controls, and incident response plans to uphold the confidentiality, integrity, and availability of valuable data assets. Our information security policy is available to all our employees through our intranet platform.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

No such incidents were reported.

## Leadership Indicators

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

The information on products of the Company can be accessed on its website at: https://eris.co.in/

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company complies with applicable regulatory obligations by providing stakeholders with information regarding the safe and responsible use of its products. Products are usually accompanied by an informative label that informs consumers about various aspects, including pharmacokinetics, safe usage instructions, composition, mechanism of action, clinical pharmacology, product interactions, side effects, and recommended storage conditions, among others.

Furthermore, the Company organizes various programs aimed at educating healthcare professionals (HCPs) ad patients on the responsible utilization of our products.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

Since the Company operates in the pharmaceutical industry, there are several other pharmaceutical companies offering similar products. Therefore, the discontinuation of any of the Company's products does not have a significant impact on the larger communities.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.**

The label contents being highly regulated, it is not feasible to provide more product information over and above the mandate of law.

**Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Company maintains continuous engagement with its Consumers, Doctors and other Healthcare professionals and takes their feedback on the products.

**5. Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact-** We have not witnessed any data breaches.

b. **Percentage of data breaches involving personally identifiable information of customers-** NA

# STANDALONE FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

**To The Members of Eris Lifesciences Limited**
**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying standalone financial statements of **Eris Lifesciences Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1. | **Assessment of impairment of non-current investments in wholly owned subsidiary Aprica Healthcare Limited.**<br>(Refer note 3.4 to the Standalone Financial Statements.) | **Principal audit procedures performed:**<br>1. Our audit procedures included a combination of testing the design, implementation and operating effectiveness in respect of management's assessment of existence of indicators of impairment and where applicable determination of recoverable amounts to measure the impairment provision that needs to be accounted for. |

| | | |
|---|---|---|
| | The Company has investments aggregating to Rs. 2,264.24 million in Aprica Healthcare Limited (AHL), a wholly owned subsidiary. These investments are accounted for at cost less impairment, if any in the Standalone Balance Sheet as at 31 March 2023.<br><br>The net worth of AHL is lower than the carrying value of the investments. The Company has accordingly tested the carrying value of investments in AHL for impairment.<br><br>The Company's evaluation of impairment of its investment involves the comparison of recoverable value to their corresponding carrying values in the Company.<br><br>The Company used the discounted cash flow model to estimate recoverable values, which requires management to make estimates and assumptions related to forecasts of future revenues and operating margins, and discount rates. Changes in these assumptions could have a significant impact on either the recoverable value or the amount of any impairment charge, or both with a consequent impact on the Standalone Financial Statements of the Company.<br><br>In view of the foregoing, valuation and allocation of investment in AHL has been identified as a Key Audit Matter. | 2. Our substantive procedures included (i) evaluating the objectivity and independence of the specialist engaged by the Company to carry out the valuation of AHL and reviewed the valuation report issued by such specialist. (ii) considering and evaluating cash flow projections, the reasonableness of key assumptions including revenue growth rates, net profit margin and perpetual growth rates and retrospective review of the projections (iii) engaging our internal fair valuation specialists to test the appropriateness of the valuation model used by the management's expert and testing the underlying assumptions related to the discount rates and the terminal growth rates applied to the forecasted cashflows to determine the recoverable values. |

## Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Corporate Governance Report in Annual Report for the year ended March 31, 2023, but does not include the standalone financial statements, Consolidated financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information.

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

The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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, management is 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 Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility 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 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 financial 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 standalone 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

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

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 33 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv.

(a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 37 (B) to the 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 or entity, 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.

(b) The Management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the note 37 (B) to the financial statements, no funds have been received by the Company from any person or entity, 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 Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) 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 (a) and (b) above, contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year is in accordance with section 123 of the Companies Act 2013.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Hardik Sutaria**
Partner
(Membership No.116642)
(UDIN: 23116642BGWGAG4517)

Place: Ahmedabad
Date: May 17, 2023

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

**Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone 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. 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 Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone 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 standalone financial statements was 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 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 standalone financial statements.

### Meaning of Internal Financial Controls with reference to standalone financial statements

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

### Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Hardik Sutaria**
Partner
(Membership No.116642)
(UDIN: 23116642BGWGAG4517)

Place: Ahmedabad
Date: May 17, 2023

# ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF ERIS LIFESCIENCES LIMITED

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that: -

i. (a). A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Right of use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b). Some of the Property, Plant and Equipment and Right of use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c). Based on the examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (Other than immovable properties where the Company is the lessee, and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(d). The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(e). No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (As amended in 2016) and rules made thereunder.

ii. (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. The Company is in the process of creating security for loans amounting to Rs. 1250 Millions In our opinion and according to the information and explanations given to us, the quarterly statements comprising of stock statements, book debt statements, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with unaudited books of account of the Company of the respective quarters.

(iii). The Company has made investments in, provided guarantee and granted unsecured loans to companies and other party during the year.

(a). The Company has provided loans, stood guarantee, or provided security during the year and details of which are given below:

(₹ in million)

| | Loan | Guarantees |
|---|---|---|
| **A. Aggregate amount granted / provided during the year:** | | |
| - Subsidiaries | 4,277.50 | 6,050.00 |
| - Others | 9.23 | 0.00 |
| **B. Balance outstanding as at balance sheet date in respect of above cases:*** | | |
| - Subsidiaries | 1,158.94 | 6,050.00 |
| - Others | 9.64 | 0.00 |

* The amounts reported are at gross amounts, without considering provisions made.

(b). The investments made, guarantees provided and the terms and conditions of the grant of all the above-mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c). The Company has granted loans that are payable on demand. During the year the Company has not demanded such loan or advances in the nature of loan. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion the repayments of principal amounts and receipts of interest are regular. (Refer reporting under clause (iii)(f) below).

(d). According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted, there is no overdue amount remaining outstanding as at the balance sheet date.

(e). No loans granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f). The Company has granted Loans which are repayable on demand details of which are given below:

| | All Parties* | Related Parties* | Others* |
|---|---|---|---|
| Aggregate of loans<br>-Repayable on demand (A) | 4,286.73 | 4,277.50 | 9.23 |
| Percentage of loans to the total loans | 100% | 99.78% | 0.22% |

* The amounts reported are at gross amounts, without considering provisions made.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees, and securities provided, as applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be Deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Act. Hence, reporting under clause (v) of paragraph 3 of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

In respect of statutory dues:

(a). Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities during the year.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b). Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

| Name of the Statute | Nature of the Dues | Forum where dispute is pending | Period to which the amount relates | Amount Involved (Rs. in millions) | Amount Unpaid (Rs. in millions) |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax Demand | Commissioner of Income Tax (Appeal), Ahmedabad | FY 2016-2017 | 0.80 | 0.80 |
| Income Tax Act, 1961 | Income Tax Demand | Commissioner of Income Tax (Appeal), Ahmedabad | FY 2017-2018 | 0.26 | 0.26 |

(vii). There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(viii).

(a). In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b). The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c). To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d). On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term purposes by the Company.

(e). On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f). The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

(ix). a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the paragraph 3 of the order is not applicable.

b. During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of paragraph 3 of order is not applicable to the Company.

(x). a. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

b. To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c. As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of report.

(xi). The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the order is not applicable.

(xii). In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiii). a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b. We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2022 and the draft of the internal audit reports where issued after the balance sheet date covering the period January 2023 to March 2023 for the period under audit.

(xiv). In our opinion during the year the Company has not entered into any non-cash transactions with its directors or directors of it's subsidiary companies or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xv). a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi) (a), (b) and (c) of paragraph 3 of the order is not applicable.

b. The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable

(xvi). The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xvii). There has been no resignation of the statutory auditors of the Company during the year.

(xviii). On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and 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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xix). The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of paragraph 3 of the order is not applicable for the year.

**For Deloitte Haskins and Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Hardik Sutaria**
(Partner)
(Membership No.116642)
(UDIN - 23116642BGWGAG4517)

Place: Ahmedabad
Date: May 17, 2023

# STANDALONE BALANCE SHEET

**as at March 31, 2023**

(₹ in million)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS :** | | | |
| **(1) Non Current Assets** | | | |
| (a) Property, Plant and Equipment | 2(a) | 1,058.00 | 998.30 |
| (b) Right-of-use asset | 2(a) | 465.99 | 461.84 |
| (c) Goodwill | 2(b) | 166.60 | 166.60 |
| (d) Other Intangible assets | 2(b) | 7,287.54 | 4,793.29 |
| (e) Intangible assets under development | 2(b) | 3.43 | 29.82 |
| (f) Financial assets | | | |
| Investments | 3 | 9,665.15 | 6,781.76 |
| Loans | 10 | 749.36 | 28.20 |
| Other financial asset | 5 | 64.40 | 43.85 |
| (g) Income tax assets (net) | 4(d) | 34.87 | 34.67 |
| (h) Deferred tax assets (net) | 4(f) | 2,737.84 | 2,361.11 |
| (i) Other non-current assets | 6 | 82.65 | 4.63 |
| **Total Non Current Assets** | | **22,315.83** | **15,704.07** |
| **(2) Current Assets** | | | |
| (a) Inventories | 7 | 636.99 | 847.91 |
| (b) Financial assets | | | |
| Investments | 3 | 300.05 | 995.46 |
| Trade receivables | 8 | 2,292.18 | 1,375.55 |
| Cash and cash equivalents | 9(a) | 474.82 | 447.04 |
| Other bank balances | 9(b) | 1.67 | 14.01 |
| Loans | 10 | 432.26 | 522.10 |
| Other financial asset | 5 | 6.97 | 673.14 |
| (c) Other current assets | 6 | 1,375.81 | 924.88 |
| **Total Current Assets** | | **5,520.75** | **5,800.09** |
| **TOTAL - ASSETS** | | **27,836.58** | **21,504.16** |
| **(1) Equity** | | | |
| (a) Share capital | 11 | 135.99 | 135.93 |
| (b) Other Equity | 12 | 22,082.85 | 19,049.63 |
| **Total Equity** | | **22,218.84** | **19,185.56** |

(₹ in million)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 2,094.71 | - |
| Lease Liabilities | 14 | 356.76 | 345.04 |
| (b) Long-term provisions | 15 | 310.32 | 288.38 |
| (c) Other non-current liabilities | 16 | 18.21 | 22.82 |
| **Total Non Current Liabilities** | | **2,780.00** | **656.24** |
| **(3) Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 1,074.00 | - |
| Lease Liabilities | 14 | 55.39 | 36.73 |
| Trade payables | 17 | | |
| A) Due to Micro and Small Enterprises | | 118.05 | 41.49 |
| B) Due to other than Micro and Small Enterprises | | 712.69 | 926.21 |
| Other financial liabilities | 14 | 84.42 | 59.81 |
| (b) Short-term provisions | 15 | 584.58 | 377.82 |
| (c) Other current liabilities | 16 | 170.53 | 169.52 |
| (d) Income tax liabilities (net) | 4(e) | 38.08 | 50.78 |
| **Total Current Liabilities** | | **2,837.74** | **1,662.36** |
| **Total Liabilities** | | **5,617.74** | **2,318.60** |
| **TOTAL - EQUITY AND LIABILITIES** | | **27,836.58** | **21,504.16** |

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# STANDALONE STATEMENT OF PROFIT AND LOSS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | Note No. | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from operations | | | |
| Sale of products | 18 | 13,071.20 | 11,937.73 |
| Other operating income | | 236.05 | 219.57 |
| **Total Revenue from Operations** | | **13,307.25** | **12,157.30** |
| Other income | 19 | 172.64 | 289.89 |
| **Total Revenue (I)** | | **13,479.89** | **12,447.19** |
| **EXPENSES:** | | | |
| (a) Cost of materials consumed | 20 | 1,141.27 | 1,175.73 |
| (b) Purchases of stock-in-trade | | 1,137.56 | 795.88 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21 | 85.01 | 24.90 |
| (d) Employee benefits expense | 22 | 2,525.20 | 2,201.09 |
| (e) Other expenses | 23 | 3,367.07 | 3,119.75 |
| **Total (II)** | | **8,256.11** | **7,317.35** |
| **Profit before interest, tax, depreciation and amortisation (I - II)** | | **5,223.78** | **5,129.84** |
| Finance costs | 24 | 208.10 | 29.91 |
| Depreciation and amortisation expense | 2 (c) | 646.57 | 514.55 |
| **Profit before tax** | | **4,369.11** | **4,585.38** |
| Tax expenses : | | | |
| (a) Current tax | 4 | 764.96 | 801.72 |
| (b) Deferred tax | | (375.93) | (388.26) |
| **Total tax expense** | | **389.03** | **413.46** |
| **Profit for the year** | | **3,980.08** | **4,171.92** |
| | | | |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains / (losses) on defined benefit plans | | (2.29) | (15.44) |
| Income tax relating to items that will not be reclassified to profit or loss | | | |
| Re-measurement gains / (losses) on defined benefit plans | | 0.80 | 5.39 |
| | | **(1.49)** | **(10.05)** |
| **Total Comprehensive Income for the year** | | **3,978.59** | **4,161.87** |

(₹ in million)

| Particulars | Note No. | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|---|
| **Earnings per equity share of face value ₹ 1 each** | | | |
| Basic (₹) | 25 | 29.27 | 30.70 |
| Diluted (₹) | | 29.23 | 30.70 |

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**Hardik Sutaria**

Partner

**Place: Ahmedabad**

**Date: May 17, 2023**

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

**Amit I. Bakshi**

Managing Director

DIN: 01250925

**Inderjeet Singh Negi**

Whole Time Director

DIN: 01255388

**Sachin Shah**

Chief Financial Officer

**Place: Ahmedabad**

**Date: May 17, 2023**

**Milind Talegaonkar**

Company Secretary

Membership No-A26493

# STANDALONE STATEMENT OF CASH FLOWS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | For the year ended March 31,2023 | For the year ended March 31, 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit before tax | 4,369.11 | 4,585.38 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 646.57 | 514.55 |
| Net Loss w property plant and equipment sold/written off | 8.01 | 42.54 |
| Finance costs | 208.10 | 29.91 |
| Interest income | (82.77) | (99.09) |
| Provision / (Reversal) for doubtful debt / other financial assets | 1.99 | (1.52) |
| Bad debt written off | - | 0.02 |
| Deferred Capital Subsidy | (4.78) | (4.83) |
| Net gain on sale of investments carried at fair value through profit or loss | (71.27) | (21.73) |
| Net MTM gain on investments carried at fair value through profit or loss | (0.05) | (144.36) |
| Gain from termination of lease | - | (18.68) |
| Share based payment expense | 31.21 | 13.55 |
| **Operating profit before working capital changes** | **5,106.12** | **4,895.74** |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Trade receivables | (916.63) | (237.98) |
| Inventories | 210.92 | (199.45) |
| Other assets | (514.29) | (140.07) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade Payables | (136.86) | 100.47 |
| Financial Liabilities | 24.29 | (20.60) |
| Provisions | 226.41 | 91.21 |
| Other Liabilities | 1.18 | 33.80 |
| **Cash generated from operations** | 4,001.14 | 4,523.12 |
| Net income tax paid | (777.86) | (829.00) |
| **Net cash flow from operating activities (A)** | **3,223.28** | **3,694.12** |

(₹ in million)

| Particulars | For the year ended March 31,2023 | For the year ended March 31, 2022 |
|---|---|---|
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment (including other intangible assets) | (3,112.65) | (532.83) |
| Proceeds from sale of property plant and equipment | 1.29 | 7.58 |
| Consideration paid towards investment in subsidiaries | (7,054.91) | (250.08) |
| Investments in mutual funds and fixed deposit | (300.00) | (2,676.49) |
| Proceeds from redemption of mutual funds and fixed deposit | 5,853.39 | 795.87 |
| Proceeds from redemption of investments in Bonds of subsidiaries | - | 50.00 |
| Loan given to Subsidiaries | (4,327.08) | (38.03) |
| Loan repaid by Subsidiaries | 3,479.40 | 46.41 |
| Repayment of loan given to others received | 223.60 | 3.08 |
| Loan to Others given | (9.23) | (159.15) |
| (Investment in) / proceeds of Bank balances not considered as cash and cash equivalents | 12.34 | (0.91) |
| Interest income | 100.89 | 78.19 |
| **Net cash used in investing activities (B)** | **(5,132.96)** | **(2,676.36)** |

| | | |
|---|---|---|
| **C. Cash flow from financing activities** | | |
| Proceeds from borrowings | 6,668.71 | - |
| Repayment of borrowings | (3,500.00) | - |
| Proceeds of borrowings from subsidiary | 325.00 | - |
| Repayment of borrowings to subsidiary | (325.00) | - |
| Finance costs | (206.53) | (26.98) |
| Principal element to lease payment | (48.39) | (112.95) |
| Proceeds from issue of equity share capital (Employee stock options plan) | 22.78 | 67.45 |
| Share application money | - | 4.51 |
| Dividend paid | (999.11) | (816.23) |
| **Net cash flow from / (used in) financing activities ( C )** | **1,937.46** | **(884.20)** |
| **Net increase in cash and cash equivalents (A+B+C)** | **27.78** | **133.56** |
| Cash and cash equivalents at the beginning of the year | 447.04 | 313.48 |
| Cash and cash equivalents at end of the year {Refer note-9(a)} | 474.82 | 447.04 |

**Notes:**

( i ) The Statement of Cash Flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

( ii ) Cash and Cash Equivalents {Refer note-9(a)}

(₹ in million)

| | | |
|---|---|---|
| Cash on hand | 0.13 | 0.78 |
| Balance with banks | | |
| In Current Account | 431.75 | 341.10 |
| Cheque in hand | 42.94 | 105.16 |
| **Cash and Cash Equivalents as per Cash flow statement** | 474.82 | 447.04 |

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# STANDALONE STATEMENT OF CHANGES IN EQUITY

**for the year ended March 31, 2023**

**A. Equity Share Capital** (₹ in million)

| Particulars (refer note-11) | Amount |
|---|---|
| **As at March 31, 2021** | **135.78** |
| Change in Equity Share Capital | 0.15 |
| **As at March 31, 2022** | **135.93** |
| Change in Equity Share Capital | 0.06 |
| **As at March 31, 2023** | **135.99** |

**B. Other Equity** (₹ in million)

| Particulars (refer note-12) | Retained Earnings | Security Premium | Share based payment reserve | Share application money pending allotment | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|
| **As at March 31, 2021** | **15,577.39** | **-** | **39.76** | **-** | **1.74** | **15,618.89** |
| Add: Profit for the year | 4,171.92 | - | - | - | - | 4,171.92 |
| Less: Payment of Dividend | (816.48) | - | - | - | - | (816.48) |
| Add: Other comprehensive Income for the year | (10.05) | - | - | - | - | (10.05) |
| Add: Pursuant to Issue of share capital on account of exercie of options | - | 67.29 | - | - | - | 67.29 |
| Add : Share application money pending allotment | - | - | - | 4.51 | - | 4.51 |
| Less: Transfer on account of exercise of options | - | 38.84 | (38.84) | - | - | - |
| Add: Share based payments to employees of the company | - | - | 13.55 | - | - | 13.55 |
| **As at March 31, 2022** | **18,922.78** | **106.13** | **14.47** | **4.51** | **1.74** | **19,049.63** |
| Add: Profit for the year | 3,980.08 | - | - | - | - | 3,980.08 |
| Less: Payment of Dividend (Refer note 11.6) | (999.31) | - | - | - | - | (999.31) |
| Add: Other comprehensive Income for the year | (1.49) | - | - | - | - | (1.49) |
| Add: Pursuant to Issue of share capital on account of exercise of options | - | 27.24 | - | (4.51) | - | 22.73 |
| Less: Transfer on account of exercise of options | - | 17.64 | (17.64) | - | - | - |

(₹ in million)

| Particulars (refer note-12) | Retained Earnings | Security Premium | Share based payment reserve | Share application money pending allotment | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|
| Add: Share based payments to employees of the company | - | - | 31.21 | - | - | 31.21 |
| **As at March 31, 2023** | **21,902.06** | **151.01** | **28.04** | **-** | **1.74** | **22,082.85** |

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

## Corporate Information:

Eris Lifesciences Limited ("the Company") is a public limited company, incorporated and domiciled in India having its registered office at Shivarth Ambit, Plot No. 142/2, Ram Das Road, Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad - 380 054, Gujarat, India. The Company is engaged in the manufacture and marketing of pharmaceutical products. The company has a manufacturing plant located in Guwahati, Assam. The Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

## Note 1: Significant accounting policies

### 1.1 Basis of preparation :

#### (A) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI).

#### (B) Basis of measurement

The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Investments in mutual funds and equity investments
- Defined benefit plan – plan assets measured at fair value
- Certain financial assets and liabilities measured at fair value
- Lease liability is booked based on IND AS 116
- Long term borrowings at amortised cost using the effective interest rate method
- Share based payments are measured at fair value
- Assets acquired and liabilities assumed as part of business combination are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### (C) Current and Non-current classification

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and corresponding liabilities. Current assets, which include cash and cash equivalents are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company. A liability is current when it is expected to be settled in normal operating cycle, held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting date and there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. . Deferred tax assets and liabilities are classified as non-current assets and liabilities. 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.

**1.2 Critical Accounting Judgements And Key Sources of Estimation Uncertainty**

The preparation of the financial statements in conformity with the recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities is in respect of:

- Sales returns (refer note 1.3)
- Useful lives of property, plant and equipment (refer note 1.4)
- Useful lives of intangible assets (refer note 1.5)
- Business Combination (refer note 1.6)
- Impairment of asset (refer note 1.8 & 3.4)
- Valuation of inventories (refer note 1.9)
- Employee benefits (refer note 1.13)
- Valuation of deferred tax assets (refer note 1.14)
- Provisions & contingent liabilities (refer note 1.15)
- Employee Stock Option Plan (refer note 35)

**1.3 Revenue recognition:**

a. Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods to the customer.

Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts.

b. Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

At the time of recognising provision for sales return Expected reimbursement towards likely sales return is recognied, which is included in other current assets for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

c. Other income:

i) Dividend income is recognized when the right to receive dividend is established.

ii) Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

iii) Other income is recognised when no significant uncertainty as to its determination or realisation exists.

**1.4 Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost of acquisition/construction net of recoverable taxes less accumulated depreciation and impairment loss, if any. All costs attributable to acquisition/ construction of Property, Plant and Equipment till assets are put to use, are capitalized. Subsequent expenditure on Property, Plant and Equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss. Depreciation is recognised on straight line method based on the useful lives as prescribed under Schedule II of the Companies Act, 2013 except in respect of some equipments and some furniture and fixtures, in whose case the life of the assets has been assessed as 3 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. In case of addition to building, depreciation is provided on the balance useful life available for use. Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets were put to use. In case of Lease hold improvement useful life is considered as lower of useful life of the asset or lease term.

The estimated useful lives are mentioned as under

| Type of Asset | Useful lives |
|---|---|
| Freehold Land | Non Depreciable Asset |
| Building | 30 - 60 years |
| Plant and Machinery | 15 years |
| Vehicles | 8 years |
| Equipment | 3 - 6 years |
| Furniture and Fixtures | 3 - 10 years |
| Electric Installation | 10 years |
| Lease hold improvements | Over the period of lease term |
| Right of use asset | Over the period of lease term |

Depreciation is not considered on capital work in progress until construction and installation are complete and the asset is ready for intended use

**1.5 Intangible Assets:**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.

Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Intangibles are amortised over its estimated useful life and tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the intangibles are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the Statement of Profit and Loss.

For determination and review of assessing indicators of impairment, the Management considers internal and external factors including technological, market, economic or legal environment in which the Company operates or in the market to which the asset is dedicated. Recoverability of the carrying values of acquired intangible assets is dependent on future cash flows of the underlying cash generating units (CGUs) and there is a risk that if these cash flows do not meet management's expectations the assets will be impaired. The cash flow forecasts and related value in use calculations include a number of significant management assumptions, judgements and estimates including revenue growth rates, profit margin and perpetual growth rates and discount rate that are dependent on expected future market and economic conditions.

The estimated useful lives of intangibles are as mentioned below

| Type of intangible assets | Useful life |
|---|---|
| Trademark/Brands | Upto 20 years |
| License Fees | From 3 to 15 years |
| Non-compete fees | Upto 5 years |
| Software | Upto 6 years |

**1.6 Business combinations and Goodwill**

**1.6.1 Business combinations**

Business Combinations are accounted for using the acquisition method of accounting. The acquisition date is the date on which control is transferred to the acquirer.

The consideration transferred for the acquisition of a subsidiary is comprised of:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary

The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted 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.

**1.6.2 Goodwill**

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**1.7 Financial Instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

**Subsequent measurement**

**i.** Debt instruments at amortised cost – A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

> The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

> Contractual terms of the asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. Equity investment – The company measures equity investments other than investments in subsidiaries at FVTPL in accordance with the requirements of IND AS 109. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL).

For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

iii. Mutual fund - All mutual funds within the scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

iv. Investment in Subsidiaries - Investment in subsidiaries are carried at cost in the financial statements as per IND AS 27.

**De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Financial liabilities**

**Initial recognition and measurement**All financial liabilities are recognised initially at fair value, in the case of financial liabilities not recorded at fair value through profit & loss (FVTPL), the transaction costs that are attributable to the acquisition of the financial liabilities are also adjusted. These liabilities are classified as amortised cost.

**Subsequent measurement**

These liabilities includes borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.8 Impairment of assets:**

**Financial Asset**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence indicating impairment. A financial asset is considered to be impaired, if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

**Non-Financial Asset**

The carrying amount of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised as an expense in the statement of profit and loss, for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is reversed if there is any change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised.

**1.9 Inventories:**

a. Inventories are valued at the lower of cost and net realizable value. Cost of raw materials, packing materials and stores, spares and consumables includes all charges incurred in bringing the goods to the warehouse, including any levies, transit insurance and receiving charges.

b. Costs of Finished Goods and Work-in-Progress are determined on specific identification basis by taking material cost [net of GST], labour and relevant appropriate overheads. Cost of raw materials and packing material are determined on specific identification basis by taking material cost [net of GST].

c. Stock-in-trade is valued at the lower of cost and net realizable value.

**1.10 Cash and cash equivalents:**

Cash and cash equivalents comprises cash on hand and at banks, short-term deposits (with an original maturity of three months or less from the date of acquisition), and which are subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, as they are considered an integral part of the company's cash management.

**1.11 Borrowings cost:**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**1.12 Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earning per share is calculated by dividing the profit or loss attributable to the owners of the company by weighted average number of equity shares considered for deriving basic earning per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares are adjusted for share splits and bonus shares, as appropriate.

**1.13 Employee Benefits:**

**(A) Defined contribution plan:** The Company's contribution to provident fund and employee state insurance scheme are defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

**(B) Defined benefit obligations plan:**

(i) The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation done by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in Other comprehensive income in the period in which they occur.

(ii) The Company also provides benefit of compensated absences to its employees which are in the nature of long -term benefit plan. Provision for compensated absences is made on the basis of actuarial valuation carried out at the Balance Sheet date. The Company recognises actuarial gains and losses that arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, in the statement of Profit and Loss, as income or expense.

**(C) Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. which are recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**1.14 Taxes on Income:**

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

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 recognized 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.

**1.15 Provisions, Contingent Liabilities and Contingent Assets:**

**Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

**Contingent liability**

It is disclosed for :

a. Possible obligations which will be confirmed only by future events not wholly within the control of the company, or

b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**Contingent Assets**

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 Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

**1.16 Leases:**

Effective from April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied it to all lease contracts existing on April 01, 2019 using modified retrospective method.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases are recognised as an expense in the statement of profit and loss on a written down value basis over the lease term. Lease term is a non-cancellable period together with 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.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method. (Refer Note 33)

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

**1.17 Foreign currency transactions and translation:**

Transactions in foreign currencies entered into by the Company are accounted for at the exchange rate prevailing at the date of transaction. Foreign currency monetary assets and liabilities remaining unsettled at the end of the year are translated at the exchange rate prevailing at the end of the year. All differences arising on settlement/restatement are adjusted in the statement of profit and loss.

**1.18 Government Grant:**

Government grants relating to the purchase of property , plant and equipment are included in non-current liabilities as deferred income and are credited to the Statement of Profit or Loss on a systematic basis over the useful life of the asset.

**1.19 Perpetual bond:**

The company invests in unsecured subordinated perpetual securities. These securities are redeemable at the issuer's option and carry non-cumulative interest coupon at the rate of dividend paid on the issuer's ordinary shares. No interest will be payable if the issuer does not pay any dividend on its ordinary shares for the Financial Year. The issuer has classified these instruments as equity under Ind AS 32 Financial Instruments presentation. Accordingly, the Company has classified this investment as Equity Instrument and has accounted at cost as per Ind AS 27 Separate Financial Statements.

**1.20 Share-based payment transactions:**

**Employees Stock Options Plans (ESOP) :** Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, in accordance with IND AS 102 Share based payment, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

**1.21 Measurement of Profit before interest, tax, depreciation and amortisation**

The Company has opted to present profit before interest (finance cost), tax, depreciation and amortization as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures profit before interest (finance cost), tax, depreciation and amortization based on profit/(loss) from continuing operations.

**1.22 Recent Pronouncements for Indian Accounting Standards (Ind AS)**

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

**Amendments to existing Ind AS:**

**Ind AS 1 – Presentation of Financial Statements**

The amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The company has evaluated the amendment and the impact of this amendment is insignificant in the company's 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 is evaluating the impact, if any, in its financial statements.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 2: Property, Plant and Equipment and Intangible Assets

### (a) Property, Plant and Equipment :

(₹ in million)

| Particulars | Freehold Land | Building | Plant and Machinery | Vehicles | Equipment | Furniture and Fixtures | Electrical Installation | Lease hold impro-vements | Total | Right of use asset (Refer note 34)* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount:** | | | | | | | | | | |
| **As at March 31, 2021** | **22.98** | **325.97** | **354.98** | **188.52** | **413.66** | **170.22** | **36.12** | **-** | **1,512.45** | **182.77** |
| Additions during the Year | - | - | 2.37 | 3.66 | 310.76 | 68.82 | - | 84.80 | 470.41 | 494.61 |
| Deductions during the Year | - | - | - | 1.01 | 212.10 | 104.41 | 0.24 | - | 317.76 | 172.23 |
| **As at March 31, 2022** | **22.98** | **325.97** | **357.35** | **191.17** | **512.32** | **134.63** | **35.88** | **84.80** | **1,665.10** | **505.15** |
| Additions during the year | - | 38.84 | 0.27 | 52.51 | 185.83 | - | - | 5.88 | 283.33 | 87.37 |
| Deductions during the year | - | - | 0.26 | 1.13 | 98.30 | - | - | - | 99.69 | - |
| **As at March 31, 2023** | **22.98** | **364.81** | **357.36** | **242.55** | **599.85** | **134.63** | **35.88** | **90.68** | **1,848.74** | **592.52** |
| | | | | | | | | | | |
| Accumulated depreciation: | | | | | | | | | | |
| **As at March 31, 2021** | **-** | **94.65** | **178.80** | **99.58** | **300.45** | **96.79** | **13.82** | **-** | **784.09** | **159.31** |
| Depreciation for the Year | - | 8.13 | 16.36 | 12.75 | 87.63 | 19.07 | 2.54 | 3.92 | 150.40 | 42.41 |
| Deductions during the Year | - | - | - | 0.87 | 177.56 | 89.02 | 0.24 | - | 267.69 | 158.41 |
| **As at March 31, 2022** | **-** | **102.78** | **195.16** | **111.46** | **210.52** | **26.84** | **16.12** | **3.92** | **666.80** | **43.31** |
| Depreciation for the year | - | 8.63 | 16.14 | 15.40 | 145.66 | 15.34 | 2.50 | 10.66 | 214.33 | 83.22 |
| Deductions during the year | - | - | 0.26 | 0.66 | 89.47 | - | - | - | 90.39 | - |
| **As at March 31, 2023** | **-** | **111.41** | **211.04** | **126.20** | **266.71** | **42.18** | **18.62** | **14.58** | **790.74** | **126.53** |
| | | | | | | | | | | |
| **Net carrying amount** | | | | | | | | | | |
| **As at March 31, 2022** | **22.98** | **223.19** | **162.19** | **79.71** | **301.80** | **107.79** | **19.76** | **80.88** | **998.30** | **461.84** |
| **As at March 31, 2023** | **22.98** | **253.40** | **146.32** | **116.35** | **333.14** | **92.45** | **17.26** | **76.10** | **1,058.00** | **465.99** |

* Right of use asset consists of lease hold buildings.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**(b) Intangible Assets :**

(₹ in million)

| Particulars | Goodwill | Other Intangible Assets | | | |
|---|---|---|---|---|---|
| | | Trademark/ Brand/ License fees* | Non compete fees | Computer Software | Total |
| **Gross carrying amount:** | | | | | |
| **As at March 31, 2021** | **166.60** | **5,181.11** | **50.00** | **75.82** | **5,306.93** |
| Additions during the year | - | 125.00 | - | 65.22 | 190.22 |
| Deductions during the Year | - | - | - | - | - |
| **As at March 31, 2022** | **166.60** | **5,306.11** | **50.00** | **141.04** | **5,497.15** |
| Additions during the year | - | 2,811.49 | - | 31.78 | 2,843.27 |
| Deductions during the year | - | - | - | - | - |
| **As at March 31, 2023** | **166.60** | **8,117.60** | **50.00** | **172.82** | **8,340.42** |
| | | | | | |
| **Accumulated Amortisation:** | | | | | |
| **As at March 31, 2021** | **-** | **317.17** | **46.46** | **18.49** | **382.12** |
| Amortisation for the Year | - | 297.37 | 3.54 | 20.83 | 321.74 |
| **As at March 31, 2022** | **-** | **614.54** | **50.00** | **39.32** | **703.86** |
| Amortisation for the year | - | 323.03 | - | 25.99 | 349.02 |
| **As at March 31, 2023** | **-** | **937.57** | **50.00** | **65.31** | **1,052.88** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **As at March 31, 2022** | **166.60** | **4,691.57** | **-** | **101.72** | **4,793.29** |
| **As at March 31, 2023** | **166.60** | **7,180.03** | **-** | **107.51** | **7,287.54** |
| | | | | | |
| **Intangible assets under development** | | | | | |
| **As at March 31, 2022** | - | - | - | **29.82** | **29.82** |
| **As at March 31, 2023** | - | - | - | **3.43** | **3.43** |

**Note:**

Intangible assets under development:

# NOTES ON STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Ageing Schedule** (₹ in million)

| Intangible assets under development | As on | Amount of Intangibles assets under development for a period of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | March 31,2023 | - | - | - | 3.43 | 3.43 |
| **Total** | | **-** | **-** | **-** | **3.43** | **3.43** |
| Projects in Progress | March 31,2022 | 14.27 | 12.12 | 3.43 | - | 29.82 |
| **Total** | | **14.27** | **12.12** | **3.43** | **-** | **29.82** |

**Intantible assets under development - Completion Schedule** (₹ in million)

| Intangible assets under development | As on | To be completed in | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in progress | March 31,2023 | - | 3.43 | - | - | 3.43 |
| **Total** | | **-** | **3.43** | **-** | **-** | **3.43** |
| Projects in progress | March 31,2022 | 26.39 | - | 3.43 | - | 29.82 |
| **Total** | | **26.39** | **-** | **3.43** | **-** | **29.82** |

1. The Company tests impairment of goodwill on an annual basis. Based on the annual impairment test no provision towards impairment was required necessary. The recoverable amounts determined based on value-in-use calculations which is calculated as the net present value of forecasted cash flows of the cash generating unit (CGU) to which the goodwill is related. Acquired brands are considered as CGU for testing impairment of goodwill amounting to ₹ 166.60 millions generated on acquisition of brands.

The key assumptions for CGUs with significant amount of goodwill as follows:

Projected cash flows for five years based on financial budgets/forecasts in line with the past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors. The Management believes that any reasonable possible change in the key assumptions on which a recoverable amount is based would not cause the carrying amount to exceed its recoverable amount of the CGU.

**(c) Depreciation and amortisation expense :** (₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Depreciation of property plant and equipment | 214.33 | 150.40 |
| Depreciation of right of use assets | 83.22 | 42.41 |
| Amortisation of intangible assets | 349.02 | 321.74 |
| **Total** | **646.57** | **514.55** |

* Trademark/ Brand/ License fees addition during the year includes ₹ 2,750 million for acquisition of 9 brands of Dr. Reddy's Laboratories Limited. (Refer note 27.3)

# NOTES ON STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Note 3: Investments

(₹ in million)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Units/Shares (Numbers) | (₹ in million) | Units/Shares (Numbers) | (₹ in million) |
| **Non current investments** | | | | |
| **(I) At cost** | | | | |
| **(A) Investment in subsidiaries** | | | | |
| **(a) In equity instruments of subsidiaries (unquoted) (fully paid up) (Refer note 26)** | | | | |
| Equity shares of ₹10 each held in Eris M. J. Biopharm Private Limited (Formerly Known as Kinedex Healthcare Private Limited) (Refer note 3.3 below) | 182,504 | 56.92 | 182,504 | 56.92 |
| Equity shares of ₹10 each held in Aprica Healthcare Limited (Refer note 3.4 & 27.2) | 9,512,023 | 2,064.24 | 7,345,361 | 1,166.32 |
| Equity shares of ₹10 each held in Eris Healthcare Private Limited (Refer note 27.2) | 10,000 | 2.08 | 4,333,331 | 900.00 |
| Equity shares of ₹10 each held in Eris Therapeutics Limited | 10,000 | 0.10 | 10,000 | 0.10 |
| Equity shares of ₹10 each held in Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited ) (Refer note 27.1) | 184,052,259 | 6,554.90 | - | - |
| **(b) In preference shares of subsidiaries (unquoted) (fully paid up)** | | | | |
| 0.01% Optionally convertible Non-Cumulative Redeemable Preference shares of ₹1 each at a premium of ₹100 each held in Eris Therapeutics Limited | 2,475,000 | 249.98 | 2,475,000 | 249.98 |
| 8% Optionally convertible Non-Cumulative Redeemable Preference shares of ₹1 each at a premium of ₹44 each held in Eris M.J. Biopharm Private Limited | 11,111,334 | 500.01 | - | - |
| 0.01% Compulsory convertible Non-Cumulative Redeemable Preference shares of ₹10 each held in Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited ) (Refer note 27.1) | 32 | - | - | - |
| **(c) In Unsecured Perpetual Securities of subsidiaries (Unquoted) (Refer note 3.2 below)** | | | | |
| **Sub Total A=(a+b+c)** | | **9,628.23** | | **2,573.32** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Units/Shares (Numbers) | (₹ in million) | Units/Shares (Numbers) | (₹ in million) |
| **(B) Investment in Tax Free Bonds (unquoted)** | | | | |
| Rural Electrification Corporation Bond of ₹10,000 each | 500 | 5.00 | 500 | 5.29 |
| **Sub Total B** | | **5.00** | | **5.29** |
| **Sub Total (I) = A+B** | | **9,633.23** | | **2,578.61** |
| **(II) At Fair Value through Profit or Loss** | | | | |
| **(A) Investment in Mutual Funds (unquoted) (Refer note 3.1 below)** | | | | |
| Kotak Floating Rate Fund Direct Growth | - | - | 347,183 | 426.11 |
| ABSL Banking PSU Fund Growth Direct | - | - | 407,032 | 123.87 |
| HDFC Ultra Short Fund Direct Growth | - | - | 62,559,806 | 776.54 |
| HDFC Floating Rate Income Fund Direct Plan Growth | - | - | 9,974,232 | 399.92 |
| ICICI Savings Fund (Low Duration Fund) Direct Plan Growth | - | - | 847,618 | 371.01 |
| ABSL Floating Rate Fund -Growth Direct | - | - | 1,292,840 | 366.58 |
| Kotak Savings Fund Direct Plan Growth | - | - | 11,769,499 | 424.06 |
| SBI Magnum Ultra Short Duration Fund - Growth Direct | - | - | 164,707 | 806.58 |
| IDFC Corporate Bond Fund Direct Plan Growth | - | - | 29,698,080 | 476.36 |
| | **-** | **-** | **-** | **4,171.03** |
| **(B) Investment in Tax Free Bonds (quoted)** | | | | |
| Rural Electrification Corporation Bond of ₹1,000 each | 1,000 | 1.10 | 1,000 | 1.18 |
| Indian Railway Finance Corporation Bond of ₹1,000 each | 1,000 | 1.11 | 1,000 | 1.16 |
| Housing and Urban Development Corporation Bond of ₹1,000 each | 1,000 | 1.09 | 1,000 | 1.16 |
| | | **3.30** | | **3.50** |
| **(C) Investment in Equity Instruments** | | | | |
| S3V Vascular Technologies Private Limited (Unquoted) | 381,588 | 28.62 | 381,588 | 28.62 |
| | | **28.62** | | **28.62** |
| **Sub Total (II) = A+B+C** | | **31.92** | | **4,203.15** |
| **Total (I)+(II)** | | **9,665.15** | | **6,781.76** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Units/Shares (Numbers) | (₹ in million) | Units/Shares (Numbers) | (₹ in million) |
| **Current investments** | | | | |
| **(I) At Fair Value through Profit or Loss** | | | | |
| Investment in Mutual Funds (unquoted) (Refer note 3.1 below) | | | | |
| SBI Overnight Fund Direct Growth | 82,221 | 300.05 | - | - |
| SBI Premier Liquid Fund Direct Growth | - | - | 171,801 | 572.63 |
| HDFC Liquid Fund Direct Plan Growth Option | - | - | 101,041 | 422.83 |
| | | | | |
| **Total (I)** | | **300.05** | | **995.46** |
| Aggregate carrying value of quoted investments | | 3.30 | | 3.50 |
| Aggregate market value of quoted investments | | 3.30 | | 3.50 |
| Aggregate carrying value of unquoted investments | | 9,961.90 | | 7,773.72 |

**3.1 Details of pledged securities:**

Include ₹ Nil million (31-03-2022 - ₹350.00 million) marked under lien against overdraft facilities availed by the company.

**3.2 Details of perpetual securities:**

In the financial year 2018-19, the company has invested in unsecured subordinated perpetual securities issued by Aprica Healthcare Limited , its subsidiary company. These securities are redeemable at the issuer's option and carry non-cumulative interest coupon at the rate of dividend paid on the issuer's ordinary shares. No interest will be payable if the issuer does not pay any dividend on its ordinary shares for the Financial Year. The issuer has classified these instruments as equity under Ind AS 32 Financial Instruments presentation. Accordingly, the Company has classified this investment as Equity Instrument and has accounted at cost as per Ind AS 27 Separate Financial Statements.

**3.3 Lock in period for Eris M. J. Biopharm Private Limited (Formerly Known as Kinedex Healthcare Private Limited)**

As per share purchase & shareholders agreement, For a period of 10 (ten) years , Eris Lifesciences Limited and M.J. Biopharm Private Limited shall not, directly or indirectly, transfer or attempt to transfer all or any of the Equity Shares (or any interest therein) held by it to any Person.

3.4 The networth of this subsidiary is less than the total exposure of the Company in the said subsidiary as at March 31, 2023. However in view of the strategic nature of the investment in this Company and also considering the future business plans and cash flow projections of the Company the same is valued at cost and no impairment allowance is required to be provided for.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 4 : Income Taxes

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Expense / (benefit) recognised in the statement of profit and loss:** | | |
| Current tax: | | |
| Expense for the year | 764.96 | 801.72 |
| Deferred tax: | | |
| Deferred tax (benefit) for the year | (375.93) | (388.26) |
| | 389.03 | 413.46 |
| **(b) Expense / (benefit) recognised in statement of other comprehensive income** | | |
| Re-measurement gains on defined benefit plans | (0.80) | (5.39) |
| | (0.80) | (5.39) |
| **(c) Reconciliation of tax expense :** | | |
| Profit before income taxes | 4,369.11 | 4,585.38 |
| Enacted tax rate in India | 34.944% | 34.944% |
| Expected income tax expenses | 1,526.74 | 1,602.32 |
| **Adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Effect of expenses not deductible in determining taxable profit | 65.82 | 65.48 |
| Effect of income exempt from taxation | (1.47) | (1.23) |
| Tax incentives | (1,270.11) | (1,272.57) |
| Adjustment of current tax of prior year | 0.03 | (9.50) |
| Others (net) | 67.22 | 23.57 |
| Adjusted income tax expense | 388.23 | 408.07 |
| Effective Tax Rate | 8.89% | 8.90% |

| | | |
|---|---|---|
| **(d) Income Tax Assets :** | | |
| Opening Balance | 34.67 | 34.63 |
| Add: Tax paid in advance, net of provisions/(Refund) during the year | 0.20 | 0.04 |
| **Closing Balance** | **34.87** | **34.67** |

| | | |
|---|---|---|
| **(e) Income Tax Liabilities :** | | |
| Opening Balance | 50.78 | 75.07 |
| Add: Prior period adjustment | 1.89 | (6.55) |
| Add: Current tax payable for the year | 764.93 | 811.22 |
| Less: Taxes paid | (779.52) | (828.96) |
| **Closing Balance** | **38.08** | **50.78** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(f) Deferred tax assets/ liabilities :** | | |
| **Deferred tax assets** | | |
| Property, plant and equipments (including ROU net of lease liability) | 71.18 | 69.87 |
| Minimum Alternate Tax credit entitlement | 3,848.38 | 3,369.95 |
| Employee benefits | 53.51 | 43.55 |
| Fair Valuation of Investment | 1.51 | - |
| Other | 16.81 | 23.66 |
| | **3,991.39** | **3,507.03** |
| **Deferred tax liabilities** | | |
| Intangible assets | 1,253.55 | 1,092.13 |
| Fair Valuation of Investment | - | 53.79 |
| | **1,253.55** | **1,145.92** |
| **Total** | **2,737.84** | **2,361.11** |

(₹ in million)

| Particulars | Property, plant and equipments | Minimum Alternate Tax credit entitlement | Employee benefits | Intangible assets | Fair Valuation of Investment | Other | Total |
|---|---|---|---|---|---|---|---|
| **(g) Movement in Deferred tax Assets/(Liabilities) relates to :** | | | | | | | |
| **At March 31, 2021** | 134.26 | 2,768.02 | 53.10 | (1,000.70) | (4.53) | 17.32 | 1,967.47 |
| Charged/(Credited) | | | | | | | |
| - To Profit or Loss | 64.39 | (601.93) | 14.94 | 91.43 | 49.26 | (6.34) | (388.25) |
| - To other comprehensive Income | - | - | (5.39) | - | - | - | (5.39) |
| **At March 31, 2022** | **69.87** | **3,369.95** | **43.55** | **(1,092.13)** | **(53.79)** | **23.66** | **2,361.11** |
| Charged/(Credited) | | | | | | | |
| - To Profit or Loss | (1.31) | (478.43) | (9.16) | 161.42 | (55.30) | 6.85 | (375.93) |
| - To other comprehensive Income | - | - | (0.80) | - | - | - | (0.80) |
| **At March 31, 2023** | **71.18** | **3,848.38** | **53.51** | **(1,253.55)** | **1.51** | **16.81** | **2,737.84** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 5: Other Financial Assets

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Security deposits | 64.40 | 43.85 |
| | **64.40** | **43.85** |
| **Current** | | |
| Insurance claim receivable | 0.49 | 0.54 |
| Fixed Deposits | - | 618.99 |
| Interest accrued | 0.29 | 18.27 |
| Security deposits | 1.13 | 29.59 |
| Claims and Other receivables | | |
| - Considered Good | 5.06 | 5.75 |
| - Considered doubtful | 48.10 | 48.10 |
| Less: Allowance for doubtful of recovery | (48.10) | (48.10) |
| | **6.97** | **673.14** |
| **Total** | **71.37** | **716.99** |

## Note 6: Other Assets

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | | |
| **Non-current** | | |
| Capital Advances | 10.90 | 4.63 |
| Claims and Other receivables (Refer note 33) | 50.00 | - |
| Prepaid expenses | 21.75 | - |
| | **82.65** | **4.63** |
| **Current** | | |
| Prepaid expenses | 124.14 | 185.10 |
| **Balances with government authorities** | | |
| Goods and services tax credit receivable | 639.59 | 151.22 |
| Others | 3.04 | 4.36 |
| Expected Reimbursement Towards Likely Sales Return (Refer note 1.3b and note 15) | 45.00 | - |
| Advances to supplier | 560.80 | 584.00 |
| Advances to employees | 3.24 | 0.20 |
| | 1,375.81 | 924.88 |
| | | |
| **Total** | **1,458.46** | **929.51** |

Hypothecated against working capital loan.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 7: Inventories

*(At lower of cost and net realisable value)* (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Raw Material and Packing Material {including goods-in-transit ₹10.90 millions (March 31, 2022 - ₹ 11.83 millions )} | 266.51 | 387.84 |
| Work-in-progress | 35.18 | 19.78 |
| Finished goods | 149.12 | 232.51 |
| Stock-in-trade {including goods-in-transit ₹6.81 millions (March 31, 2022- ₹ 35.72 millions )} | 182.74 | 199.76 |
| Stores, spares & consumables | 3.44 | 8.02 |
| | | |
| **Total** | **636.99** | **847.91** |

Hypothecated against working capital loan.

## Note 8: Trade receivables

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Secured Considered good | - | - |
| Unsecured Considered good | 2,292.18 | 1,375.55 |
| Trade Receivables which have significant increase in Credit Risk | 17.09 | 17.09 |
| Trade Receivables-credit impaired | 8.09 | 8.09 |
| | **2,317.36** | **1,400.73** |
| Less: Allowance for doubtful debt (expected credit loss) | 25.18 | 25.18 |
| **Total** | **2,292.18** | **1,375.55** |

No dues from directors.

For dues from subsidiaries please refer note 30.

Hypothecated against working capital loan.

(₹ in million)

| Movements in allowance for doubtful trade receivables | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | 25.18 | 25.18 |
| Add : Provision during the year | - | - |
| Less : Utilisation during the year | - | - |
| Closing Balance | **25.18** | **25.18** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**Trade Receivable ageing schedule:** (₹ in million)

| Particulars | As on | Outstanding for following period from due date of payment | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Unbilled | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade Receivables - Considered good | March 31,2023 | - | 2,279.94 | 6.02 | 3.06 | 3.16 | - | - | 2,292.18 |
| | March 31,2022 | - | 1,082.89 | 290.38 | 2.14 | 0.14 | - | - | 1,375.55 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | March 31,2023 | - | - | - | - | 17.09 | - | - | 17.09 |
| | March 31,2022 | - | - | 17.09 | - | - | - | - | 17.09 |
| (iii) Undisputed Trade Receivables - Credit Impaired | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - Considered Good | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - Credit Impaired | March 31,2023 | - | - | - | - | 0.09 | 0.80 | 7.20 | 8.09 |
| | March 31,2022 | - | - | - | - | 0.59 | 5.28 | 2.22 | 8.09 |
| **Total** | **March 31,2023** | **-** | **2,279.94** | **6.02** | **3.06** | **20.34** | **0.80** | **7.20** | **2,317.36** |
| | **March 31,2022** | **-** | **1,082.89** | **307.47** | **2.14** | **0.73** | **5.28** | **2.22** | **1,400.73** |

## Note 9: Cash and cash equivalents

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Cash and cash equivalents** | | |
| Cash on hand | 0.13 | 0.78 |
| Balances with banks in current accounts* | 431.75 | 341.10 |
| Cheque in hand | 42.94 | 105.16 |
| | 474.82 | 447.04 |
| **(b) Other bank balances** | | |
| In fixed deposit accounts to extent held as security deposit with GST department and Tender Deposit | 1.67 | 14.01 |
| **Total** | **476.49** | **461.05** |

*Includes Unclaimed Dividend of ₹ 1.05 million (Previous year ₹ 0.76 million).

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

### Note 10: Loans

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Loans Receivables considered good - Unsecured | | |
| To subsidiaries (Refer note 30) | 739.72 | - |
| To others | 9.64 | 28.20 |
| | **749.36** | **28.20** |
| **Current** | | |
| Loans Receivables considered good - Unsecured | | |
| To subsidiaries (Refer note 30) | 419.22 | 311.26 |
| To others | 13.04 | 210.84 |
| Loans Receivables from others which have significant increase in Credit Risk | 5.66 | 3.67 |
| Loans Receivables - credit impaired | - | - |
| | **437.92** | **525.77** |
| Less: Allowance for doubtful loan to others | (5.66) | (3.67) |
| | **432.26** | **522.10** |
| | | |
| **Total** | **1,181.62** | **550.30** |

### Note 11: Share capital

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised:** | | |
| 30,00,00,000 (Previous year 30,00,00,000) Equity Shares of ₹1 each | 300.00 | 300.00 |
| **Total** | **300.00** | **300.00** |
| **Issued, Subscribed and Fully Paid-up :** | | |
| 13,59,92,238 (Previous year 13,59,30,197) Equity Shares of ₹1 each fully paid up | 135.99 | 135.93 |
| **Total** | **135.99** | **135.93** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**11.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:**

| Particulars | No. of equity shares | ₹ in million |
|---|---|---|
| Shares outstanding at March 31, 2021 | 135,780,653 | 135.78 |
| Issued during the year (persuant to ESOP - refer Note 35) | 149,544 | 0.15 |
| Shares outstanding at March 31, 2022 | 135,930,197 | 135.93 |
| Issued during the year (persuant to ESOP - refer Note 35) | 62,041 | 0.06 |
| Shares outstanding at March 31, 2023 | 135,992,238 | 135.99 |

**11.2 Details of shareholders holding more than 5 % equity shares in the company as at the end of the year**

| Name of the shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of equity shares held | % of Shareholding | No. of equity shares held | % of Shareholding |
| 1. Amit Indubhushan Bakshi | 55,535,144 | 40.84% | 54,759,132 | 40.28% |
| 2. Rakeshbhai Bhikhabhai Shah | 15,685,981 | 11.53% | 15,684,407 | 11.54% |
| 3. Bhikhalal Chimanlal Shah | 5,868,689 | 4.32% | 8,868,689 | 6.52% |
| 4. Emerald Investments Limited | 10,312,132 | 7.58% | 7,477,132 | 5.50% |

**11.3 Details of promoters share holding in the company as at the end of the year**

| Name of the shareholder | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | No. of equity shares held | % of Shareholding | % Changes during the year | No. of equity shares held | % of Shareholding | % Changes during the year |
| 1. Amit Indubhusan Bakshi | 55,535,144 | 40.84% | 1.42% | 54,759,132 | 40.28% | 0.11% |
| 2. Rajendrakumar Rambhai Patel | 5,939,834 | 4.37% | 0.00% | 5,939,834 | 4.37% | 0.00% |
| 3. Inderjeet Singh Negi | 5,939,833 | 4.37% | 0.00% | 5,939,833 | 4.37% | 0.00% |
| 4. Kaushal Kamleshkumar Shah | 4,468,833 | 3.29% | 0.00% | 4,468,833 | 3.29% | 0.00% |
| 5. Himanshu Jayantbhai Shah * | - | 0.00% | -100.00% | 475,801 | 0.35% | -80.63% |

*Vide letter dated June 29, 2022, the BSE Limited and National Stock Exchange of India Ltd. approved the reclassification of Mr. Himanshu Jayantbhai Shah from the 'Promoter' Category to the 'Public' Category. He is holding shares 4,75,801 as on March 31, 2023.

**11.4 Terms / Rights attached to the equity shares:**

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity share is eligible for one vote per share. The final dividend, if any, proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

**11.5 Share options granted under the Company's employee share option plan:**

The Company recognizes compensation expense relating to share-based payments in statement of profit and loss using fair value in accordance with Ind AS 102, share based payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance multiple awards with a corresponding increase to share options outstanding account.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**11.6 Dividend:**

The Board of Directors of the Company has declared and paid an interim dividend of ₹ 7.35/- (at the rate of 735 Percent) per equity share of the face value of ₹ 1/- each for the financial year 2022-23 at its meeting held on August 5, 2022.

## Note 12: Other Equity

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Retained Earnings | 21,902.06 | 18,922.77 |
| Securities premium | 151.01 | 106.13 |
| Share Application Money Pending Allottment | - | 4.51 |
| Share based payment reserve | 28.04 | 14.48 |
| Capital redemption reserve | 1.74 | 1.74 |
| **Total** | **22,082.85** | **19,049.63** |

**Nature and purpose of reserves :**

**Retained Earnings :** Retained Earnings are the profits that the company has earned till date less any transfer to general reserve, dividends and other distributions to shareholder.

**Share based payment reserve :** The fair value of equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Share based payment reserve.

**Capital redemption reserve :** The Company is required to create capital redemption reserve in accordance with provisions of the Companies Act 2013 for buy back of shares.

**Security premium :** The amount received in excess of the par value of equity shares has been classified as securities premium.

## Note 13: Borrowing

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| **(a) Secured** | | |
| From Banks - Term Loan | 2,094.71 | - |
| | **2,094.71** | **-** |
| **Current** | | |
| **(a) Secured** | | |
| Current maturity of long term Loan | 524.00 | - |
| From Banks - Working capital Loan | 550.00 | |
| | **1,074.00** | **-** |
| | | |
| **Total** | **3,168.71** | **-** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

Term Loans from bank referred above to the extent of :

1. Term Loan of ₹ 2,620 million (previous year ₹ NIL) was obtained from Axis Bank and same is repayable in 20 quarterly instalments starting from June 2023. The loan is secured by way of exclusive charge on the Brand / Trademark acquired on acquisition from Dr Reddy's Laboratories Limited.
2. Working capital Loan of ₹ 550 million (previous year ₹ NIL) are secured by way of current assets.

Charge on Working capital loan is yet to be created.

## Note 14: Other financial liabilities

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| **(a) Lease Liabilities** | | |
| Lease Liabilities | 356.76 | 345.04 |
| | **356.76** | **345.04** |
| **Current** | | |
| **(a) Lease Liabilities** | | |
| Lease Liabilities | 55.39 | 36.73 |
| | **55.39** | **36.73** |
| **(b) Other financial liabilities** | | |
| Book overdraft * | 73.92 | 49.63 |
| Dividend Payable | 1.05 | 0.76 |
| Interest Accrued | 1.57 | - |
| Payable towards purchase of property plant and equipment | 7.88 | 9.42 |
| | **84.42** | **59.81** |
| | **139.81** | **96.54** |
| **Total** | **496.57** | **441.58** |

* Current assets are hypothecated against WCDL Limit.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 15: Provisions

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Long Term** | | |
| Provision for employee benefits (Refer note-28) | | |
| Compensated absences | 59.65 | 59.55 |
| Provision for sales returns (Refer note below) | 250.67 | 228.83 |
| | 310.32 | 288.38 |
| **Short Term** | | |
| Provision for employee benefits (Refer note-28) | | |
| Compensated absences | 34.56 | 33.33 |
| Gratuity | 31.01 | 17.28 |
| Provision for sales returns (Refer note below) | 519.01 | 327.21 |
| | 584.58 | 377.82 |
| **Total** | **894.90** | **666.20** |

**Provision for sales returns :**

The Company, as a trade practice, accepts returns from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

At the time of recognising provision for sales return expected reimbursement towards likely sales return is also recognied, which is included in other current assets for the products expected to be returned.

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Provision | 556.04 | 447.35 |
| Add : Provision during the year | 309.75 | 355.47 |
| Less : Utilisation during the year | 96.11 | 246.78 |
| Closing Provision | 769.68 | 556.04 |
| Long Term | 250.67 | 228.83 |
| Short Term | 519.01 | 327.21 |
| **Total** | **769.68** | **556.04** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 16: Other liabilities

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current** | | |
| Deferred Capital Subsidy Non current* | 18.21 | 22.82 |
| | **18.21** | **22.82** |
| **Current** | | |
| Statutory liabilities | 152.94 | 139.49 |
| Advances from customers | 12.92 | 25.18 |
| Deferred Capital Subsidy Current* | 4.67 | 4.85 |
| | 170.53 | 169.52 |
| **Total** | **188.74** | **192.34** |

* Capital subsidy represents Central Capital Investment Subsidy received during the financial year 2018-19 under North East Industrial & Investment Promotion Policy (NEIIPP). It is recognised in statement of profit or loss account over the periods and in the proportions in which depreciation expense on those assets is recognised.

## Note 17: Trade payables

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Due to micro and small enterprises (refer note- 30,36) | 118.05 | 41.49 |
| Due to others | 712.69 | 926.21 |
| **Total** | **830.74** | **967.70** |

**Trade Payable ageing schedule:**

(₹ in million)

| Particulars | As on | Outstanding for following period from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | March 31,2023 | - | 46.42 | 70.64 | 0.99 | - | - | 118.05 |
| | March 31,2022 | - | 15.59 | 25.90 | - | - | - | 41.49 |
| (ii) Others | March 31,2023 | - | 524.07 | 180.52 | 4.19 | 1.55 | 2.36 | 712.69 |
| | March 31,2022 | - | 640.08 | 283.64 | - | 0.04 | 2.45 | 926.21 |
| (iii) Disputed dues - MSME | March 31,2023 | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - |
| (iv) Disputed dues -Others | March 31,2023 | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - |
| **Total** | **March 31,2023** | **-** | **570.49** | **251.16** | **5.18** | **1.55** | **2.36** | **830.74** |
| | **March 31,2022** | **-** | **655.67** | **309.54** | **-** | **0.04** | **2.45** | **967.70** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 18: Revenue from operations

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| | | |
| Sale of products (Refer note 38) | 13,071.20 | 11,937.73 |
| **Other operating income** | | |
| Goods and Services Tax refund | 225.33 | 206.41 |
| Others | 10.72 | 13.16 |
| | **236.05** | **219.57** |
| **Total** | **13,307.25** | **12,157.30** |
| Revenue as per contracted price, net of returns | 13,477.41 | 12,325.62 |
| Less : Provision for sales return | 309.75 | 355.47 |
| Less : Scheme, discount and others | 96.46 | 32.42 |
| **Revenue from contracts with customers** | **13,071.20** | **11,937.73** |

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

## Note 19: Other income

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| | | |
| Interest income | 82.77 | 99.09 |
| Net gain on sale of investments | 71.27 | 21.73 |
| Net (loss) / gain on investments carried at fair value through profit or loss | 0.05 | 144.36 |
| Deferred Capital Subsidy (Refer note 16) | 4.78 | 4.83 |
| Gain on termination of lease | - | 18.68 |
| Miscellaneous income | 13.77 | 1.20 |
| **Total** | **172.64** | **289.89** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 20: Cost of materials consumed

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| **Raw materials and packing materials** | | |
| Opening stock | 387.84 | 168.64 |
| Add: Purchases during the year | 1,019.94 | 1,394.93 |
| Less: Closing stock | (266.51) | (387.84) |
| **Total** | **1,141.27** | **1,175.73** |

## Note 21: Changes in inventories of Finished goods, Work-in-progress and Stock-in-trade

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Stock-in-trade | 199.76 | 198.37 |
| Finished goods | 232.51 | 252.16 |
| Work-in-progress | 19.78 | 26.42 |
| | **452.05** | **476.95** |
| **Inventories at the end of the year** | | |
| Stock-in-trade | 182.74 | 199.76 |
| Finished goods | 149.12 | 232.51 |
| Work-in-progress | 35.18 | 19.78 |
| | **367.04** | **452.05** |
| **Net decrease in Stock** | **85.01** | **24.90** |

## Note 22: Employee benefits expenses

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | 2,244.02 | 1,963.39 |
| Contribution to provident and other funds (Refer note 28) | 124.37 | 113.27 |
| Share based payments to employees (Refer note 35) | 31.21 | 13.55 |
| Staff welfare expenses | 125.60 | 110.88 |
| **Total** | **2,525.20** | **2,201.09** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 23: Other expenses

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Power and fuel | 44.08 | 40.08 |
| Consumption of stores and spares (Indigenous) | 32.39 | 20.53 |
| Labour and security | 27.90 | 27.69 |
| Testing charges | 15.87 | 8.97 |
| Rent | 13.34 | 26.49 |
| Formulation Development Expense | 61.00 | 327.38 |
| Freight and forwarding | 128.18 | 151.29 |
| Commission | 171.71 | 164.68 |
| Advertising, publicity and awareness | 35.53 | 64.58 |
| Repairs and maintenance | 82.62 | 54.17 |
| Selling and distribution | 1,042.30 | 602.88 |
| Commission and sitting fees to independent directors | 16.80 | 20.73 |
| Representative Allowance | 622.01 | 496.48 |
| Travelling and conveyance | 399.51 | 264.37 |
| Communication | 9.70 | 9.88 |
| Legal and professional | 309.55 | 392.45 |
| Rates and taxes | 77.82 | 70.95 |
| Insurance | 9.71 | 13.96 |
| Payments to auditors (Refer note below) | 6.70 | 4.50 |
| Royalty Expense | 4.60 | 4.30 |
| Corporate social responsibility expenditure (Refer note 31) | 75.83 | 65.43 |
| Loss on property plant and equipment sold/written off | 8.55 | 42.54 |
| Donations | 0.08 | 1.39 |
| Bank charges | 1.41 | 0.60 |
| Bad debt written off | - | 0.02 |
| Miscellaneous | 169.89 | 243.41 |
| **Total** | **3,367.07** | **3,119.75** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Payment to auditors (Excluding GST) | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Statutory Audit fee | 5.15 | 3.00 |
| Certification fees and other services | 1.55 | 1.50 |
| **Total** | **6.70** | **4.50** |
| Certification fees and other services charged, debited to other than profit or loss | 2.06 | - |
| **Grand Total** | **8.76** | **4.50** |

## Note 24: Finance cost

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Interest expense | 177.67 | 2.94 |
| Interest on Lease Liability | 30.43 | 26.97 |
| **Total** | **208.10** | **29.91** |

## Note 25: Earnings per share

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Net profit after tax for the year (₹ in million) | 3,980.08 | 4,171.92 |
| Weighted average number of equity shares outstanding for basic earning per share | 135,978,947 | 135,873,030 |
| Add : Dilutive share -Employees stock options outstanding | 189,163 | 41,464 |
| Weighted average number of equity shares outstanding for diluted earning per share | 136,168,109 | 135,914,494 |
| Nominal value per equity share (in ₹) | 1.00 | 1.00 |
| Basic earnings per share (in ₹) | 29.27 | 30.70 |

## Note 26: Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM), in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the managing director and the company has only one reportable business segment i.e. 'pharmaceuticals'.

## Note 27 : Mergers And Acquisition

**Note 27.1 : Acquisition of Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited )**

During the year, the Company has completed acquisition of 100% stake in Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited) and obtained control on May 12, 2022 from its erstwhile shareholders for a consideration of ₹ 6,554.90 Million (including transaction cost).

Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited) business predominantly comprised of brands in Dermatology and Women's Health segments. The acquisition will provide robust growth platform in the areas of Dermatoloy and Cosmetology.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

The Company has acquired 18,40,52,259 equity shares and 32 preference shares of Eris Oaknet Healthcare Private Limited at an average rate of ₹35.32 each to make it 100% subsidiary company..

**Note 27.2 : Amalgamation and Demerger of subsidiary companies**

During the Financial Year 2022-23, on December 23, 2022 Honorable National Company Law Tribunal has approved the scheme of arrangement ("the Scheme") under section 230 and 232 of the Companies Act, 2013. Pursuant to the Scheme, one of the divisions of Eris Healthcare Private Limited (EHPL) - a wholly owned subsidiary of Eris Lifesciences Limited (the "Company") as represented by certain brands and related assets and liabilities (the Acquired Business) is demerged and merged into Aprica Healthcare Limited (AHL) - a wholly owned subsidiary of the Company with effect from April 1, 2021.

In consideration of the demerger of Acquired Business of and vesting of EHPL with and into AHL and in terms of the Scheme, AHL has issued and alloted to the equity shareholders of EHPL i.e. the Company, Equity Shares of face value Rs. 10 each credited as fully paid up of AHL in the ratio of 1 Equity Share of the face value of Rs. 10 each of AHL for every 2 equity shares of Rs. 10 credited as fully paid-up held by the Company in EHPL before capital reduction.

The below table gives the overall movement in the investments held by the Company in the above 2 wholly owned subsidiaries on account of the scheme:

| Particulars | Investment in the equity share capital of ₹ 10 each of AHL | | Investment in the equity share capital of ₹ 10 each of EHPL | |
|---|---|---|---|---|
| | No. of shares | Amount (₹ in million) | No. of shares | Amount (₹ in million) |
| Investment before demerger | 73,45,361 | 1,166.32 | 43,33,331 | 900.00 |
| Increase / (Decrease) due to demerger | 21,66,662 | 897.92 | (43,23,331) | (897.92) |
| Investment after demerger | 95,12,023 | 2,064.24 | 10,000 | 2.08 |

**Note 27.3 : Acquisition of Brands of Dr. Reddy's Laboratories Limited**

During the year, the Company has completed acquisition of 9 brands of Dr. Reddy's Laboratories Limited for a consideration of ₹ 2,750 Million.

## Note 28: Employee Benefit Plans

**A) Defined contribution plans:**

The Company makes contributions towards provident fund, a defined contribution retirement benefit plan for qualifying employees. The provident fund is operated by the Regional Provident Fund Commissioner. The Company recognized ₹81.56 million (Previous Year ₹75.83 million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

The Company made contributions towards Employees State Insurance Scheme operated by the ESIC Corporation. The Company recognized ₹2.40 million (Previous year ₹2.89 million) for ESIC contributions in the Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

**B) Defined benefit plans:**

Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules with

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

corresponding charge to the Statement of Profit and Loss amounting to ₹15.95 million (Previous Year ₹11.71 million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

The company makes annual contributions to the Employee's Group Gratuity cash accumulation scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for payment to vested employees at retirement/death while in employment or on termination of employment as per the provisions of the Gratuity Act, 1972. Vesting occurs on completion of 4.6 years of service. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method as per actuarial valuation carried out at the balance sheet date. The following table sets out the status of the gratuity plan as required under IND AS-19 and the amounts recognized in the Company's financial statements as at March 31, 2023:

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :** | | |
| **Obligations at beginning of the year** | **182.93** | **161.42** |
| Current Service Cost | 24.09 | 22.70 |
| Transfer in/(out) obligation | 3.75 | 1.03 |
| Interest Cost | 8.92 | 7.25 |
| Actuarial (gain)/loss on obligation | | |
| - Due to change in Financial Assumptions | (7.50) | (1.89) |
| - Due to change in Demographic Assumptions | - | - |
| - Due to experience adjustments | 8.36 | 16.96 |
| Benefits paid | (23.70) | (24.54) |
| **Obligations at the end of the year** | **196.85** | **182.93** |

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(b) Reconciliation of opening and closing balances of the fair value of plan assets :** | | |
| **Fair value of plan assets at the beginning of the year** | **165.65** | **147.93** |
| Interest Income | 8.55 | 7.11 |
| Return on plan assets excluding interest income | (1.43) | (0.37) |
| Employer Contributions | 16.77 | 35.52 |
| Benefits paid | (23.70) | (24.54) |
| **Fair Value of plan assets at the end of the year** | **165.84** | **165.65** |

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(c) Reconciliation of Present Value of Obligation and the fair value of plan assets :** | | |
| **Present value of the defined benefit obligation at the end of the year** | 196.85 | 182.93 |
| Less : Fair value of plan assets | (165.84) | (165.65) |
| Funded status (deficit) | 31.01 | 17.28 |
| **Net liability recognised in the financial statement** | **31.01** | **17.28** |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(d) Expense recognised in the statement of profit and loss for the year :** | | |
| Service Cost | 24.09 | 22.70 |
| Interest Cost Net | 0.37 | 0.14 |
| **Expense charged to the statement of profit and loss** | **24.46** | **22.84** |
| | | |
| **(e) Expense recognised in other comprehensive income for the year :** | | |
| Return on plan assets excluding amounts included in net interest expense | 1.43 | 0.37 |
| Actuarial (gain)/loss | | |
| - Due to change in Financial Assumptions | (7.50) | (1.89) |
| - Due to change in Demographic Assumptions | - | - |
| - Due to experience adjustments | 8.36 | 16.96 |
| **Expense charged to other comprehensive income** | **2.29** | **15.44** |
| **Assumptions:** | | |
| Discount rate | 7.30% | 5.65% |
| Estimated rate of return on plan assets | 7.30% | 5.65% |
| Annual increase in salary costs | 6.00% | 6.00% |
| Mortality Rate | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2012-14) |
| Retirement age | 60 years | 60 years |
| **Sensitivity Analysis:** | | |
| **Impact on defined benefit obligation** | | |
| Increase of 0.5% in discount rate | 194.70 | 180.90 |
| Decrease of 0.5% in discount rate | 199.05 | 185.04 |
| Increase of 0.5% in salary escalation rate | 198.94 | 184.88 |
| Decrease of 0.5% in salary escalation rate | 194.83 | 181.04 |
| **Expected future Cash outflows towards the plan are as follows :** | | |
| Year 1 | 70.76 | 67.04 |
| Year 2 | 47.86 | 40.98 |
| Year 3 | 35.13 | 30.23 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | | |
| Year 4 | 24.87 | 22.07 |
| Year 5 | 17.84 | 15.41 |
| Year 6 to 10 | 33.47 | 29.40 |

| Particulars | As at March 31, 2023 (%) | As at March 31, 2022 (%) |
|---|---|---|
| **Insurer managed funds with Life Insurance Corporation of India** | 95% | 95% |
| Bank Balance with Eris lifesciences limited employees group gratuity trust | 5% | 5% |

**Notes:**

1. The plan assets which are managed by Insurance Company viz Life Insurance Corporation of India, details of those funds invested by the insurer are not available with company.
2. The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.
3. Expected rate of return on plan assets is determined based on the nature of assets and prevailing economic scenario.
4. The estimate of future salary increases considered, takes into account inflation, seniority, promotion, increments and other relevant factors.
5. The expected contribution to be made by company for gratuity during financial year ending March 31, 2024 is ₹27.19 million (previous year ₹17.28 million).

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 29: Fair Value Measurement

(i) **Financial assets and liabilities**

The carrying value and fair value of financial instruments by category is as follows :

(₹ in million)

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Value** | **Fair Value** | **Carrying Value** |
| **Financial assets :** | | | | |
| **Amortised cost :** | | | | |
| Trade receivables | 2,292.18 | 2,292.18 | 1,375.55 | 1,375.55 |
| Cash and cash equivalents | 474.82 | 474.82 | 447.04 | 447.04 |
| Other bank balances | 1.67 | 1.67 | 14.01 | 14.01 |
| Investment in tax free bonds | 5.00 | 5.00 | 5.29 | 5.29 |
| Loans | 1,181.62 | 1,181.62 | 550.30 | 550.30 |
| Other Financial Asset | 71.37 | 71.37 | 716.99 | 716.99 |
| **Fair value through profit or loss :** | | | | |
| Investment in mutual funds | 300.05 | 300.05 | 5,166.49 | 5,166.49 |
| Investment in tax free bonds | 3.30 | 3.30 | 3.50 | 3.50 |
| Investment in equity instruments (other than investment in subsidiaries) | 28.62 | 28.62 | 28.62 | 28.62 |
| **Total** | **4,358.63** | **4,358.63** | **8,307.79** | **8,307.79** |
| | | | | |
| **Financial Liabilities :** | | | | |
| **Amortised cost :** | | | | |
| Borrowings | 3,168.71 | 3,168.71 | - | - |
| Trade payables | 830.74 | 830.74 | 967.70 | 967.70 |
| Other financial liabilities | 84.42 | 84.42 | 59.81 | 59.81 |
| Lease Liability | 412.15 | 412.15 | 381.77 | 381.77 |
| **Total** | **4,496.02** | **4,496.02** | **1,409.28** | **1,409.28** |

**(ii) Fair value hierarchy :**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| As at March 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets :** | | | | |
| Mutual funds | 300.05 | - | - | 300.05 |
| Equity instruments | - | - | 28.62 | 28.62 |
| Tax free bonds | 3.30 | - | - | 3.30 |
| **Total** | **303.35** | **-** | **28.62** | **331.97** |
| Financial Liabilities : | - | - | - | - |
| **Net Assets/(Liabilities)** | **303.35** | **-** | **28.62** | **331.97** |

(₹ in million)

| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets :** | | | | |
| Mutual funds | 5,166.49 | - | - | 5,166.49 |
| Equity instruments | - | - | 28.62 | 28.62 |
| Tax free bonds | 3.50 | - | - | 3.50 |
| **Total** | **5,169.99** | **-** | **28.62** | **5,198.61** |
| **Financial Liabilities :** | - | - | - | - |
| **Net Assets/(Liabilities)** | **5,169.99** | **-** | **28.62** | **5,198.61** |

**Determination of fair values:**

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

**Investment in mutual funds :** The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

**Equity investments :** Fair value of Equity investments traded in an active market are determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the current market value of net assets or relied upon on valuation report of an valuer.

**(iii) Financial risk management :**

The Company's activities are exposed to variety of financial risks. These risks include market risk, credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**(a) Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. The Company is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion. Market risk comprises of three type of risks namely interest rate risk, currency risk and other price risk such as equity price

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

risk. The Company is not exposed to currency risk and other price risk whereas the exposure to interest risk is given below :
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate.

The Company invests in mutual fund schemes of leading fund houses and tax free bonds. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. Investments in mutual funds and tax free bonds amounts to ₹ 303.35 million and ₹ 5,169.99 million as at March 31, 2023 and March 31, 2022 respectively.

**(b) Credit Risk**

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises majorly from cash and cash equivalents, deposits with banks, Investments as well as credit exposures to customers including outstanding receivables.

**Credit Risk Management**

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations, and arises principally from the companies receivables from customers.

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. The Company manages credit risk 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.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 4,358.63 million and ₹ 8,307.79 million as at March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets, loans and investments excluding equity investments in subsidiaries, and these financial assets are of good credit quality including those that are past due.

**(c) Liquidity Risk**

Liquidity Risk is the risk that the company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due. The Company generates cash flows from operations to meet its financial obligations and manages liquidity risk by maintaining sufficient cash and bank balance and availability of funding through adequate amount of committed credit facilities.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

Contractual maturities of significant financial liabilities are mentioned below. The amounts disclosed in the table are the contractual undiscounted cash flows :

(₹ in million)

| As at March 31, 2023 | Less than 1 year | 1-3 years | More than 3 years |
|---|---|---|---|
| Borrowings | 1,074.00 | 1,048.00 | 1,048.00 |
| Trade payables | 830.74 | - | - |
| Other financial liabilities | 84.42 | - | - |
| Lease Liabilities | 82.47 | 171.55 | 260.79 |
| | 2,071.63 | 1,219.55 | 1,308.79 |
| **As at March 31, 2022** | **Less than 1 year** | **1-3 years** | **More than 3 years** |
| Trade payables | 967.70 | - | - |
| Other financial liabilities | 59.81 | - | - |
| Lease Liabilities | 62.37 | 128.39 | 308.91 |
| | 1,089.88 | 128.39 | 308.91 |

**(iv) Capital management**

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using Debt-Equity ratio, which is net debt divided by total equity. Debt is defined as liabilities comprising interest-bearing loans and borrowings, lease liabilities less cash and bank balances. Adjusted equity comprises all components of equity.

**The Company's adjusted net debt to equity ratio was as follows.** (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total loans and borrowings | 3,580.86 | 381.77 |
| Less : Cash and bank balances | 474.82 | 447.04 |
| **Adjusted net debt** | **3,106.04** | **(65.27)** |
| **Total equity** | **22,218.84** | **19,185.56** |
| **Adjusted net debt to adjusted equity ratio** | **0.14** | **(0.00)** |
| **Debt equity considering only borrowings as debt** | **0.16** | **0.02** |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023; March 31, 2022.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**(v) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2023 , the Company has floating rate borrowings. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

For the year ended 31 March 2023, every 1% increase or decrease in the floating interest rate component (i.e., Treasury bill) applicable to its borrowings would affect the Company's profit before tax by ₹ 29.53 million. For year ended March 31, 2022, the Company did not had any floating rate borrowings.

## Note 30: Related Party Disclosures

**A) List of Related Parties and description of their relationship are as follows:**

| Nature of Relationship | Name of the related party |
|---|---|
| **1. Subsidiaries** | |
| | Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited) |
| | Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) (w.e.f. May 12, 2022) |
| | Aprica Healthcare Limited |
| | Eris Healthcare Private Limited |
| | Eris Therapeutics Limited (w.e.f. June 23, 2021) |
| | Eris Pharmaceuticals Private Limited (Subsidiary of Eris Healthcare Private Limited) |
| **2. Key Managerial Personnel** | |
| Managing Director | Mr. Amit Bakshi |
| Whole time director | Mr. Inderjeet Singh Negi |
| Whole time director | Mr. Kaushal Shah |
| Whole time director | Mr. Krishnakumar Vaidyanathan |
| Independent Director | Mr. Rajeev Dalal |
| Independent Director | Ms. Kalpana Vasantrai Unadkat |
| Independent Director (Upto July 19, 2022) | Mrs. Vijaya Sampath |
| Independent Director | Mr. Prashant Gupta |
| Independent Director (From July 25, 2022) | Mr. Sujesh Vasudevan |
| Chief Financial Officer | Mr. Sachin Shah |
| Company Secretary | Mr. Milind Talegaonkar |
| **3. Close family member of Key Management Personnel** | |
| Son of Mr. Amit Indubhushan Bakshi (Managing director) (From June 01,2021) | Mr. Parv Bakshi |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| **4. Other Related parties** | |
|---|---|
| Post-employment benefit plan | Eris Lifesciences Private Limited Employees Group Gratuity Trust Fund |
| Entity controlled by relative of Key Managerial Personnel (w.e.f. August 21, 2021) | Tresna Foundation |
| Entity controlled by Key Managerial Personnel | Horizon Blue Ventures LLP |
| Key Managerial Personnel of subsidiary (w.e.f. September 01, 2022) | Gagan Atreja |
| Key Managerial Personnel of subsidiary (w.e.f. November 11, 2022) | Shreya Mohan |
| Promotor | Rajendra Patel |
| **Nature of Relationship** | **Name of the related party** |
| Firm in which director is a partner | Shardul Amarchand Mangaldas & Co |
| Firm in which director is a partner | Khaitan & Co. |
| Shareholders of Subsidiary (w.e.f. January 12, 2022) | M.J. Biopharm Private Limited |
| Entity controlled by Promotor | Shah & Company |

**B) Total Transactions and year end balances with related parties are as follows:**

| Particulars | Subsidiaries | | Key Management Personnel | | Close family member of Key Management Personnel | | Other Related parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **(A) Nature of transactions** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| Investment in / (Redemption of) Perpetual bond | - | (50.00) | - | - | - | - | - | - | - | (50.00) |
| Investment in Equity share capital | - | 0.10 | - | - | - | - | - | - | - | 0.10 |
| Investment in Preference share capital | 500.01 | 249.98 | - | - | - | - | - | - | 500.01 | 249.98 |
| Loans Given | 4,277.50 | 605.78 | - | - | - | - | - | - | 4,277.50 | 605.78 |
| Loans Received back | 3,454.18 | 604.75 | - | - | - | - | - | - | 3,454.18 | 604.75 |
| Loan taken | 325.00 | - | - | - | - | - | - | - | 325.00 | - |
| Loan repaid | 325.00 | - | - | - | - | - | - | - | 325.00 | - |
| Sales of Finished goods | 120.10 | 149.92 | - | - | - | - | - | - | 120.10 | 149.92 |
| Sales of Stock-in-trade | 5.81 | - | - | - | - | - | - | - | 5.81 | - |
| Purchases of Stock-in-trade | 0.74 | 127.71 | - | - | - | - | - | - | 0.74 | 127.71 |
| Royalty Income | 4.92 | 11.05 | - | - | - | - | - | - | 4.92 | 11.05 |
| Composite support service income | 0.72 | - | - | - | - | - | - | - | 0.72 | - |
| Interest Income | 73.04 | 35.54 | - | - | - | - | - | - | 73.04 | 35.54 |
| Royalty Expense | 7.85 | 4.30 | - | - | - | - | - | - | 7.85 | 4.30 |
| Reimbursement of expense incurred | 2.27 | 1.03 | 2.17 | 2.17 | - | - | 0.27 | - | 4.72 | 3.20 |
| Reimbursement of expense received | 3.85 | - | - | - | - | - | - | - | 3.85 | - |
| Guarantee Commission income | 12.14 | - | - | - | - | - | - | - | 12.14 | - |
| Interest expense | 17.00 | - | - | - | - | - | - | - | 17.00 | - |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| Particulars | Subsidiaries | | Key Management Personnel | | Close family member of Key Management Personnel | | Other Related parties | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| **(A) Nature of transactions** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| Sales of property plant and equipment | 0.41 | - | - | - | - | - | - | - | 0.41 | - |
| Other Expenses | 1.50 | - | - | - | - | - | - | - | 1.50 | - |
| Remuneration * | - | - | 131.20 | 119.34 | - | - | 17.18 | - | 148.38 | 119.34 |
| Sitting fees | - | - | 3.30 | 3.23 | - | - | - | - | 3.30 | 3.23 |
| Commission | - | - | 13.50 | 17.50 | - | - | 8.10 | - | 21.60 | 17.50 |
| Stock Options exercised | - | - | 0.38 | 3.77 | - | - | - | - | 0.38 | 3.77 |
| Professional fees (Capitalised to intangible and in investment) to firm in which director is a partner | - | - | - | - | - | - | 19.14 | - | 19.14 | - |
| Salary expense | - | - | - | - | 0.51 | 0.28 | - | - | 0.51 | 0.28 |
| Corporate Social Responsibility | - | - | - | - | - | 2.10 | - | - | - | 2.10 |
| Contribution to Post-employment benefit plan | - | - | - | - | - | - | 16.76 | 16.28 | 16.76 | 16.28 |
| **(B)Balances at the end of the year** | **As at March 31,2023** | **As at March 31,2022** | **As at March 31,2023** | **As at March 31,2022** | **As at March 31,2023** | **As at March 31,2022** | **As at March 31,2023** | **As at March 31,2022** | **As at March 31,2023** | **As at March 31,2022** |
| Perpetual bond | 200.00 | 200.00 | - | - | - | - | - | - | 200.00 | 200.00 |
| Trade Receivable | 17.20 | 0.88 | - | - | - | - | - | - | 17.20 | 0.88 |
| Advance from Customer | - | 3.81 | - | - | - | - | - | - | - | 3.81 |
| Advance to Creditor | - | 3.35 | - | - | - | - | - | - | - | 3.35 |
| Trade payable | 1.22 | - | 7.72 | 16.14 | 0.04 | 0.03 | 1.47 | - | 10.44 | 16.17 |
| Loans Given | 1,158.94 | 311.26 | - | - | - | - | - | - | 1,158.94 | 311.26 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**C) Transactions with related parties are as follows:** (₹ in million)

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| 1 | **Transaction with Subsidiaries** | | |
| | **Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited)** | | |
| | Loans Given | 427.50 | - |
| | Loans Received Back | 342.96 | - |
| | Investment in Preference share capital | 500.01 | - |
| | Composite support service income | 0.12 | - |
| | Interest Income | 21.47 | 0.25 |
| | Reimbursement of expense incurred | 1.95 | - |
| | Reimbursement of expense received | 2.29 | - |
| | Loans Given | - | 46.18 |
| | **Aprica Healthcare Limited** | | |
| | Purchases of Stock-in-trade | - | 0.02 |
| | Sales of Finished goods | 64.32 | 52.05 |
| | Investment in / (Redemption of) Perpetual bond | - | (50.00) |
| | Royalty Income | 4.68 | 5.52 |
| | Composite support service income | 0.12 | - |
| | Reimbursement of expense incurred | - | 1.03 |
| | Royalty expense | 4.60 | 2.39 |
| | **Eris Healthcare Private Limited** | | |
| | Royalty expense | 3.26 | 1.91 |
| | Sales of Finished goods | 55.78 | 97.87 |
| | Loans given | 80.00 | 157.50 |
| | Loans Received back | 111.82 | 202.65 |
| | Composite support service income | 0.30 | - |
| | Sales of property plant and equipment | 0.35 | - |
| | Other Expenses | 1.44 | |
| | Purchases of Stock-in-trade | (0.28) | 127.69 |
| | Interest income | 27.08 | 29.66 |
| | Royalty income | - | 5.53 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| | **Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) (Refer note 27)** | | |
| | Sales of Stock-in-trade | 5.81 | - |
| | Loans given | 2,500.00 | - |
| | Loans Received back | 2,320.00 | - |
| | Loan taken | 325.00 | - |
| | Loan repaid | 325.00 | - |
| | Composite support service income | 0.06 | - |
| | Guarantee Commission income | 4.78 | - |
| | Interest expense | 17.00 | - |
| | Interest income | 6.60 | - |
| | Royalty income | 0.23 | - |
| | **Eris Therapeutics Limited** | | |
| | Investment in Equity share capital | - | 0.10 |
| | Investment in Preference share capital | - | 249.98 |
| | Loans given | 1,270.00 | 402.10 |
| | Guarantee Commission income | 7.35 | - |
| | Composite support service income | 0.12 | - |
| | Other Expenses | 0.06 | - |
| | Sales of property plant and equipment | 0.06 | - |
| | Purchases of Stock-in-trade | 1.02 | - |
| | Reimbursement of expense incurred | 0.32 | - |
| | Reimbursement of expense received | 1.56 | - |
| | Loans Received back | 679.39 | 402.10 |
| | Interest Income | 17.89 | 5.63 |

**C) Transactions with related parties are as follows:** (₹ in million)

| | | | |
|---|---|---|---|
| **2** | **Key Management Personnel compensation** | | |
| | Remuneration * | 131.20 | 119.34 |
| | Sitting fees | 3.30 | 3.23 |
| | Reimbursement of expense incurred | 2.17 | 2.17 |
| | Commission | 13.50 | 17.50 |
| | Stock Options exercised | 0.38 | 3.77 |
| **3** | **Close family member of Key Management Personnel compensation** | | |
| | Salary expense | 0.51 | 0.28 |
| | Corporate Social Responsibility | - | 2.10 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Sr. No. | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| 4 | **Other Related parties** | | |
| | Contribution to Post-employment benefit plan | 16.76 | 16.28 |
| | Remuneration to promotor | 5.52 | - |
| | Commission to entity controlled by promotor | 8.10 | - |
| | Professional fees (Capitalised to intangible and in investment) to firm in which director is a partner | 19.14 | |
| | Remuneration to Key Management Personnel of subsidiaries | 11.67 | - |
| | Reimbursement of expense to Key Management Personnel of subsidiaries | 0.27 | - |

* Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

**D) Balances with related parties at end of the year:**

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | **Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited)** | | |
| | Loans Given | 138.43 | 46.41 |
| | Trade payable | 0.02 | - |
| | Trade Receivable | - | 0.82 |
| 2 | **Aprica Healthcare Limited** | | |
| | Perpetual bond | 200.00 | 200.00 |
| | Trade Receivable | 7.01 | - |
| | Trade Payable | 1.15 | - |
| | Advance from Customer | - | 3.81 |
| 3 | **Eris Healthcare Private Limited** | | - |
| | Loans Given | 239.22 | 264.85 |
| | Advance to Creditors | - | 3.35 |
| | Trade receivable | 0.69 | - |
| | Trade Payable | 0.05 | - |
| 4 | **Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited ) (Refer note 27)** | | |
| | Loans Given | 180.00 | - |
| | Trade receivable | 9.51 | - |
| 5 | **Eris Therapeutics Limited** | | |
| | Loans Given | 601.29 | - |
| | Trade receivable | - | 0.06 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

(₹ in million)

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 6 | **Key Management Personnel compensation** | | |
| | Trade Payable | 7.72 | 16.14 |
| 7 | **Close family member of Key Management Personnel compensation** | | |
| | Trade Payable | 0.04 | 0.03 |
| 8 | **Other Related parties** | | |
| | Trade Payable | 1.47 | - |
| **D) Guarantee given to banks on behalf of subsidiaries:** | | | |
| | Eris Therapeutics Limited | 1,700.00 | - |
| | Eris Oaknet Healthcare Private Limited | 4,350.00 | - |

## Note 31: Loans to group Companies

Disclosures pursuant to Regulation 34(3) read with Para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 and section 186(4) of the Companies Act, 2013.

(₹ in million)

| Name of the Related party | Amount outstanding as at | | | | Maximum balance during the year | |
|---|---|---|---|---|---|---|
| | March 31, 2023 | | March 31, 2022 | | | |
| | Amount | % of Total Loan | Amount | % of Total Loan | 2022-23 | 2021-22 |
| **Related Parties** | **1,158.94** | **97.61%** | **311.26** | **56.19%** | **3,895.35** | **860.23** |
| Eris Healthcare Private Limited | 239.22 | 20.15% | 264.85 | 47.81% | 363.39 | 419.31 |
| Eris M.J.Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited) | 138.43 | 11.66% | 46.41 | 8.38% | 480.67 | 46.41 |
| Eris Therapeutics Limited | 601.29 | 50.64% | - | 0.00% | 601.29 | 394.51 |
| Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited ) | 180.00 | 15.16% | | | 2,450.00 | |

Notes

a) The loanees did not hold any shares in the Share capital of the Company.

b) All loans given are for the purposes of the business and repayable on demand.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 32: Corporate Social Responsibility (CSR) expenditure

Disclosures pertaining to corporate social responsibility activities: (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Corporate Social Responsibility expenses for the year | 75.83 | 65.43 |
| Nature of CSR activities | | |
| Medical | 74.75 | 62.46 |
| Educational | 1.08 | 2.97 |
| Other | - | - |
| Gross amount required to be spent by the company during the year. | 75.83 | 65.43 |
| Amount spent during the year on: | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 75.83 | 65.43 |
| Details of related party transactions | - | 2.10 |
| The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year | - | - |
| The total of previous years' shortfall amounts | - | - |
| The reason for above shortfalls by way of a note | - | - |
| Excess amount for set off | | |

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (i) | Two percent of average net profit of the Company as per section 135(5) | 75.83 | 65.43 |
| (ii) | Total amount spent for the Financial Year | 23.47 | 195.08 |
| (iii) | Excess / (short) amount spent for the Financial Year [(II)-(i)] | (52.36) | 129.65 |
| (iv) | Amount available for set off from preceding financial years | 129.94 | 0.29 |
| (v) | Amount available for set off in succeeding financial years [(iii)+(iv)] | 77.58 | 129.94 |

## Note 33: Contingent Liability and Capital Commitment

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Claims against the Company not acknowledged as debts:** | | |
| Notices relating to DPCO Matters (refer note below) | 182.42 | 173.52 |
| Notices regarding Income-tax matters | 1.06 | 1.06 |
| Others (Includes ₹ 50 million {Previous year ₹ Nil} {refer note 6}) | 70.38 | 68.83 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

Note: The Company has received notices from NPPA (National Pharmaceutical Pricing Authority), under DPCO (Drug Price Control Order), 2013 during earlier years. Management does not expect any cash outflow from this matter.

Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for ₹ 8.40 million (Previous year ₹28.92 million).

The Company has given corporate guarantee to bank for credit facilities upto ₹ 1,700 million availed by its subsidiary Eris Therapeutics Limited. As per the terms of deed of guarantee, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

The Company has given corporate guarantee to banks for credit facilities upto ₹ 4,350 million availed by its subsidiary Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) as per deed of guarantee, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary. The Company does not expect any outflow of resources in respect of the above.

## Note 34: Lease rent IND AS 116

The movement in lease liability and Right of use assets is given as under as per IND AS 116. (₹ in million)

| Changes [Increase/(decrease)] | For Year ended March 31, 2023 | For Year ended March 31, 2022 |
|---|---|---|
| Depreciation and Amortisation | 83.22 | 42.41 |
| Finance costs on lease liability | 30.43 | 26.97 |
| Cash Flow From Lease | (48.39) | (112.95) |
| Cash Flow From Lease interest | (30.43) | (26.97) |

## Note 35: ESOP

### A. Eris Lifesciences Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan")

The Company has introduced 'Eris Lifesciences Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") through the resolution passed by the Board of Directors on February 02, 2017 and the same was approved by the shareholders at the extra ordinary general meeting held on February 03, 2017 and subsequently in the eleventh annual general meeting held on September 29, 2017 shareholders ratified the same. Under the scheme, 391,599 (Three lakhs ninety one thousand five hundred ninety nine only) equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 451.04. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant i.e. April 12, 2017. The exercise period would be a maximum of 5 years from the date of vesting of options.1,14,736 and 98,107 options have lapsed till March 31, 2023 and March 31, 2022 respectively.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing Formula**

Discount to fair market value of the Equity Shares as on the date of grant.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method for the financial year 2022-23 is ₹ 16.40 million and for financial year 2021-22 is ₹ 13.55 million.

Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| Option outstanding at the beginning of the year | 107,536 | 451.04 | 273,709 | 451.04 |
| Granted during the year | - | - | - | - |
| Vested during the year | 53,710 | 451.04 | 59,197 | 451.04 |
| Exercised during the year | 60,520 | 451.04 | 149,544 | 451.04 |
| Lapsed during the year | - | 451.04 | 16,629 | 451.04 |

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| Options available for grant | 114,736 | - | 98,107 | - |
| Options exercisable at the end of the year | 47,016 | - | 53,826 | - |

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| Grant date | April 12, 2017 |
|---|---|
| | Weighted average |
| Stock Price (₹) | 601.38 |
| Volatility | 20.56% |
| Risk-free Rate | 6.91% |
| Exercise Price (₹) | 451.04 |
| Time To Maturity (In years) | 5.50 |
| Dividend yield | 1.00% |
| Option Fair Value(₹) | 268.77 |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**B. Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan")**

The Company has introduced 'Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan") through the resolution passed by the Board of Directors on July 29, 2021 and the same was approved by the shareholders at the annual general meeting held on September 01, 2021. Under the scheme 13,58,630 equity shares have been approved in Annual General Meeting out of which, 2,14,102 (Two lakhs fourteen thousand one hundred two only) equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 557.24. Vesting of the options shall take place over a maximum period of 4 years with a minimum vesting period of 1 year from the date of grant i.e. February 10, 2022. The exercise period would be a maximum of 7 years from the date of vesting of options.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing Formula**

Discount to fair market value of the Equity Shares as on the date of grant.

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method for the financial year 2022-23 is ₹ 14.81 previous year NIL.

Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| Option outstanding at the beginning of the year | 214,102 | 557.24 | - | 557.24 |
| Granted during the year * | - | - | 214,102 | - |
| Vested during the year | 53,512 | 557.24 | - | 557.24 |
| Exercised during the year | 1,521 | 557.24 | - | 557.24 |
| Lapsed during the year | 22,443 | 557.24 | - | 557.24 |
| Options outstanding at the end of the year | 190,138 | 557.24 | 214,102 | 557.24 |
| Options available for grant | 864,960 | - | 1,144,528 | - |
| Options exercisable at the end of the year | 47,173 | - | - | - |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| Grant date | February 10, 2022 |
|---|---|
| | Weighted average |
| Stock Price (₹) | 696.55 |
| Volatility | 33.38% |
| Risk-free Rate | 6.37% |
| Exercise Price (₹) | 557.24 |
| Time To Maturity (In years) | 7.50 |
| Dividend yield | 0.76% |
| Option Fair Value(₹) | 341.62 |

**C. Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan")**

The Company has introduced 'Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan") through the resolution passed by the Board of Directors on July 29, 2021 and the same was approved by the shareholders at the annual general meeting held on September 01, 2021. Under the scheme 13,58,630 equity shares have been approved in Annual General Meeting out of which, 2,79,568 (Two lakhs seventy nine thousand five hundred sixty eight only) equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 510.32. Vesting of the options shall take place over a maximum period of 4 years with a minimum vesting period of 1 year from the date of grant i.e. February 10, 2023. The exercise period would be a maximum of 7 years from the date of vesting of options.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing Formula**

Discount to fair market value of the Equity Shares as on the date of grant.

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method for the financial year 2022-23 is NIL previous year NIL.

Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| **Option outstanding at the beginning of the year** | - | 510.32 | - | - |
| Granted during the year * | 279,568 | - | - | - |
| Vested during the year | - | 510.32 | - | - |
| Exercised during the year | - | 510.32 | - | - |
| Lapsed during the year | 7,182 | 510.32 | - | - |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

| | | | | |
|---|---|---|---|---|
| Options outstanding at the end of the year | 272,386 | 510.32 | - | - |
| Options available for grant | 864,960 | - | - | - |
| Options exercisable at the end of the year | - | - | - | - |

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| **Grant date** | **February 10, 2023** |
|---|---|
| | Weighted average |
| Stock Price (₹) | 637.90 |
| Volatility | 31.99% |
| Risk-free Rate | 7.15% |
| Exercise Price (₹) | 510.32 |
| Time To Maturity (In years) | 7.50 |
| Dividend yield | 0.96% |
| Option Fair Value(₹) | 313.34 |

### Note 36: Micro Small & Medium Enterprises

Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2023. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors.

(₹ in million)

| **Particulars** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due remaining unpaid | 118.05 | 41.49 |
| Interest amount due remaining unpaid | - | - |
| b) The amount of interest paid by the buyer in terms of section 16 of the MSME Act along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSME Act. | - | - |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 37 (A) : Financial Ratio

**The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022**

| Particulars | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 | Variance | Remarks for variance |
|---|---|---|---|---|---|---|
| **Liquidity Ratio ( in times )** | | | | | | |
| Current Ratio | Current Assets | Current Liabilities | 1.95 | 3.49 | -44.24% | Due to increase in trade receivable |
| **Solvency Ratio ( in times )** | | | | | | |
| Debt – Equity Ratio | Total Debt(1) | Shareholder's Equity | 0.16 | 0.02 | 709.91% | Due to borrowing in current year which was nil last year |
| Debt Service Coverage Ratio | Earnings available for debt service (2) | Debt Service(3) | 37.77 | 77.13 | -51.04% | Due to borrowing in current year which was nil last year |
| **Profitability ratio (in %)** | | | | | | |
| Net profit ratio | Profit After Tax | Sale of products | 30.45% | 34.95% | -12.87% | |
| Return on Equity (ROE): | Profit After Tax | Average Shareholder's Equity | 19.23% | 23.88% | -19.49% | |
| Return on capital employed (ROCE) | Earning before interest and tax | Capital Employed (4) | 24.95% | 31.66% | -21.18% | |
| Return on investment (ROI) | Income generated from investments | Time weighted average investments | 2.32% | 3.46% | -33.09% | Due to premature withdrawl in investment in debt mutual fund. |
| **Utilization Ratio ( in times )** | | | | | | |
| Trade receivables turnover ratio | Sale of products | Average Trade Receivables | 7.13 | 9.50 | -24.97% | |
| Inventory Turnover Ratio | Cost of goods sold | Average Inventory | 3.18 | 2.67 | 19.31% | |
| Trade payables turnover ratio | Net Credit Purchases | Average Trade Payables | 4.68 | 4.75 | -1.48% | |
| Net capital turnover ratio | Net Sales | Working Capital | 4.87 | 2.89 | 68.86% | Higher efficiency on working capital improvement has impacted change in this ratio. |

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

**Notes**

(1) Debt represents borrowings and lease liabilities.

(2) "Net Profit after tax" means reported amount of "Profit / (loss) for the period" and it does not include items of other comprehensive income.

Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

(3) Lease payments, interest and principal repayment for the current year

(4) Tangible net worth + deferred tax liabilities + Lease Liabilities

## Note 37 (B) : Other statutory information

i). 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:

(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

ii). The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

iii). Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

iv). The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

v). The Company does not have any transactions or balances with a Companies struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act 1956.

vi). The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

vii). Details of Loan given, Investment made and Guarantee given covered u/s 186 (4) of the Companies Act, 2013:

(a) Loan given by the Company to body corporate as at March 31, 2023. (Refer Note 10)

(b) Investment made by the Company as at March 31, 2023. (Refer Note 3)

(c) Guarantee given by the Company as at March 31, 2023. (Refer note 33)

viii) The borrowings obtained by the Company from banks have been applied for the purposes for which such loans was taken.

ix) 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.

x) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

xi) The Company has complied with the number of layers prescribed under the Companies Act, 2013

xii) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

xiii) The company has not revalued its property,plant and equipment during the current or previous year.

xiv) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

# NOTES ON STANDALONE FINANCIAL STATEMENTS

**for the year ended March 31, 2023**

## Note 38: Items included in Financial Activities

(₹ in million)

| | As at March 31,2022 | Cash Flows | Net Additions | Other Changes | As at March 31, 2023 |
|---|---|---|---|---|---|
| Lease Liability | 381.77 | (78.82) | 87.37 | 21.83 | 412.15 |
| Borrowing | - | 3,170.00 | - | (1.29) | 3,168.71 |

| | As at March 31,2021 | Cash Flows | Net Additions | Other Changes | As at March 31, 2022 |
|---|---|---|---|---|---|
| Lease Liability | 53.42 | (139.92) | 473.80 | (5.53) | 381.77 |

## Note 39: Code of Social Security

The Parliament of India has approved the Code on Social Security, 2020 ("the Code") which, inter alia, deals with employee benefits during employment and post employment. The Code has been published in the Gazette of India. The effective date of the Code is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. In view of this, the impact of the change, if any, will be assessed and recognised post notification of the relevant provisions.

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

**To The Members of Eris Lifesciences Limited**
**Report on the Audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of Eris Lifesciences Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and 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, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries, referred to in the Other Matters section below the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Assessment of impairment of Goodwill pertaining to Aprica Healthcare Limited Cash Generating Unit ("Aprica CGU")**<br>Refer to note 2(b) to the consolidated financial statements.<br>As at 31 March 2023, carrying value of goodwill pertaining to Aprica CGU is Rs. 768.14 million.<br>In accordance with Ind AS, goodwill needs to be tested for impairment at every reporting period. Recoverability of the carrying value of goodwill is predicated upon appropriate attribution of goodwill to a cash generating unit (CGU) and determination of recoverable amount of the underlying CGUs.<br>Significant Management judgement is required in the area of impairment testing, particularly in assessing whether the carrying value of the CGU including the goodwill can be supported by the recoverable amount in the Company. Recoverability of the carrying values of goodwill is dependent on future cash flows of the underlying cash generating units (CGUs) and there is a risk that if these cash flows vary materially from management's estimates, the assets will be impaired. The cash flow forecasts and related value in use calculations include a number of significant management assumptions, judgements and estimates including revenue growth rates, net profit margin, perpetual growth rates and discount rate that are dependent on expected future market and economic conditions.<br>Any change in the basis or assumptions could materially affect the recoverable amount used in the impairment test with a consequent impact on the consolidated financial statements of the Group.<br>In view of the foregoing, valuation and allocation of the Goodwill pertaining to the Aprica CGU has been identified as a Key Audit Matter. | **Principal audit procedures performed:**<br>1. Our audit procedures included a combination of testing the design, implementation and operating effectiveness in respect of management's assessment of impairment and determination of recoverable amounts to measure the impairment provision that needs to be accounted for.<br>2. Our substantive procedures included (i) evaluating the objectivity and independence of the specialist engaged by the Company to carry out the valuation of carrying value of goodwill pertaining to Aprica CGU and reviewed the valuation report issued by such specialist. (ii) considering and evaluating cash flow projections, the reasonableness of key assumptions including revenue growth rates, net profit margin and perpetual growth rates and retrospective review of the projections (iii) engaging our internal fair valuation specialists to test the appropriateness of the valuation model used by the management's expert and testing the underlying assumptions related to the discount rates and the terminal growth rates applied to the forecasted cashflows to determine the recoverable values. |

| | | |
|---|---|---|
| 2 | **Business Combination — Eris Oaknet Healthcare Private Limited (Refer to Note 27.1 to the Consolidated Financial Statements)**<br><br>During the current financial year, the Group has acquired business of Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited ) for a consideration of Rs. 6,554.90 Million (including transaction cost).<br><br>The Group accounted the acquisition under the acquisition method of accounting for business combinations. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values on their acquisition date.<br><br>The determination of such fair values for the purpose of purchase price allocation involves judgments and estimates such as appropriateness of the valuation methodology applied and the discount rates applied to future cash flow forecasts.<br><br>In view of the foregoing, Purchase Price Allocation in respect of the Business Combination has been identified as a Key Audit Matter. | **Principal audit procedures performed:**<br><br>1. Our audit procedures included a combination of testing the Design, Implementation and Operating effectiveness of controls over determination of fair values of assets acquired and liabilities assumed for the purpose of purchase price allocation.<br><br>2. Our substantive procedures included (i) evaluating the objectivity and independence of the specialist engaged by the Company to carry out Purchase Price Allocation (PPA) of the Business Combination and reviewed the PPA report issued by such specialist. (ii) considering and evaluating cash flow projections, the reasonableness of key assumptions including revenue growth rates and net profit margin (iii) engaging our internal fair valuation specialists to test the appropriateness of the valuation methodologies for the identified intangible assets used by the management's expert and reasonableness of the key valuation assumptions related to the contributory asset charges, discount rates and the terminal growth rates applied to the forecasted cashflows to determine the Purchase price allocation. |

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Corporate Governance Report in Annual Report for the year ended March 31, 2023, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon. These reports are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the identified above when it becomes available, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective 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 the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group are responsible for assessing the ability of the respective entities 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 their respective entities 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 also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibility 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 Parent has adequate internal financial controls with reference to consolidated 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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 information of the entities 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 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 the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent 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.

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

## Other Matter

We did not audit the financial statements / financial information of five subsidiaries, whose financial statements / financial information reflect total assets of Rs. 4,294.29 million as at March 31, 2023, total revenues of Rs. 1,415.92 million and net cash outflows amounting to Rs. 36.87 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors 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 subsection (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 auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements / financial information of the subsidiaries referred to in the Other Matters section above 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 Cash Flows and the Consolidated Statement of Changes in Equity 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.

   e). On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 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 consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

   g). With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

   h). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i). The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 31 to the consolidated financial statements;

      ii). The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

      iv). (a). The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 35(B) 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 Parent or any of such 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, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b). The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 35(B) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries 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.

(c). Based on the audit procedures performed us that have been considered reasonable and appropriate in the circumstances and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v). The interim dividend declared and paid by the Parent during the year and until the date of this report is in accordance with section 123 of the Companies Act 2013.

vi). Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiaries which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Hardik Sutaria**
Partner
(Membership No.116642)
(UDIN: 23116642BGWGAH9953)

Place: Ahmedabad
Date: May 17, 2023

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

**Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Eris Lifesciences Limited (hereinafter referred to as "Parent") and its subsidiary companies which are companies incorporated in India as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated 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 consolidated financial statements was 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls with reference to consolidated financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

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

**Opinion**

In our opinion 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 referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies 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.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to five subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Hardik Sutaria**
Partner
(Membership No.116642)
(UDIN: 23116642BGWGAH9953)

Place: Ahmedabad
Date: May 17, 2023

# CONSOLIDATED BALANCE SHEET

**as at March 31, 2023**

(₹ in million)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS :** | | | |
| **(1) Non current assets** | | | |
| (a) Property, Plant and Equipment | 2(a) | 3,039.84 | 1,212.18 |
| (b) Right-of-use asset | 2(a) | 520.17 | 466.35 |
| (c) Capital Work in progress | 2(a) | 213.78 | 240.04 |
| (d) Goodwill | 2(b) | 3,318.49 | 934.74 |
| (e) Other Intangible assets | 2(b) | 18,802.53 | 6,566.16 |
| (f) Intangible assets under development | 2(b) | 3.43 | 29.82 |
| (g) Financial assets | | | |
| Investments | 3 | 66.93 | 4,208.44 |
| Loans | 10 | 9.64 | 28.20 |
| Other financial asset | 5 | 76.53 | 44.96 |
| (h) Income tax assets (net) | 4(d) | 45.48 | 42.43 |
| (i) Deferred tax assets (net) | 4(f) | 2,739.45 | 2,431.34 |
| (j) Other non-current assets | 6 | 189.79 | 243.43 |
| **Total Non current assets** | | **29,026.06** | **16,448.09** |
| **(2) Current assets** | | | |
| (a) Inventories | 7 | 1,314.35 | 1,179.11 |
| (b) Financial assets | | | |
| Investments | 3 | 300.07 | 995.48 |
| Trade receivables | 8 | 2,927.09 | 1,609.68 |
| Cash and cash equivalents | 9(a) | 560.22 | 508.70 |
| Other bank balances | 9(b) | 24.35 | 14.57 |
| Loans | 10 | 39.86 | 230.03 |
| Other financial asset | 5 | 7.79 | 674.88 |
| (c) Other current assets | 6 | 2,473.49 | 1,060.85 |
| **Total Current assets** | | **7,647.22** | **6,273.30** |
| **TOTAL - ASSETS** | | **36,673.28** | **22,721.39** |
| **II. EQUITY AND LIABILITIES :** | | | |
| **(1) Equity** | | | |
| (a) Share capital | 11 | 135.99 | 135.93 |
| (b) Other Equity | 12 (a) | 21,823.89 | 18,947.18 |
| Equity attributable to the owners of the company | | 21,959.88 | 19,083.11 |
| (c) Non-controlling interest | 12 (b) | 246.89 | (1.08) |
| **Total Equity** | | 22,206.77 | 19,082.03 |

(₹ in million)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **(2) Non Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 6,444.47 | 450.00 |
| Lease Liabilities | 14 | 389.74 | 353.94 |
| Other financial liabilities | 14 | 69.18 | 34.06 |
| (b) Long-term provisions | 15 | 441.19 | 321.14 |
| (c) Other non-current liabilities | 16 | 113.22 | 22.82 |
| (d) Deferred tax liabilities (net) | 4(f) | 2,576.38 | 460.94 |
| **Total Non Current Liabilities** | | **10,034.18** | **1,642.90** |
| **(3) Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| Borrowings | 13 | 1,855.69 | 0.11 |
| Lease Liabilities | 14 | 77.21 | 40.02 |
| Trade payables | | | |
| A) Due to Micro and Small Enterprises | 17 | 187.52 | 71.80 |
| B) Due to other than Micro and Small Enterprises | | 1,060.17 | 1,105.94 |
| Other financial liabilities | 14 | 301.15 | 122.12 |
| (b) Short-term provisions | 15 | 694.37 | 390.57 |
| (c) Other current liabilities | 16 | 217.22 | 195.93 |
| (d) Income tax liabilities (net) | 4(e) | 39.00 | 69.97 |
| **Total Current Liabilities** | | **4,432.33** | **1,996.46** |
| **Total Liabilities** | | **14,466.51** | **3,639.36** |
| **TOTAL - EQUITY AND LIABILITIES** | | **36,673.28** | **22,721.39** |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | Note No. | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from operations | | | |
| Sale of products | 18 | 16,618.16 | 13,261.68 |
| Other operating income | | 233.33 | 208.75 |
| **Total Revenue from Operations** | | **16,851.49** | **13,470.43** |
| Other income | 19 | 111.53 | 260.94 |
| **Total Revenue (I)** | | **16,963.02** | **13,731.37** |
| **EXPENSES:** | | | |
| (a) Cost of materials consumed | 20 | 1,421.99 | 1,175.73 |
| (b) Purchases of stock-in-trade | | 2,063.33 | 1,417.21 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21 | 38.18 | (7.76) |
| (d) Employee benefits expense | 22 | 3,461.57 | 2,501.79 |
| (e) Other expenses | 23 | 4,498.96 | 3,533.91 |
| **Total (II)** | | **11,484.03** | **8,620.88** |
| **Profit before interest, tax, depreciation and amortisation (I - II)** | | **5,478.99** | **5,110.49** |
| Finance costs | 24 | 261.68 | 41.46 |
| Depreciation and amortisation expense | 2(c) | 1,170.88 | 647.05 |
| **Profit before tax** | | **4,046.43** | **4,421.98** |
| Tax expenses : | | | |
| (a) Current tax | 4 | 746.59 | 818.24 |
| (b) Deferred tax | | (441.76) | (454.15) |
| **Total tax expense** | | **304.83** | **364.09** |
| **Profit for the year** | | **3,741.60** | **4,057.89** |
| **Attributable to :** | | | |
| - Owners of the company | | 3,821.58 | 4,061.13 |
| - Non controlling interest | | (79.98) | (3.24) |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gains / (losses) on defined benefit plans | | (0.05) | (15.13) |
| Income tax relating to items that will not be reclassified to profit or loss | | | |
| Re-measurement gains / (losses) on defined benefit plans | | 0.64 | 5.31 |
| | | **0.59** | **(9.82)** |
| **Total Comprehensive Income for the year** | | **3,742.19** | **4,048.07** |

(₹ in million)

| Particulars | Note No. | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|---|
| **Attributable to :** | | | |
| - Owners of the company | | 3,822.17 | 4,051.31 |
| - Non controlling interest | | (79.98) | (3.24) |
| **Earnings per equity share of face value ₹ 1 each** | 25 | | |
| Basic (₹) | | 28.10 | 29.89 |
| Diluted (₹) | | 28.07 | 29.88 |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# CONSOLIDATED STATEMENT OF CASH FLOWS

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit before tax | 4,046.43 | 4,421.98 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,170.88 | 647.05 |
| Net Loss on property plant and equipment sold/written off | 20.18 | 42.54 |
| Finance costs | 261.68 | 41.46 |
| Interest income | (22.99) | (60.98) |
| Acquisition expense for investment in subsidiary | 18.86 | - |
| Net gain on sale of investments carried at fair value through profit or loss | (71.27) | (21.73) |
| Net MTM gain on investments carried at fair value through profit or loss | (0.05) | (144.36) |
| Provision for other financial assets | 1.99 | (1.52) |
| Bad debt written off | 0.67 | 0.02 |
| Deferred capital subsidy | (4.78) | (4.83) |
| Gain From Termination of Lease | (7.99) | (18.68) |
| Share based payment expense | 31.21 | 13.55 |
| **Operating profit before working capital changes** | 5,444.82 | 4,914.50 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Trade receivables | (1,171.38) | (204.80) |
| Inventories | 47.44 | (234.45) |
| Other assets | (764.59) | (146.87) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade Payables | (104.97) | 151.59 |
| Financial Liabilities | 36.12 | (2.58) |
| Provisions | 216.99 | 108.41 |
| Other liabilities | (14.97) | 29.69 |
| **Cash generated from operations** | 3,689.46 | 4,615.49 |
| Net income tax paid | (772.08) | (832.85) |
| **Net cash flow from operating activities (A)** | 2,917.38 | 3,782.64 |

(₹ in million)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment (including intangible assets) | (8,414.21) | (1,210.33) |
| Proceeds from sale of property plant and equipment | 1.37 | 7.58 |
| Consideration paid towards business combination (Including transaction costs) | (6,554.91) | - |
| Investments in mutual funds and fixed deposit | (300.00) | (2,676.77) |
| Proceeds from redemption of mutual funds and fixed deposit | 5,204.39 | 795.87 |
| Loan given | (9.23) | (166.15) |
| Repayment of loan given to others received | 215.97 | 4.38 |
| (Investment in) / proceeds of Bank balances not considered as cash and cash equivalents | (5.15) | (0.96) |
| Interest received | 40.76 | 50.28 |
| **Net cash flow used in investing activities (B)** | **(9,821.01)** | **(3,196.10)** |
| | | |
| **C. Cash flow from financing activities** | | |
| Proceeds from borrowings | 11,350.05 | 450.01 |
| Repayment of borrowings | (3,500.00) | - |
| Finance costs | (234.30) | (38.50) |
| Dividend paid | (999.11) | (816.23) |
| Principal element to lease payment | (87.12) | (115.01) |
| Increase in share capital due to minority share in subsidiary | - | 0.78 |
| Share application money | - | 4.51 |
| Compulsory convertible debentures proceeds | 327.95 | - |
| Proceeds from issue of equity share capital (Employee stock options plan) | 22.78 | 67.45 |
| **Net cash flow from / (used in) financing activities (C)** | **6,880.25** | **(446.99)** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(23.38)** | **139.55** |
| **Cash and cash equivalents at the beginning of the year** | **508.70** | **369.15** |
| Cash and cash equivalents acquired pursuant to business acquisition (Refer note 27.1) | **74.90** | **-** |
| **Cash and cash equivalents at end of the year {Refer note- 9(a)}** | **560.22** | **508.70** |

**Notes:**

( i ) The Statement of Cash Flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

( ii ) Cash and Cash Equivalents {Refer note-9(a)}

(₹ in million)

| | | |
|---|---|---|
| Cash on hand | 0.28 | 1.19 |
| Balance with banks | | |
| In Current Account | 559.94 | 402.35 |
| Cheque in hand | - | 105.16 |
| **Cash and Cash Equivalents as per Cash flow statement** | **560.22** | **508.70** |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**Hardik Sutaria**

Partner

**Place: Ahmedabad**

**Date: May 17, 2023**

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

**Amit I. Bakshi**

Managing Director

DIN: 01250925

**Inderjeet Singh Negi**

Whole Time Director

DIN: 01255388

**Sachin Shah**

Chief Financial Officer

**Place: Ahmedabad**

**Date: May 17, 2023**

**Milind Talegaonkar**

Company Secretary

Membership No-A26493

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**for the year ended March 31, 2023**

(₹ in million)

| **A. Equity Share Capital** | |
|---|---|
| **Particulars (refer note-11)** | **Amount** |
| **As at March 31, 2021** | **135.78** |
| Change in Equity Share Capital | 0.15 |
| **As at March 31, 2022** | **135.93** |
| Change in Equity Share Capital | 0.06 |
| **As at March 31, 2023** | **135.99** |

**B. Other Equity** (₹ in million)

| Particulars (refer note-12) | Retained Earnings | Securities Premium | Share based payment reserve | Capital reserve on amalgation | Share application money pending allotment | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|---|
| **As at March 31, 2021** | **15,503.13** | **-** | **39.74** | **83.82** | | **1.74** | **15,628.43** |
| Add: Profit for the period | 4,061.13 | - | - | - | - | - | 4,061.13 |
| Add: Other comprehensive Income for the year | (9.82) | - | - | - | - | - | (9.82) |
| Less: Payment of Dividend | (816.48) | - | - | - | - | - | (816.48) |
| Less: Change in Non-controlling interest (Refer note 27.2) | (1.43) | - | - | - | - | - | (1.43) |
| Add: Pursuant to Issue of share capital on account of exercie of options | - | 67.29 | - | - | - | - | 67.29 |
| Add : Share application money pending allotment | - | - | - | - | 4.51 | - | 4.51 |
| Less: Transfer on account of exercise of options | - | 38.84 | (38.84) | - | - | - | - |
| Add: share based payments to employees of the Parent company | - | - | 13.55 | - | - | - | 13.55 |
| **As at March 31, 2022** | **18,736.53** | **106.13** | **14.45** | **83.82** | **4.51** | **1.74** | **18,947.18** |
| Add: Profit for the Year | 3,821.58 | - | - | - | - | - | 3,821.58 |
| Add: Other comprehensive Income for the year | 0.59 | - | - | - | - | - | 0.59 |
| Less: Payment of Dividend | (999.40) | - | - | - | - | - | (999.40) |

(₹ in million)

| Particulars (refer note-12) | Retained Earnings | Securities Premium | Share based payment reserve | Capital reserve on amalgation | Share application money pending allotment | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|---|
| Add: Pursuant to Issue of share capital on account of exercie of options | - | 27.24 | - | - | (4.51) | - | 22.73 |
| Less: Transfer on account of exercise of options | - | 17.64 | (17.64) | - | - | - | - |
| Add: share based payments to employees of the Parent company | - | - | 31.21 | - | - | - | 31.21 |
| **As at March 31, 2023** | **21,559.30** | **151.01** | **28.02** | **83.82** | **-** | **1.74** | **21,823.89** |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Hardik Sutaria**
Partner

**Place: Ahmedabad**
**Date: May 17, 2023**

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

**Corporate Information:**

Eris Lifesciences Limited ("Parent Company") and its subsidiaries (together referred to as "the Group") are engaged in the manufacture and marketing of pharmaceutical products. The Parent Company has a manufacturing plant located in Guwahati, Assam. The Parent Company's shares are listed on the National Stock Exchange of India Limited and BSE Limited.

## Note 1: Significant accounting policies

### 1.1 Basis of preparation:

**(A) Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI).

**(B) Basis of measurement:**

The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Investments in mutual funds and equity investments
- Defined benefit plan – plan assets measured at fair value
- Certain financial assets and liabilities measured at fair value
- Lease liability is booked based on IND AS 116
- Long term borrowings at amortised cost using the effective interest rate method
- Share based payments are measured at fair value
- Assets acquired and liabilities assumed as part of business combination are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(C) Current and Non-current classification**

The assets and liabilities reported in the balance sheet are classified on a "current/ non-current basis", with separate reporting of assets held for sale and corresponding liabilities. Current assets, which include cash and cash equivalents are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Group. A liability is current when it is expected to be settled in normal operating cycle, held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting date and there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Deferred tax assets and liabilities are classified as non-current assets and liabilities. 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.

**1.2 Basis of consolidation:**

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries, being the entities controlled by the Parent Company, as disclosed in Note 35. 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 Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company 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.

**1.3 Critical Accounting Judgements And Key Sources of Estimation Uncertainity :**

The preparation of the financial statements in conformity with the recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities is in respect of:

- Provision for sales returns (refer note 1.4)
- Estimates of useful lives of property, plant and equipment (refer note 1.5)
- Estimates of useful lives of intangible assets (refer note 1.6)
- Business Combination (refer note 1.7 & 27.1)
- Impairment of Goodwill & Intangible (refer note 1.9 & 2b)
- Valuation of inventories (refer note 1.10)
- Employee benefits (refer note 1.14)
- Valuation of deferred tax assets (refer note 1.15)
- Provisions & contingent liabilities (refer note 1.16)
- Employee Stock Option Plan (refer note 33)

**1.4 Revenue recognition:**

a. Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controlsof the asset.

   Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts.

b. Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.

At the time of recognising provision for sales return Expected Reimbursement Towards Likely Sales return is recognied, which is included in other current assets for the products expected to be returned The Parent Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

c. Other income:

i) Dividend income is recognized when the right to receive dividend is established.

ii) Interest income is recognized using the time-proportion method, based on rates implicit in the transaction.

iii) Other income is recognised when no significant uncertainty as to its determination or realisation exists.

**1.5 Property, Plant and Equipment (PPE) and Capital work in progress :**

Property, Plant and Equipment are stated at cost of acquisition/construction net of recoverable taxes less accumulated depreciation and impairment loss, if any. All costs attributable to acquisition/ construction of Property, Plant and Equipment till assets are put to use, are capitalized. Subsequent expenditure on Property, Plant and Equipment after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss.

Depreciation is recognised on straight line method based on the useful lives as prescribed under Schedule II of the Companies Act, 2013 except in respect of some equipments and some furniture and fixtures, in whose case the life of the assets has been assessed as 3 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. In case of addition to building, depreciation is provided on the balance useful life available for use. Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets were put to use.

In case of Lease hold improvement useful life is considered as lower of useful life of the asset or lease term.

The estimated useful lives are mentioned as under -

| Type of Asset | Useful lives |
|---|---|
| Freehold Land | Non Depreciable Asset |
| Building | 30 - 60 years |
| Plant and Machinery | 15 years |
| Vehicles | 8 years |
| Equipment | 3 - 6 years |
| Furniture and Fixtures | 3 - 10 years |
| Electric Installation | 10 years |
| Lease hold improvements | Over the period of lease term |
| Right of use asset | Over the period of lease term |

Depreciation is not considered on capital work in progress until construction and installation are complete and the asset is ready for intended use

**Treatment of Expenditure during Construction Period**

Expenditure, net of income earned, during construction (Including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progess, The same will be allocated to the respective PPE on the completion of construction. Advances given towards acquisition or constuction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current assets".

**1.6 Intangible Assets:**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.

Internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss in the period in which the expenditure is incurred.

Intangibles are amortised over its estimated useful life and tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the intangibles are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the Statement of Profit and Loss.

For determination and review of assessing indicators of impairment, the Management considers internal and external factors including technological, market, economic or legal environment in which the Company operates or in the market to which the asset is dedicated. Recoverability of the carrying values of acquired intangible assets is dependent on future cash flows of the underlying cash generating units (CGUs) and there is a risk that if these cash flows do not meet management's expectations the assets will be impaired. The cash flow forecasts and related value in use calculations include a number of significant management assumptions, judgements and estimates including revenue growth rates, profit margin and perpetual growth rates and discount rate that are dependent on expected future market and economic conditions.

The estimated useful lives of intangibles are as mentioned below

| Type of intangible assets | Useful life |
|---|---|
| Trademark/Brands | Upto 20 years |
| License Fees | From 3 to 15 years |
| Non-compete fees | Upto 5 years |
| Software | Upto 6 years |

**1.7 Business combination and Goodwill**

**1.7.1 Business combination**

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in the consolidated 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. The acquisition date is the date on which control is transferred to the acquirer.

The consideration transferred for the acquisition of a subsidiary is comprised of:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary

  The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

  If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted 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.

**1.7.2 Goodwill**

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**1.8 Financial Instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

**Subsequent measurement**

i.Debt instruments at amortised cost – A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

> The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

> Contractual terms of the asset gives rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. Equity investments – The Group measures its equity instruments other than investment in subsidiaries at fair value through profit and loss (FVTPL) in accordance with the requirements of Ind AS 109. Equity instruments which are held for trading are generally classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Group decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The Group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

iii. Mutual funds – All mutual funds within the scope of Ind-AS 109 are measured at fair value through profit and loss (FVTPL).

**De-recognition of financial assets**

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

**Financial liabilities**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, in the case of financial liabilities not recorded at fair value through profit & loss (FVTPL), the transaction costs that are attributable to the acquisition of the financial liabilities are also adjusted. These liabilities are classified as amortised cost.

**Subsequent measurement**

These liabilities includes borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**1.9 Impairment of assets:**

**Financial Asset**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence indicating impairment. A financial asset is considered to be impaired, if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

**Non-Financial Asset**

The carrying amount of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit and loss, for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is reversed if there is any change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised.

**1.10 Inventories:**

a. Inventories are valued at the lower of cost and net realizable value. Cost of raw materials, packing materials and stores, spares and consumables includes all charges incurred in bringing the goods to the warehouse, including any levies, transit insurance and receiving charges.

b. Costs of Finished Goods and Work-in-Progress are determined on specific identification basis by taking material cost [net of GST], labour and relevant appropriate overheads. Cost of raw materials and packing material are determined on specific identification basis by taking material cost [net of GST].

c. Stock-in-trade is valued at the lower of cost and net realizable value.

**1.11 Cash and cash equivalents:**

Cash and cash equivalents comprises cash on hand and at banks, short-term deposits (with an original maturity of three months or less from the date of acquisition), and which are subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, as they are considered an integral part of the Group's cash management.

**1.12 Borrowing Costs:**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

**1.13 Earnings Per Share:**

Basic earnings per share is computed by dividing the profit or loss attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the profit or loss attributable to the equity holders of the Parent Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares are adjusted for share splits, bonus shares and buy back, as appropriate.

**1.14 Employee Benefits:**

A) **Defined contribution plan:** The Group's contribution to provident fund and employee state insurance scheme are defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

**(B) Defined benefit obligations plan:**

(i) The gratuity scheme is administered through the Life Insurance Corporation of India [LIC]. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation done by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in Other comprehensive income in the period in which they occur.

(ii) The Group also provides benefit of compensated absences to its employees which are in the nature of long -term benefit plan. Provision for compensated absences is made on the basis of actuarial valuation carried out at the Balance Sheet date. The Group recognises actuarial gains and losses that arise due to difference in the actual experience and the assumed parameters and also due to changes in the assumptions used for valuation, in the statement of Profit and Loss, as income or expense.

**(C) Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

**1.15 Taxes on Income:**

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

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 recognized 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.

**1.16 Provisions, Contingent Liabilities and Contingent Assets:**

**Provisions**

Provisions are recognized only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

**Contingent liability**

It is disclosed for :

a. Possible obligations which will be confirmed only by future events not wholly within the control of the Group, or

b. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**Contingent Assets**

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 Group. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

**1.17 Leases:**

Effective from April 01, 2019, the Group has adopted Ind AS 116 "Leases" and applied it to all lease contracts existing on April 01, 2019 using modified retrospective method.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a lease liability at the lease commencement date except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the lease payments associated with these leases are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. Lease term is a non-cancellable period together with 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. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments to be paid over the lease term at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method. (Refer note 32)

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

**1.18 Foreign currency transactions and translation:**

Transactions in foreign currencies entered into by the Group are accounted for at the exchange rate prevailing at the date of transaction. Foreign currency monetary assets and liabilities remaining unsettled at the end of the year are translated at the exchange rate prevailing at the end of the year. All differences arising on settlement/restatement are adjusted in the statement of profit and loss.

**1.19 Government Grant:**

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the Statement of Profit or Loss on a systematic basis over the useful life of the asset.

**1.20 Share-based pay]ment transactions:**

Equity settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, in accordance with IND AS 102 Share based payment, based on the Parent company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Share based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

**1.21 Measurement of Profit before interest, tax, depreciation and amortisation**

The Group has opted to present profit before interest (finance cost), tax, depreciation and amortization as a separate line item on the face of the Statement of Profit and Loss for the year. The Group measures profit before interest (finance cost), tax, depreciation and amortization based on profit/(loss) from continuing operations.

**1.22 Recent Pronouncements for Indian Accounting Standards (Ind AS)**

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

**Amendments to existing Ind AS:**

**Ind AS 1 – Presentation of Financial Statements**

The amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The company has evaluated the amendment and the impact of this amendment is insignificant in the company's 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 is evaluating the impact, if any, 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 2: Property, Plant and Equipment and Intangible Assets

(₹ in million)

### (a) Property, Plant and Equipment :

| Particulars | Freehold Land | Building | Plant and Machinery | Vehicles | Equipment | Furniture and Fixtures | Electric Installation | Lease hold improvements | Total | Right of use asset ( Refer note 32) |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount:** | | | | | | | | | | |
| **As at March 31, 2021** | **22.98** | **326.00** | **359.60** | **191.08** | **427.72** | **192.88** | **36.12** | **-** | **1,556.38** | **200.58** |
| Additions during the Year | 172.35 | - | 2.37 | 12.31 | 325.47 | 68.82 | - | 84.80 | 666.12 | 495.37 |
| Deductions during the year | - | - | - | 1.01 | 212.18 | 104.41 | 0.24 | - | 317.84 | 172.23 |
| **As at March 31, 2022** | **195.33** | **326.00** | **361.97** | **202.38** | **541.01** | **157.29** | **35.88** | **84.80** | **1,904.66** | **523.72** |
| Additions during the Year | 33.85 | 913.78 | 593.67 | 52.60 | 292.55 | 53.51 | 127.50 | 18.18 | 2,085.65 | 133.71 |
| Addition due to business combination (Refer note 27.1) | - | - | - | 2.62 | 6.04 | 0.28 | - | - | 8.94 | 25.07 |
| Deductions during the year | - | - | 2.08 | 1.13 | 127.76 | 28.64 | - | 10.17 | 169.78 | 18.23 |
| **As at March 31, 2023** | **229.18** | **1,239.78** | **953.56** | **256.47** | **711.84** | **182.44** | **163.38** | **92.81** | **3,829.47** | **664.27** |
| | | | | | | | | | | |
| **Accumulated depreciation:** | | | | | | | | | | |
| **As at March 31, 2021** | **-** | **94.66** | **179.69** | **100.45** | **312.52** | **105.29** | **13.82** | **-** | **806.43** | **171.75** |
| Additions during the Year | - | 8.13 | 16.61 | 13.38 | 88.56 | 20.60 | 2.54 | 3.92 | 153.74 | 44.03 |
| Deductions during the year | - | - | - | 0.87 | 177.56 | 89.02 | 0.24 | - | 267.69 | 158.41 |
| **As at March 31, 2022** | **-** | **102.79** | **196.30** | **112.96** | **223.52** | **36.87** | **16.12** | **3.92** | **692.48** | **57.37** |
| Additions during the Year | - | 10.75 | 18.73 | 16.50 | 164.67 | 17.34 | 3.25 | 11.54 | 242.78 | 101.52 |
| Addition due to business combination (Refer note 27.1) | - | - | - | - | - | - | - | - | - | - |
| Addition due to pre operative expenses | - | - | - | 0.65 | 0.97 | 0.11 | - | - | 1.73 | - |
| Deductions during the year | - | - | 0.85 | 0.66 | 118.05 | 17.63 | - | 10.17 | 147.36 | 14.79 |
| **As at March 31, 2023** | **-** | **113.54** | **214.18** | **129.45** | **271.11** | **36.69** | **19.37** | **5.29** | **789.63** | **144.10** |
| | | | | | | | | | | |
| **Net carrying amount** | | | | | | | | | | |
| **As at March 31, 2022** | **195.33** | **223.21** | **165.67** | **89.42** | **317.49** | **120.42** | **19.76** | **80.88** | **1,212.18** | **466.35** |
| **As at March 31, 2023** | **229.18** | **1,126.24** | **739.38** | **127.02** | **440.73** | **145.75** | **144.01** | **87.52** | **3,039.84** | **520.17** |
| **Capital work in progress** | | | | | | | | | | |
| **As at March 31, 2022** | - | - | - | - | - | - | - | - | 240.04 | - |
| **As at March 31, 2023** | - | - | - | - | - | - | - | - | 213.78 | - |

**Note:**

**Capital-Work-in Progress:**

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**Ageing Schedule** (₹ in million)

| Capital-Work-in Progress | As on | Amount of Capital-Work-in Progress for a period of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | March 31,2023 | 203.27 | 10.51 | - | - | 213.78 |
| **Total** | | **203.27** | **10.51** | **-** | **-** | **213.78** |
| Projects in Progress | March 31,2022 | 240.04 | - | - | - | 240.04 |
| **Total** | | **240.04** | **-** | **-** | **-** | **240.04** |

**Capital work in progress - Completion Schedule** (₹ in million)

| Capital-Work-in Progress | As on | To be completed in | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in progress | March 31,2023 | 213.78 | - | - | - | 213.78 |
| **Total** | | 213.78 | **-** | **-** | **-** | 213.78 |
| Projects in progress | March 31,2022 | 240.04 | - | - | - | 240.04 |
| **Total** | | **240.04** | **-** | **-** | **-** | **240.04** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31, 2023

**(b) Intangible Assets :**

(₹ in million)

| Particulars | Goodwill | Other Intangible Assets: Trademark/ Brand/ License fees * | Non compete fees | Computer Software | Total |
|---|---|---|---|---|---|
| **Gross carrying amount:** | | | | | |
| **As at March 31, 2021** | **934.74** | **7,240.41** | **50.00** | **75.84** | **7,366.25** |
| Additions during the Year | - | 125.00 | - | 65.23 | 190.23 |
| Deductions during the year | - | - | - | - | - |
| **As at March 31, 2022** | **934.74** | **7,365.41** | **50.00** | **141.07** | **7,556.48** |
| Additions during the Year | - | 6,552.10 | - | 39.90 | 6,592.00 |
| Addition due to business combination (Refer note 27.1) | 2,383.74 | 6,471.01 | - | - | 6,471.01 |
| Deductions during the year | - | - | - | - | - |
| **As at March 31, 2023** | **3,318.49** | **20,388.52** | **50.00** | **180.97** | **20,619.49** |
| | | | | | |
| Accumulated depreciation: | | | | | |
| **As at March 31, 2021** | **-** | 476.10 | **46.46** | **18.48** | **541.04** |
| Additions during the Year | - | 424.90 | 3.54 | 20.84 | 449.28 |
| Deductions during the year | - | **-** | - | - | - |
| **As at March 31, 2022** | **-** | 901.00 | **50.00** | **39.32** | **990.32** |
| Additions during the Year | - | 800.00 | - | 26.58 | 826.58 |
| Addition due to business combination (Refer note 27.1) | - | - | - | - | - |
| Addition due to pre operative expenses | **-** | - | - | 0.06 | 0.06 |
| Deductions during the year | - | **-** | - | - | - |
| **As at March 31, 2023** | **-** | **1,701.00** | **50.00** | **65.96** | **1,816.96** |
| | | | | | |
| **Net carrying amount** | | | | | |
| **As at March 31, 2022** | **934.74** | **6,464.41** | **-** | **101.75** | **6,566.16** |
| **As at March 31, 2023** | **3,318.49** | **18,687.52** | **-** | **115.01** | **18,802.53** |
| **Intangible assets under development** | | | | | |
| **As at March 31, 2022** | **-** | **-** | **-** | **29.82** | **29.82** |
| **As at March 31, 2023** | **-** | **-** | **-** | **3.43** | **3.43** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**Note:**

**Intangible Assets under Development:**

**Ageing Schedule** (₹ in million)

| Intangible assets under development | As on | Amount of Intangibles assets under development for a period of | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in Progress | March 31,2023 | - | - | - | 3.43 | 3.43 |
| **Total** | | **-** | **-** | **-** | **3.43** | **3.43** |
| Projects in Progress | March 31,2022 | 14.27 | 12.12 | 3.43 | - | 29.82 |
| **Total** | | **14.27** | **12.12** | **3.43** | **-** | **29.82** |

**Intangible assets under development - Completion Schedule**

(₹ in million)

| Intangible assets under development | As on | To be completed in | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | |
| Projects in progress | March 31,2023 | - | 3.43 | - | - | 3.43 |
| **Total** | | **-** | **3.43** | **-** | **-** | **3.43** |
| Projects in progress | March 31,2022 | 26.39 | - | 3.43 | | 29.82 |
| **Total** | | **26.39** | **-** | **3.43** | **-** | **29.82** |

1. The Group test impairment of goodwill on an annual basis. Based on the annual impairment test no provision towards impairment was required necessary. The recoverable amounts determined based on value-in-use calculations which is calculated as the net present value of forecasted cash flows of the cash generating unit (CGU) to which the goodwill is related.
The key assumptions for CGUs with significant amount of goodwill as follows:

Projected cash flows for five years based on financial budgets/forecasts in line with the past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors.

Acquired brands are considered as CGU for testing impairment of goodwill amounting to ₹ 3,318.49 millions generated on acquisition of brands.

The Management believes that any reasonable possible change in the key assumptions on which a recoverable amount is based would not cause the carrying amount to exceed its recoverable amount of the CGU.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**(c) Depreciation and amortisation expense :** (₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Depreciation of property plant and equipment | 242.72 | 153.74 |
| Depreciation of right of use assets | 101.52 | 44.03 |
| Amortisation of intangible assets | 826.64 | 449.28 |
| | | |
| **Total** | **1,170.88** | **647.05** |

**(d) Goodwill :**

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Eris Lifesciences Limited (On strides brand acquisition) | 166.60 | 166.60 |
| Business combination of Aprica Healthcare Limited | 768.14 | 768.14 |
| Business combination of Eris Oaknet Healthcare Private Limited | 2,383.74 | - |
| **Total** | **3,318.49** | **934.74** |

* Trademark/ Brand/ License fees addition during the year includes ₹ 2,750 million for acquisition of 9 brands of Dr. Reddy's Laboratories Limited and ₹ 3,400 million for acquisition of 9 brands of Glenmark Laboratories Limited. (Refer note 27.4,27.5)

## Note 3: Investments

(₹ in million)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Units/ Shares (Numbers) | (₹ in million) | Units/ Shares (Numbers) | (₹ in million) |
| **Non current investments** | | | | |
| **(I) At Amortised Cost** | | | | |
| Investment in Tax Free Bonds (unquoted) | | | | |
| Rural Electrification Corporation Bond of Rs. 10,000 each | 500 | 5.00 | 500 | 5.29 |
| **Sub-total (I)** | | **5.00** | | **5.29** |
| **(II) At Fair Value through Profit or Loss** | | | | |
| **(A) Investment in Mutual Funds (unquoted)(Refer note 3.1 below)** | | | | |
| Kotak Floating Rate Fund Direct Growth | - | - | 347,183 | 426.11 |
| ABSL Banking PSU Fund Growth Direct | - | - | 407,032 | 123.87 |
| HDFC Ultra Short Fund Direct Growth | - | - | 62,559,806 | 776.54 |
| HDFC Floating Rate Income Fund Direct Plan Growth | - | - | 9,974,232 | 399.92 |
| ABSL Floating Rate Fund -Growth Direct | - | - | 1,292,840 | 366.58 |
| ICICI Savings Fund (Low Duration Fund) Direct Plan Growth | - | - | 847,618 | 371.01 |
| Kotak Savings Fund Direct Plan Growth | - | - | 11,769,499 | 424.06 |
| SBI Magnum Ultra Short Duration Fund - Growth Direct | - | - | 164,707 | 806.58 |
| IDFC Corporate Bond Fund Direct Plan Growth | - | - | 29,698,080 | 476.36 |
| | | **-** | | **4,171.03** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Units/ Shares (Numbers) | (₹ in million) | Units/ Shares (Numbers) | (₹ in million) |
| **(B) Investment in Tax Free Bonds (quoted)** | | | | |
| Rural Electrification Corporation Bond of Rs. 1,000 each | 1,000 | 1.10 | 1,000 | 1.18 |
| Indian Railway Finance Corporation Bond of Rs. 1,000 each | 1,000 | 1.11 | 1,000 | 1.16 |
| Housing and Urban Development Corporation Bond of Rs. 1,000 each | 1,000 | 1.09 | 1,000 | 1.16 |
| | | **3.30** | | **3.50** |
| **(C ) Investment in Equity Instruments** | | | | |
| S3V Vascular Technologies Limited (Unquoted) of Rs.10 each | 381,588 | 28.62 | 381,588 | 28.62 |
| Docplix Solutions Private Limited (Unquoted) (Refer note 3.2) of Rs.10 each | 2,068 | 30.01 | - | - |
| | | **58.63** | | **28.62** |
| **Sub-total (II=A+B+C)** | | **61.93** | | **4,203.15** |
| **Total (I)+(II)** | | **66.93** | | **4,208.44** |
| Aggregate carrying value of quoted investments | | 3.30 | | 3.50 |
| Aggregate market value of quoted investments | | 3.30 | | 3.50 |
| Aggregate carrying value of unquoted investments | | 63.63 | | 4,204.94 |
| **Current investments** | | | | |
| Investment in NSC (unquoted) | - | 0.02 | - | 0.02 |
| **Sub-total (I)** | | 0.02 | | 0.02 |
| **(II) At Fair Value through Profit or Loss** | | | | |
| **Investment in Mutual funds (unquoted) (Refer note 3.1 below)** | | | | |
| SBI Premier Liquid Fund Direct Growth | - | - | 171,801 | 572.63 |
| SBI Overnight Fund Direct Growth | 82,221 | 300.05 | - | - |
| HDFC Liquid Fund Direct Plan Growth Option | - | - | 101,041 | 422.83 |
| **Sub-total (II)** | | **300.05** | | **995.46** |
| **Total (I)+(II)** | | **300.07** | | **995.48** |

**3.1 Details of pledged securities:**

Include ₹ Nil million (31-03-2022 - ₹350.00 million) marked under lien against overdraft facilities availed by the Parent company.

**3.2** Eris Healthcare Private Limited (Wholly owned subsidiary) has invested in Docplix Solutions Private Limited for ₹ 30.01 million.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 4 : Income Taxes

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Expense / (benefit) recognised in the statement of profit and loss:** | | |
| Current tax: | | |
| Expense for the year | 746.59 | 818.24 |
| Deferred tax: | | |
| Deferred tax (benefit) / expense for the year | (441.76) | (454.15) |
| | **304.83** | **364.09** |
| **(b) Expense / (benefit) recognised in statement of other comprehensive income** | | |
| Re-measurement gains / (losses) on defined benefit plans | (0.64) | (5.31) |
| | **(0.64)** | **(5.31)** |
| **(c) Reconciliation of Effective Tax Rate :** | | |
| Profit before income taxes | 4,046.43 | 4,421.98 |
| Enacted tax rate in India | 34.944% | 34.944% |
| Expected income tax expenses | 1,402.01 | 1,561.05 |
| **Adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Effect of expenses not deductible in determining taxable profit | 65.82 | 65.48 |
| Effect of income exempt from taxation | (1.47) | (1.23) |
| Tax incentives | (1,270.11) | (1,214.58) |
| Brought forward losses for which no deferred tax asset was recognised | (114.47) | - |
| Adjustment of current tax of prior period | 0.26 | (11.17) |
| Others (net) | 222.15 | (40.77) |
| Adjusted income tax expense | 304.19 | 358.78 |
| Group's weighted average tax rate | 7.52% | 8.11% |

| | | |
|---|---|---|
| **(d) Income Tax Assets :** | | |
| Opening Balance | 42.43 | 38.34 |
| Less: Prior period adjustment | (0.14) | (0.41) |
| Add: Tax paid in advance, net of provisions / (Refund) during the year | 3.19 | 4.50 |
| **Closing Balance** | **45.48** | **42.43** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**(e) Income Tax Liabilities :** (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | | |
| Opening Balance | 69.97 | 77.51 |
| Add: Prior period adjustment | 1.98 | (8.60) |
| Add: Current tax payable for the year | 746.57 | 829.41 |
| Less: Taxes paid | (779.52) | (828.35) |
| **Closing Balance** | **39.00** | **69.97** |

**(f) Deferred tax assets/ liabilities :** (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax assets** | | |
| Property, plant and equipments (including ROU net of lease liability) | 58.62 | 69.87 |
| Minimum Alternate Tax credit entitlement | 3,858.34 | 3,380.04 |
| Carry forward tax losses and accumulated depreciation | 12.20 | 72.19 |
| Employee benefits | 58.13 | 48.93 |
| Fair Valuation of Investment | 1.51 | - |
| Other | 16.86 | 25.70 |
| | **4,005.66** | **3,596.73** |
| **Deferred tax liabilities** | | |
| Intangible Assets | 3,842.60 | 1,572.54 |
| Fair Valuation of Investment | - | 53.79 |
| | **3,842.60** | **1,626.33** |
| **Total** | **163.06** | **1,970.40** |

The deferred tax liabilities / assets are off-set, where the Group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:

(₹ in million)

| | | |
|---|---|---|
| Deferred tax assets | 2,739.45 | 2,431.34 |
| Deferred tax liabilities | 2,576.38 | 460.94 |
| **Net Deferred Tax** | **163.06** | **1,970.40** |

The Group is reasonably certain that future taxable income will be available against which deferred tax asset can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that related tax benefit will be realised.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | Property, plant and equipment | Minimum Alternate Tax credit entitlement | Carry Forward Losses and accumulated depreciation | Employee benefits | Intangible assets | Fair Valuation of Investment | Other | Total |
|---|---|---|---|---|---|---|---|---|
| **(g) Movement in Deferred tax Assets/(Liabilities) relates to :** | | | | | | | | |
| **At March 31, 2023** | **135.57** | **2,779.46** | **40.97** | **55.90** | **(1,516.15)** | **(4.53)** | **19.72** | **1,510.94** |
| Charged/(Credited) | | | | | | | | |
| - To Profit or Loss | 65.70 | (600.58) | (31.22) | 12.28 | 56.39 | 49.26 | (5.98) | (454.15) |
| - To other comprehensive Income | - | - | - | (5.31) | - | - | - | (5.31) |
| **At March 31, 2022** | **69.87** | **3,380.04** | **72.19** | **48.93** | **(1,572.54)** | **(53.79)** | **25.70** | **1,970.40** |
| Charged/(Credited) | | | | | | | | |
| - To Profit or Loss | 11.25 | (478.30) | 59.99 | (8.56) | 20.32 | (55.30) | 8.84 | (441.76) |
| - Addition due to business combination (Refer note 27.1) | - | - | - | - | 2,249.74 | - | - | 2,249.74 |
| - To other comprehensive Income | - | - | - | (0.64) | - | - | - | (0.64) |
| **At March 31, 2023** | **58.62** | **3,858.34** | **12.20** | **58.13** | **(3,842.60)** | **1.51** | **16.86** | **163.06** |

## Note 5: Other Financial Assets

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current (Considered Good)** | | |
| Security deposits | 74.69 | 44.96 |
| Fixed Deposits | 1.84 | - |
| | **76.53** | **44.96** |
| **Current (Considered Good, unless otherwise stated)** | | |
| Insurance claim receivable | 0.50 | 0.54 |
| FIxed Deposits | - | 618.99 |
| Interest accrued | 0.64 | 18.27 |
| Security deposits | 1.45 | 29.91 |
| Claims and Other receivables | | |
| - Considered Good | 5.20 | 7.17 |
| - Considered doubtful | 48.10 | 48.10 |
| Less: Allowance for doubtful of recovery | (48.10) | (48.10) |
| | **7.79** | **674.88** |
| **Total** | **84.32** | **719.84** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 6: Other Assets

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Capital Advances | 117.90 | 243.43 |
| Claims and Other receivables | 50.00 | - |
| Prepaid expenses | 21.89 | - |
| | **189.79** | **243.43** |
| **Current** | | |
| Prepaid expenses | 172.83 | 214.39 |
| **Balances with government authorities** | | |
| Goods and Services Tax / Cenvat credit receivable | 1,565.62 | 218.71 |
| Others | 3.04 | 4.36 |
| Expected Reimbursement Towards Likely Sales Return (Refer note 1.4b) | 45.00 | - |
| Advance to supplier | 680.75 | 618.42 |
| Advances to employees | 6.25 | 4.97 |
| | **2,473.49** | **1,060.85** |
| **Total** | **2,663.28** | **1,304.28** |

Current assets Hypothecated against working capital loan.

## Note 7: Inventories

(At lower of cost and net realisable value)

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Raw Material and Packing Material {including goods-in-transit ₹ 15.65 million (March 31, 2022 - ₹ 11.83 million )} | 446.99 | 387.84 |
| Work-in-progress | 38.44 | 19.78 |
| Finished goods | 203.77 | 232.51 |
| Stock-in-trade {including goods-in-transit ₹ 14.33 million (March 31, 2022 - ₹ 35.72 million)} | 615.54 | 528.62 |
| Stores, spares & consumables | 9.61 | 10.36 |
| **Total** | **1,314.35** | **1,179.11** |

Current assets Hypothecated against working capital loan.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 8: Trade receivables

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Secured Considered good | - | - |
| Unsecured Considered good | 2,927.09 | 1,609.68 |
| Considered doubtful | 27.09 | 27.09 |
| Trade Receivables-credit impaired | 8.09 | 8.09 |
| | 2,962.27 | 1,644.86 |
| Less: Allowance for doubtful debt (expected credit loss) | 35.18 | **35.18** |
| **Total** | **2,927.09** | **1,609.68** |

No dues from directors.

Current assets Hypothecated against working capital loan.

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | 35.18 | 35.18 |
| Add : Provision during the year | - | - |
| Less : Utilisation during the year | - | - |
| **Closing Balance** | **35.18** | **35.18** |

**Trade Receivable ageing schedule:**

(₹ in million)

| Particulars | As on | Outstanding for following period from due date of payment | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Unbilled | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables - Considered good | March 31,2023 | - | 2,635.37 | 261.25 | 15.00 | 14.96 | 0.51 | - | 2,927.09 |
| | March 31,2022 | - | 1,266.02 | 318.40 | 14.87 | 9.99 | 0.14 | 0.26 | 1,609.68 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | March 31,2023 | - | - | - | - | 27.09 | - | - | 27.09 |
| | March 31,2022 | - | - | 17.09 | - | 10.00 | - | - | 27.09 |
| (iii) Undisputed Trade Receivables - Credit Impaired | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables - Considered Good | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | March 31,2023 | - | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - | - |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31, 2023

(₹ in million)

| Particulars | As on | Outstanding for following period from due date of payment | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Unbilled | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (vi) Disputed Trade Receivables - Credit Impaired | March 31,2023 | - | - | - | - | 0.09 | 0.80 | 7.20 | 8.09 |
| | March 31,2022 | - | - | - | - | 0.59 | 5.28 | 2.22 | 8.09 |
| **Total** | **March 31,2023** | **-** | **2,635.37** | **261.25** | **15.00** | **42.14** | **1.31** | **7.20** | **2,962.27** |
| | **March 31,2022** | **-** | **1,266.02** | **335.49** | **14.87** | **20.58** | **5.42** | **2.48** | **1,644.86** |

## Note 9: Cash and cash equivalents

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Cash and cash equivalents** | | |
| Cash on hand | 0.28 | 1.19 |
| Balances with banks in current accounts* | 559.94 | 402.35 |
| Cheque in hand | - | 105.16 |
| | **560.22** | **508.70** |
| (b) Other bank balances | | |
| In fixed deposit accounts to extent held as security deposit with GST department and Tender deposit | 24.35 | 14.57 |
| **Total** | **584.57** | **523.27** |

*Includes Unclaimed Dividend of ₹ 1.05 million (Previous year ₹ 0.76 million).

## Note 10: Loans

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| Loans Receivables considered good - Unsecured | 9.64 | 28.20 |
| | **9.64** | **28.20** |
| **Current** | | |
| Loans Receivables considered good - Secured | - | - |
| Loans Receivables considered good - Unsecured | 39.86 | 230.03 |
| Loans Receivables which have significant increase in Credit Risk | 5.66 | 3.67 |
| Loans Receivables - credit impaired | - | - |
| | **45.52** | **233.70** |
| Less: Allowance for doubtful loan to others | (5.66) | (3.67) |
| | 39.86 | 230.03 |
| **Total** | **49.50** | **258.23** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 11: Share capital

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Authorised: | | |
| 30,00,00,000 (Previous year 30,00,00,000) Equity Shares of ₹1 each | 300.00 | 300.00 |
| **Total** | **300.00** | **300.00** |
| Issued, Subscribed and Fully Paid-up : | | |
| 13,59,92,238 (Previous year 13,59,30,197) Equity Shares of ₹1 each, fully paid up | 135.99 | 135.93 |
| **Total** | **135.99** | **135.93** |

### 11.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

| Equity Shares | No. of equity shares | ₹ in million |
|---|---|---|
| Shares outstanding at March 31, 2021 | 135,780,653 | 135.78 |
| Issued during the year (persuant to ESOP - refer Note 33) | 149,544 | 0.15 |
| Shares outstanding at March 31, 2022 | 135,930,197 | 135.93 |
| Issued during the year (persuant to ESOP - refer Note 33) | 62,041 | 0.06 |
| Shares outstanding at March 31, 2023 | 135,992,238 | 135.99 |

### 11.2 Details of shareholders holding more than 5 % equity shares in the Parent company as at the end of the year

| Name of the shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of equity shares held | % of Shareholding | No. of equity shares held | % of Shareholding |
| 1. Amit Indubhushan Bakshi | 55,535,144 | 40.84% | 54,759,132 | 40.28% |
| 2. Rakeshbhai Bhikhabhai Shah | 15,685,981 | 11.53% | 15,684,407 | 11.54% |
| 3. Bhikhalal Chimanlal Shah | 5,868,689 | 4.32% | 8,868,689 | 6.52% |
| 4. Emerald Investments Limited | 10,312,132 | 7.58% | 7,477,132 | 5.50% |

### 11.3 Details of promoters share holding in the company as at the end of the year

| Name of the shareholder | As at March 31, 2023 | | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | No. of equity shares held | % of Shareholding | % Changes during the year | No. of equity shares held | % of Shareholding |
| 1. Amit Indubhusan Bakshi | 55,535,144 | 40.84% | 1.42% | 54,759,132 | 40.28% |
| 2. Rajendrakumar Rambhai Patel | 5,939,834 | 4.37% | 0.00% | 5,939,834 | 4.37% |
| 3. Inderjeet Singh Negi | 5,939,833 | 4.37% | 0.00% | 5,939,833 | 4.37% |
| 4. Kaushal Kamleshkumar Shah | 4,468,833 | 3.29% | 0.00% | 4,468,833 | 3.29% |
| 5. Himanshu Jayantbhai Shah* | | | -100.00% | 475,801 | 0.35% |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

*Vide letter dated June 29, 2022, the BSE Limited and National Stock Exchange of India Ltd. approved the reclassification of Mr. Himanshu Jayantbhai Shah from the 'Promoter' Category to the 'Public' Category. He is holding shares 4,75,801 as on March 31, 2023.

**11.4 Terms / Rights attached to the equity shares:**

The Parent Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity share is eligible for one vote per share. The final dividend, if any, proposed by the Board of Directors of the Parent Company is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareParent.

**11.5 Share options granted under the Parent Company's employee share option plan:**

The Parent Company recognizes compensation expense relating to share-based payments in statement of profit and loss using fair value in accordance with Ind AS 102, share based payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance multiple awards with a corresponding increase to share options outstanding account.

**11.6 Dividend:**

The Board of Directors of the Parent Company has declared and paid an interim dividend of ₹ 7.35/- (at the rate of 735 Percent) per equity share of the face value of ₹ 1/- each for the financial year 2022-23 at its meeting held on August 05, 2022.

**Note 12(a) : Other Equity** (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Retained Earnings | 21,559.30 | 18,736.53 |
| Capital Reserve on amalgamation of subsidiaries | 83.82 | 83.82 |
| Securities Premium | 151.01 | 106.13 |
| Share Application Money Pending Allottment | - | 4.51 |
| Share based payment reserve | 28.02 | 14.45 |
| Capital redemption reserve | 1.74 | 1.74 |
| **Total** | **21,823.89** | **18,947.18** |

**Retained Earnings :** Retained Earnings are the profits that the group has earned till date less any transfer to general reserve, dividends and other distributions to shareholder. **Share based payment reserve :** The fair value of equity-settled share based payment transactions with employees is recognised in Statement of Profit and Loss with corresponding credit to Share based payment reserve.

**Capital redemption reserve :** The Parent Company is required to create capital redemption reserve in accordance with provisions of the Companies Act 2013 for buy back of shares.

**Capital reserve on Amalgamation of subsidiaries :** Capital reserve on amalgamation of subsidiaries is created pursuant to a scheme of amalgamation and shall not be considered to be a reserve created by company.

**Security premium :** The amount received in excess of the par value of equity shares has been classified as securities premium.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**Note 12(b) : Non-controling interest** (₹ in million)

| **Particulars** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|
| | | |
| Eris M.J.Biopharm Private Limited | (81.01) | (1.08) |
| Eris Pharmaceuticals Private Limited | (0.05) | - |
| Eris Oaknet Healthcare Private Limited | 327.95 | - |
| **Total** | **246.89** | **(1.08)** |

**Note 13: Borrowings** (₹ in million)

| **Particulars** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|
| **Non-Current** | | |
| (a) Secured | | |
| From Banks - Term Loan | 6,444.47 | 450.00 |
| | **6,444.47** | **450.00** |
| **Current** | | |
| (a) Secured | | |
| Current maturity of long term Loan | 1,305.58 | - |
| From Banks - Working capital Loan | 550.00 | - |
| Unsecured loan from Others | 0.11 | 0.11 |
| | **1,855.69** | **0.11** |
| **Total** | **8,300.16** | **450.11** |

Eris Lifesciences Limited

1. Term Loan of ₹ 2,620 million (previous year ₹ NIL) was obtained by Parent company Eris Lifesciences Limited from Axis Bank and same is repayable in 20 quarterly instalments starting from June 2023. The loan is secured by way of exclusive charge on the Brand / Trademark acquired on acquisition from Dr Reddy's Laboratories Limited.
2. Working capital Loan of ₹ 550 million (previous year ₹ NIL) are secured by way of current assets.

Charge on Working capital loan is yet to be created.

Eris Therapeutics Limited

Term loan of ₹ 1,500 million (Previous Year ₹ 450 million) was obtained by Eris Therapeutics Limited (Wholly owned subsidiary) from Citi Bank Ltd and same is repayable in 16 quarterly instalments starting from June 2023. The loan is secured by pledge over land and building and hypothecation over Eris Therapeutics Limited's tangible movable property, plant and equipment and corporate guarantee from Parent company. The loan carries interest rate linked to treasury rates. Interest on loan is payable on monthly basis.

Eris Therapeutics Limited has availed working capital facility of ₹ 200 million for which hypothecation has been created over stock and trade receivables of the Eris Therapeutics Limited .

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

The Parent company has given corporate guarantee to bank for credit facilities upto ₹ 1,700 million availed by Eris Therapeutics Limited As per the deed of corporate guarantee, the Parent company has undertaken not to divest its ownership interest directly or indirectly in the subsidiary and provide such managerial, technical and financial assistance to ensure continued successful operations of the subsidiary.

Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited)
Term loan for ₹ 1,318 million is secured by First Pari-passu charge on brand portfolio acquired by Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) and secured by corporate guarantee of Parent company, having Total Tenor of 3 years from the date of first drawdown, repayable in 12 equal quarterly installments.

Term loan for ₹ 2,320 million is secured by Paripassu charge between all lenders by way of assignment of interest on the portfolio of incoming brands of Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) to the extent it satisfies minimum security cover of 1.1x and unconditional and irrevocable corporate guarantee by Parent company having Total Tenor of 20 quarters from the date of first disbursement, repayable in 3rd & 4th quarter - 5%, repayable in 5th to 12th quarter - 40%, repayable in 13th to 16th quarter - 25% and repayble in 17th to 20th quarter - 30%

## Note 14: Other financial liabilities

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-Current** | | |
| **(a) Lease Liabilities** | | |
| Lease liabilities | 389.74 | 353.94 |
| | 389.74 | 353.94 |
| **(b) Other financial liabilities** | | |
| Trade deposits | 69.18 | 34.06 |
| | 69.18 | 34.06 |
| | | |
| | **458.92** | **388.00** |
| **Current** | | |
| **(a) Lease Liabilities** | | |
| Lease liabilities | 77.21 | 40.02 |
| | **77.21** | **40.02** |
| **(b) Other financial liabilities** | | |
| Trade deposits | 33.03 | 0.80 |
| Book overdraft * | 151.11 | 92.59 |
| Dividend Payable | 1.05 | 0.76 |
| Interest accrued | 27.38 | |
| Payable towards purchase of property plant and equipment | 88.58 | 27.97 |
| | **301.15** | **122.12** |
| | **378.36** | **162.14** |
| | | |
| **Total** | **837.27** | **550.14** |

* Current assets are hypothecated against WCDL Limit.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 15: Provisions

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Long Term** | | |
| Provision for employee benefits (Refer note-28) | | |
| Compensated absences | 77.93 | 65.06 |
| Gratuity | 38.81 | 8.92 |
| Provision for sales returns (Refer note below) | 324.45 | 247.16 |
| | **441.19** | **321.14** |
| **Short Term** | | |
| Provision for employee benefits (Refer note-28) | | |
| Compensated absences | 40.82 | 36.18 |
| Gratuity | 40.65 | 21.10 |
| Provision for sales returns (Refer note below) | 612.90 | 333.29 |
| | **694.37** | **390.57** |
| **Total** | **1,135.56** | **711.71** |

**Provision for sales returns :**

The Group, as a trade practice, accepts returns from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms. At the time of recognising provision for sales return expected reimbursement towards likely sales return is recognied, which is included in other current assets for the products expected to be returned.

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Provision | 580.45 | 464.84 |
| Add : Addition due to business combination (Refer note 27.1) | 152.49 | - |
| Add : Provision during the year | 324.84 | 369.86 |
| Less : Utilisation during the year | 120.43 | 254.25 |
| Closing Provision | 937.35 | 580.45 |
| Long Term | 324.45 | 247.16 |
| Short Term | 612.90 | 333.29 |
| Total | 937.35 | 580.45 |

## Note 16: Other liabilities

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Non-current** | | |
| Deferred Capital Subsidy Non Current* | 18.21 | 22.82 |
| Other payables | 95.01 | - |
| | **113.22** | **22.82** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

(₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current** | | |
| Statutory liabilities | 179.20 | 152.37 |
| Advances from customers | 33.35 | 38.71 |
| Deferred Capital Subsidy Current* | 4.67 | 4.85 |
| | **217.22** | **195.93** |
| **Total** | **330.44** | **218.75** |

* Capital subsidy represents Central Capital Investment Subsidy received during the financial year 2018-19 under the North East Industrial & Investment Promotion Policy (NEIIPP)

## Note 17: Trade payables

(₹ in million)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | | |
| Due to micro and small enterprises (refer note-34) | 187.52 | 71.80 |
| Due to others | 1,060.17 | 1,105.94 |
| **Total** | **1,247.69** | **1,177.74** |

**Trade Payable ageing schedule:**

(₹ in million)

| Particulars | As on | Outstanding for following period from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Unbilled | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | March 31,2023 | - | 94.64 | 91.76 | 1.11 | - | - | 187.52 |
| | March 31,2022 | - | 38.71 | 33.09 | - | - | - | 71.80 |
| (ii) Others | March 31,2023 | - | 676.09 | 374.84 | 4.67 | 2.21 | 2.36 | 1,060.17 |
| | March 31,2022 | - | 745.31 | 357.20 | 0.94 | 0.04 | 2.45 | 1,105.94 |
| (iii) Disputed dues - MSME | March 31,2023 | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - |
| (iv) Disputed dues -Others | March 31,2023 | - | - | - | - | - | - | - |
| | March 31,2022 | - | - | - | - | - | - | - |
| **Total** | **March 31,2023** | - | **770.73** | **466.61** | **5.78** | **2.21** | **2.36** | **1,247.69** |
| | **March 31,2022** | - | **784.02** | **390.29** | **0.94** | **0.04** | **2.45** | **1,177.74** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 18: Revenue from operations

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Sale of products | 16,618.16 | 13,261.68 |
| **Other operating income** | | |
| Goods And Services Tax refund | 225.33 | 206.41 |
| Others | 8.00 | 2.34 |
| | **233.33** | **208.75** |
| **Total** | **16,851.49** | **13,470.43** |
| Revenue as per contracted price, net of returns | 17,418.30 | 13,740.80 |
| Less : Provision for sales return | 324.84 | 369.86 |
| Less : Scheme, discount and others | 475.30 | 109.26 |
| Revenue from contracts with customers | 16,618.16 | 13,261.68 |

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

## Note 19: Other income

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Interest income | 22.99 | 60.98 |
| Net gain on sale of investments | 71.27 | 21.73 |
| Net gain on investments carried at fair value through profit or loss | 0.05 | 144.36 |
| Deferred Capital Subsidy (Refer note 19.1) | 4.78 | 4.83 |
| Gain on termination of lease | - | 18.68 |
| Miscellaneous income | 12.44 | 10.36 |
| **Total** | **111.53** | **260.94** |

### 19.1 Deferred Capital Subsidy

Capital subsidy represents Central Capital Investment Subsidy received during the financial year 2018-19 under North East Industrial & Investment Promotion Policy (NEIIPP).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31, 2023

## Note 20: Cost of materials consumed

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| **Raw materials and packing materials** | | |
| Opening stock | 387.84 | 168.64 |
| Add: Addition due to business combination | 67.66 | - |
| Add: Purchases during the year | 1,377.00 | 1,394.93 |
| Add: Job work charges | 36.48 | - |
| Less: Closing stock | (446.99) | (387.84) |
| **Total** | **1,421.99** | **1,175.73** |

## Note 21: Changes in inventories of Finished goods, Work-in-progress and Stock-in-trade

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Stock-in-trade | 528.62 | 494.57 |
| Finished goods | 232.51 | 252.16 |
| Work-in-progress | 19.78 | 26.42 |
| | 780.91 | 773.15 |
| **Addition due to business combination (Refer note 27.1)** | | |
| Stock-in-trade | 73.42 | - |
| Finished goods | 41.60 | - |
| | 115.02 | - |
| **Inventories at the end of the year** | | |
| Stock-in-trade | 615.54 | 528.62 |
| Finished goods | 203.77 | 232.51 |
| Work-in-progress | 38.44 | 19.78 |
| | 857.75 | 780.91 |
| **Net (increase) / decrease in stocks** | **38.18** | **(7.76)** |

## Note 22: Employee benefits expenses

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| | | |
| Salaries, wages and bonus | 3,109.54 | 2,233.20 |
| Contribution to provident and other funds (Refer note 28) | 175.17 | 137.41 |
| Share based payments to employees (Refer note 33) | 31.21 | 13.55 |
| Staff welfare expenses | 145.65 | 117.63 |
| **Total** | **3,461.57** | **2,501.79** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 23: Other expenses

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Power and fuel | 57.02 | 41.64 |
| Consumption of stores and spares (Indigenous) | 47.28 | 22.88 |
| Labour and security | 29.27 | 27.69 |
| Testing charges | 18.59 | 10.17 |
| Rent (Refer note 32) | 22.20 | 32.45 |
| Formulation Development Expense | 61.00 | 327.38 |
| Freight and forwarding | 192.72 | 194.55 |
| Commission | 268.91 | 197.37 |
| Advertising, publicity and awareness | 63.85 | 87.47 |
| Repairs and maintenance | 89.47 | 55.14 |
| Selling and distribution | 1,326.17 | 734.51 |
| Commission and sitting fees to independent directors | 16.80 | 20.73 |
| Representative Allowance | 655.93 | 505.14 |
| Travelling and conveyance | 717.86 | 343.72 |
| Communication | 15.63 | 10.19 |
| Legal and professional | 433.41 | 473.64 |
| Rates and taxes | 92.19 | 80.87 |
| Insurance | 11.94 | 15.20 |
| Payments to auditors (Refer note below) | 10.77 | 5.06 |
| Loss on property plant and equipment sold/written off | 20.05 | 42.54 |
| Corporate social responsibility expenditure | 76.36 | 66.39 |
| Donations | 0.08 | 1.39 |
| Bank charges | 1.77 | 0.73 |
| Bad debt written off | 0.50 | 0.02 |
| Miscellaneous | 269.19 | 237.04 |
| **Total** | **4,498.96** | **3,533.91** |

(₹ in million)

| Payment to auditors (Excluding GST) | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Statutory Audit fee | 9.22 | 3.56 |
| Certification fees and other services | 1.55 | 1.50 |
| **Total** | **10.77** | **5.06** |
| Certification fees and other services charged, debited to other than profit and loss account | 2.06 | - |
| **Grand Total** | **12.83** | **5.06** |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

### Note 24: Finance cost

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Interest expense | 227.26 | 13.23 |
| Interest on Lease liability | 34.42 | 28.23 |
| **Total** | **261.68** | **41.46** |

### Note 25: Earnings per share

(₹ in million)

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Net profit after tax for the year (₹ in million) | 3,821.58 | 4,061.13 |
| Weighted average number of equity shares outstanding for basic earning per share | 135,978,947 | 135,873,030 |
| Add : Dilutive share -Employees stock options outstanding | 189,163 | 41,464 |
| Weighted average number of equity shares outstanding for diluted earning per share | 136,168,109 | 135,914,494 |
| Nominal value per equity share (in ₹) | 1.00 | 1.00 |
| Basic earnings per share (in ₹) | 28.10 | 29.89 |
| Diluted earnings per share (in ₹) | 28.07 | 29.88 |

### Note 26: Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Group chief operating decision maker is the managing director and the group has only one reportable business segment i.e. 'pharmaceuticals'.

### Note 27 : Mergers And Acquisition

**Note 27.1 : Acquisition of Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited )**

During the year, the Parent Company has completed acquisition of 100% stake in Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited) and obtained control on May 12, 2022 from its erstwhile shareholders for a consideration of ₹ 6,554.90 Million (including transaction cost). Further compulsory convertible debentures issued by EOHPL to its erstwhile shareholders has been considered as instruments in the nature of equity resulting into non-controling interest in Consolidated financial statement.

Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited) business predominantly comprised of brands in Dermatology and Women's Health segments. The acquisition will provide robust growth platform in the areas of Dermatoloy and Cosmetology.

The acquisition has been accounted for using the acquisition method of accounting.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

The following assets and liabilities were recognised as at the date of acquisition (at fair value):

| Particulars | ₹ in million |
|---|---|
| **Assets** | |
| Value of Identified Intangible Assets- Brands | 6,471.01 |
| Inventories | 182.68 |
| Trade Receivables | 146.70 |
| Tangible assets | 8.94 |
| Right-of-use-asset | 25.07 |
| Cash and cash equivalents | 74.90 |
| Bank balances other than above | 4.63 |
| Income tax assets (net) | 8.54 |
| Other financial and other assets (Current and Non Current) | 106.90 |
| **Total Assets** | **7,029.37** |
| **Liabilities** | |
| Trade Payable | 174.91 |
| Other Liabilities | 452.43 |
| **Total Liabilities** | **627.34** |
| **Net Assets** | **6,402.03** |
| Less: Purchase consideration * | 6,536.04 |
| **Goodwill (refer note below)** | **134.01** |
| Goodwill (Related to deferred tax liability on intangible asset) | 2,249.73 |
| **Total Goodwill** | **2,383.74** |

The fair value of trade receivables acquired as part of the business combination amounted to ₹ 146.70 million and the same is the Contractual amount of such receivables.

Goodwill arose in the acquisition of the above said entity because the consideration paid for the combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.
None of the goodwill is expected to be deductible for income tax purposes.

From the date of acquisition, EOHPL has contributed total revenue of ₹ 2,268.48 Million and profit after tax of ₹ 454.81 Million to the Group. If the business combination had taken place at the beginning of the year, total revenue would have been ₹ 2,525.44 Million and profit after tax would have been ₹ 477.00 Million.

In view of this acquisition, the figures of year ended March 31, 2022 are not comparable with the current year figures.

**Note 27.2 : Arrangement with M. J. Biopharm Private Limited**

During the financial year 2021-22, Eris announced the execution of definitive agreements on December 03, 2021 with Mumbai-based M. J. Biopharm Private Limited marking Eris' foray into the field of Biopharmaceuticals. Pursuant to this, the Company's

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

wholly owned subsidiary Eris M.J. Biopharm Private Limited has issued fresh shares to M.J. Biopharm Private Limited, following which Eris is Parent a 70% stake in Eris M.J. Biopharm Private Limited and remaining 30% is held by M. J. Biopharm Private Limited. The initial contracted tenure of the arrangement is 10 years. On January 12, 2022, the said transaction has achieved completion.

**Note 27.3 : Amalgamation and Demerger of subsidiary companies**

During the Financial Year 2022-23, on December 23, 2022 Honorable National Company Law Tribunal has approved the scheme of arrangement ("the Scheme") under section 230 and 232 of the Companies Act, 2013. Pursuant to the Scheme, one of the divisions of Eris Healthcare Private Limited - a wholly owned subsidiary of Eris Lifesciences Limited (the "Company") as represented by certain brands and related assets and liabilities is demerged and merged into Aprica Healthcare Limited - a wholly owned subsidiary of the Company with effect from April 1, 2021. This transaction does not have any impact on the Consolidated financial statement of the Group.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**Note 27.4 : Acquisition of Brands of Dr. Reddy's Laboratories Limited**

During the year, the Parent Company has completed acquisition of 9 brands of Dr. Reddy's Laboratories Limited for a consideration of ₹ 2,750 Million.

**Note 27.5 : Acquisition of Brands of Glenmark Pharmaceuticals Limited**

During the year, the Company's wholly owned subsidiary Eris Oaknet Healthcare Private Limited (formerly known as Oaknet Healthcare Private Limited) has completed acquisition of 9 brands of Glanemark Pharmaceuticals Limited for a consideration of ₹ 3,400 Million.

## Note 28: Employee Benefit Plan

**A) Defined contribution plans**:

The Group makes contributions towards provident fund, a defined contribution retirement benefit plan for qualifying employees. The provident fund is operated by the Regional Provident Fund Commissioner. The Group recognized ₹125.55 million (Previous Year ₹86.93 million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the group are at rates specified in the rules of the scheme. The Group made contributions towards Employees State Insurance Scheme operated by the ESIC Corporation. The Group recognized ₹ 4.87 million (Previous year ₹ 3.90 million) for ESIC contributions in the Statement of Profit & Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme."

**B) Defined benefit plans:**

Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Group rules with corresponding charge to the Statement of Profit and Loss amounting to ₹ 22.66 million (Previous Year ₹ 20.01 million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

The Parent Company makes annual contributions to the Employee's Group Gratuity cash accumulation scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for payment to vested employees at retirement/death while in employment or on termination of employment as per the provisions of the Gratuity Act, 1972. Vesting occurs on completion of 4.6 years of service. The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit Method as per actuarial valuation carried out at the balance sheet date. The following table sets out the status of the gratuity plan as required under IND AS-19 and the amounts recognized in the Group's financial statements as at March 31, 2023.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :** | | |
| **Obligations at beginning of the year** | **195.66** | **171.59** |
| Current Service Cost | 32.62 | 26.06 |
| Transfer in/(out) obligation | 0.13 | - |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | | |
|---|---|---|
| Past Service Cost | 8.92 | - |
| On Account of acquisition | 37.46 | - |
| Interest Cost | 2.52 | 7.79 |
| Actuarial (gain)/loss on obligation | - | - |
| - Due to change in Financial Assumptions | (16.55) | (2.17) |
| - Due to change in Demographic Assumptions | 2.60 | - |
| - Due to experience adjustments | 13.17 | 16.93 |
| Benefits paid | (31.24) | (24.54) |
| **Obligations at the end of the year** | **245.29** | **195.66** |

| | | |
|---|---|---|
| **(b) Reconciliation of opening and closing balances of the fair value of plan assets :** | | |
| **Fair value of plan assets at the beginning of the year** | **165.64** | **147.92** |
| Interest Income | 8.55 | 7.11 |
| Expected returns on plan assets | (1.42) | (0.37) |
| Employer Contributions | 16.76 | 35.52 |
| Benefits paid | (23.70) | (24.54) |
| **Fair Value of plan assets at the end of the year** | **165.83** | **165.64** |

(₹ in million)

| | | |
|---|---|---|
| **(c) Reconciliation of Present Value of Obligation and the fair value of plan assets :** | | |
| **Present value of the defined benefit obligation at the end of the year** | **245.29** | **195.66** |
| Less : Fair value of plan assets | (165.83) | (165.64) |
| Funded status (deficit) | 79.46 | 30.02 |
| **Net liability recognised in the financial statement** | **79.46** | **30.02** |

| | | |
|---|---|---|
| **(d) Expense recognised in the statement of profit and loss for the year :** | | |
| Service Cost | 41.54 | 26.06 |
| Interest Cost | (6.03) | 0.68 |
| Expense charged to the statement of profit and loss | 35.51 | 26.74 |

| **Particulars** | **As at March 31, 2023** | **As at March 31, 2022** |
|---|---|---|
| **(e) Expense recognised in other comprehensive income for the year :** | | |
| Return on plan assets excluding amounts included in net interest expense | 1.42 | 0.37 |
| Actuarial (gain)/loss | | |
| - Due to change in Financial Assumptions | (16.55) | (2.17) |
| - Due to change in Demographic Assumptions | 2.60 | - |
| - Due to experience adjustments | 13.17 | 16.93 |
| **Expense charged to other comprehensive income** | **0.64** | **15.13** |
| Assumptions: | | |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | | |
|---|---|---|
| Discount rate | 7.30% | 5.65% to 6.85% |
| Estimated rate of return on plan assets | 7.30% | 5.65% to 6.85% |
| Annual increase in salary costs | 5% to 6% | 5% to 6% |
| Mortality Rate | Indian Assured Lives Mortality (2012-14) | Indian Assured Lives Mortality (2012-14) |
| Retirement age | 60 years | 60 years |
| **Sensitivity Analysis:** | | |
| **Impact on defined benefit obligation** | | |
| Increase of 0.5% in discount rate | 244.36 | 193.37 |
| Decrease of 0.5% in discount rate | 246.49 | 198.06 |
| Increase of 0.5% in salary escalation rate | 246.39 | 197.85 |
| Decrease of 0.5% in salary escalation rate | 244.40 | 193.54 |
| **Expected future Cash outflows towards the plan are as follows :** | | |
| Year 1 | 80.42 | 70.86 |
| Year 2 | 55.25 | 43.07 |
| Year 3 | 44.08 | 31.96 |
| Year 4 | 31.26 | 23.34 |
| Year 5 | 24.94 | 16.46 |
| Year 6 to 10 | 48.70 | 32.38 |
| **Investment details of plan assets:** | | |
| **Particulars** | **March 31, 2023 %** | **March 31, 2022 %** |
| Insurer managed funds with Life Insurance Corporation of India | 95% | 95% |
| Bank Balance with Eris lifesciences limited employees group gratuity trust | 5% | 5% |

**Notes:**

1. The plan assets which are managed by Insurance Company viz Life Insurance Corporation of India, details of those funds invested by the insurer are not available with company.
2. The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.
3. Expected rate of return on plan assets is determined based on the nature of assets and prevailing economic scenario.
4. The estimate of future salary increases considered, takes into account inflation, seniority, promotion, increments and other relevant factors.
5. The expected contr ibution to be made by Group for gratuity during financial year ending March 31, 2024 is ₹ 27.19 million (previous year ₹ 17.28 million).

### Note 29: Fair Value Measurement

**(i) Financial assets and liabilities**

The carrying value and fair value of financial instruments by category is as follows : (₹ in million)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Value** | **Fair Value** | **Carrying Value** |
| **Financial assets :** | | | | |
| **Amortised cost :** | | | | |
| Trade receivables | 2,927.09 | 2,927.09 | 1,609.68 | 1,609.68 |
| Cash and cash equivalents | 560.22 | 560.22 | 508.70 | 508.70 |
| Other bank balances | 24.35 | 24.35 | 14.57 | 14.57 |
| Investment in tax free bonds | 5.00 | 5.00 | 5.29 | 5.29 |
| Loans | 49.50 | 49.50 | 258.23 | 258.23 |
| Other Financial Asset | 84.32 | 84.32 | 719.84 | 719.84 |
| Investment in NSC | 0.02 | 0.02 | 0.02 | 0.02 |
| **Fair value through profit or loss :** | | | | |
| Investment in mutual funds | 300.05 | 300.05 | 5,166.49 | 5,166.49 |
| Investment in equity instruments | 58.63 | 58.63 | 28.62 | 28.62 |
| Investment in tax free bonds | 3.30 | 3.30 | 3.50 | 3.50 |
| **Total** | **4,012.48** | **4,012.48** | **8,314.94** | **8,314.94** |
| **Financial Liabilities :** | | | | |
| **Amortised cost :** | | | | |
| Borrowings | 8,300.16 | 8,300.16 | 450.11 | 450.11 |
| Trade payables | 1,247.69 | 1,247.69 | 1,177.74 | 1,177.74 |
| Lease Liabilities | 466.95 | 466.95 | 393.96 | 393.96 |
| Other financial liabilities | 370.33 | 370.33 | 156.18 | 156.18 |
| **Total** | **10,385.13** | **10,385.13** | **2,177.99** | **2,177.99** |

**(ii) Fair value hierarchy :**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(₹ in million)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| As at March 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets :** | | | | |
| Mutual funds | 300.05 | - | - | 300.05 |
| Equity instruments | - | - | 58.63 | 58.63 |
| Tax free bonds | 3.30 | - | - | 3.30 |
| **Total** | **303.35** | **-** | **58.63** | **361.98** |
| **Financial Liabilities :** | **-** | **-** | **-** | **-** |
| **Net Assets/(Liabilities)** | **303.35** | **-** | **58.63** | **361.98** |

(₹ in million)

| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets : | | | | |
| Mutual funds | 5,166.49 | - | - | 5,166.49 |
| Equity instruments | - | - | 28.62 | 28.62 |
| Tax free bonds | 3.50 | - | - | 3.50 |
| **Total** | **5,169.99** | **-** | **28.62** | **5,198.61** |
| **Financial Liabilities :** | **-** | **-** | **-** | **-** |
| **Net Assets/(Liabilities)** | **5,169.99** | **-** | **28.62** | **5,198.61** |

**Determination of fair values:**

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis.

**Investment in mutual funds :** The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

**Equity investments :** Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the current market value of net assets or relied upon on valuation report of an valuer.

**(iii) Financial risk management :**

The Group activities are exposed to variety of financial risks. These risks include market risk , credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

**(a) Market risk :**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. The Group is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion. Market risk comprises of three type of risks namely interest rate risk, currency risk and other price risk such as equity

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

price risk.  Group is not exposed to currency risk and other price risk whereas the exposure to interest risk is given below :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate.

The Group invests in mutual fund schemes of leading fund houses and tax free bonds. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. Investments in mutual funds and tax free bonds amounts to ₹ 303.35 million and ₹ 5,169,99 million as at March 31, 2023 and March 31, 2022 respectively.

**(b) Credit Risk**

The Group is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Group. Credit risk arises majorly from cash and cash equivalents, deposits with banks, Investments as well as credit exposures to customers including outstanding receivables.

**Credit Risk Management**

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations, and arises principally from the Group receivables from customers.

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Group periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. The Group manages credit risk 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.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 3,982.47 million and ₹ 8,314.94 million as at March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables,  loans, other financial assets and investments, and these financial assets are of good credit quality including those that are past due.

**(c) Liquidity Risk**

Liquidity Risk is the risk that the Group will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the group could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due. The Group generates cash flows from operations to meet its financial obligations and manages liquidity risk by maintaining sufficient cash and bank balance and availability of funding through adequate amount of committed credit facilities.

Contractual maturities of significant financial liabilities are mentioned below :

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

(₹ in million)

| As at March 31, 2023 | Less than 1 year | 1-3 years | More than 3 years |
|---|---|---|---|
| Borrowings | 1,855.69 | 3,604.67 | 2,839.80 |
| Trade payables | 1,247.69 | - | - |
| Lease Liabilities | 107.79 | 195.08 | 274.37 |
| Other financial liabilities | 301.15 | - | 69.18 |
| | 3,512.32 | 3,799.74 | 3,183.35 |

(₹ in million)

| As at March 31, 2022 | Less than 1 year | 1-3 years | More than 3 years |
|---|---|---|---|
| Borrowings | 0.11 | 225.00 | 225.00 |
| Trade payables | 1,177.74 | - | - |
| Lease Liabilities | 66.58 | 135.82 | 310.53 |
| Other financial liabilities | 122.12 | - | 34.06 |
| | **1,366.55** | **360.82** | **569.59** |

**(iv) Capital management**

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group objective for capital management is to maintain the capital structure which will support the Group strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using Debt-Equity ratio, which is net debt divided by total equity. Debt is defined as liabilities comprising interest-bearing loans and borrowings, lease liabilities less cash and bank balances. Adjusted equity comprises all components of equity.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

The Group's adjusted net debt to equity ratio was as follows.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total loans and borrowings | 8,767.11 | 844.07 |
| Less : Cash and bank balances | 560.22 | 508.70 |
| **Adjusted net debt** | **8,206.89** | **335.37** |
| **Total equity** | **21,959.88** | **19,083.11** |
| **Adjusted net debt to adjusted equity ratio** | **0.37** | **0.02** |
| **Debt equity considering only borrowings as debt** | **0.40** | **0.04** |

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023; March 31, 2022.

**(v) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2023, the Company has floating rate borrowings. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. For the year ended 31 March 2023, every 1% increase or decrease in the floating interest rate component (i.e., Treasury bill) applicable to its borrowings would affect the Company's profit before tax by ₹ 77.17 million (Previous year ₹ 4.50 million)

## Note 30: Related Party Disclosures

**A) List of Related Parties and description of their relationship are as follows:**

**1. Key Managerial Personnel**

| | |
|---|---|
| Managing Director | Mr. Amit Bakshi |
| Whole time director | Mr. Inderjeet Singh Negi |
| Whole time director | Mr. Kaushal Shah |
| Whole time director | Mr. Krishnakumar Vaidyanathan |
| Independent Director | Mr. Rajeev Dalal |
| Independent Director | Ms. Kalpana Vasantrai Unadkat |
| Independent Director (Upto July 19, 2022) | Mrs. Vijaya Sampath |
| Independent Director | Mr. Prashant Gupta |
| Independent Director (From July 25, 2022) | Mr. Sujesh Vasudevan |
| Chief Financial Officer | Mr. Sachin Shah |
| Company Secretary | Mr. Milind Talegaonkar |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | |
|---|---|
| **2. Close family member of Key Management Personnel** | |
| Son of Mr. Amit Indubhushan Bakshi (Managing director) (From June 01,2021) | Mr. Parv Bakshi |
| **3. Other Related parties** | |
| Post-employment benefit plan | Eris Lifesciences Private Limited Employees Group Gratuity Trust Fund |
| Entity controlled by relative of Key Managerial Personnel | Tresna Foundation |
| Promotor | Mr. Rajendra Patel |
| Key Managerial Personnel of subsidiary (w.e.f. September 01, 2022) | Mr. Gagan Atreja |
| Key Managerial Personnel of subsidiary (w.e.f. November 11, 2022) | Ms. Shreya Mohan |
| Promotor (Upto June 29, 2022) | Mr. Himanshu Shah |
| Firm in which director is a partner | Shardul Amarchand Mangaldas & Co |
| Firm in which director is a partner | Khaitan & Co. |
| Entity controlled by Promotor (w.e.f. April 01, 2022) | Shah & Company |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | |
|---|---|
| Entity controlled by Key Managerial Personnel | Horizon Blue Ventures LLP |

**B ) Total Transactions with related parties are as follows:**

| Particulars | Key Management Personnel | | Close family member of Key Management Personnel | | Other Related parties | | Total | |
|---|---|---|---|---|---|---|---|---|
| **(A) Nature of transactions** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** | **2022-23** | **2021-22** |
| Remuneration | 134.02 | 119.34 | - | - | - | - | 134.02 | 119.34 |
| Sitting fees | 3.30 | 3.23 | - | - | - | - | 3.30 | 3.23 |
| Reimbursement of expense incurred | 2.25 | 2.17 | - | - | - | - | 2.25 | 2.17 |
| Commission | 13.50 | 17.50 | - | - | - | - | 13.50 | 17.50 |
| Stock Options exercised | 0.38 | 3.77 | - | - | - | - | 0.38 | 3.77 |
| Salary expense | - | - | 0.51 | 0.28 | - | - | 0.51 | 0.28 |
| Corporate Social Responsibility | - | - | - | 2.10 | - | - | - | 2.10 |
| Contribution to Post-employment benefit plan | - | - | - | - | - | 16.28 | 16.76 | 16.28 |
| Purchase of Stock-in-trade | - | - | - | - | - | - | 63.28 | - |
| Reimbursement of expense incurred | - | - | - | - | 5.72 | - | 5.72 | - |
| Sale of goods | - | - | - | - | 0.23 | - | 0.23 | - |
| Remuneration to promotor | - | - | - | - | 5.52 | - | 5.52 | - |
| Commission to entity controlled by promotor | - | - | - | - | 8.10 | - | 8.10 | - |
| Professional fees to firm in which director is a partner | - | - | - | - | 16.14 | - | 16.14 | - |
| Professional fees (Capitalised to intangible) to firm in which director is a partner | - | - | - | - | 7.84 | - | 7.84 | - |
| Remuneration to Key Management Personnel of subsidiaries | - | - | - | - | 11.67 | - | 11.67 | - |
| Reimbursement of expense to Key Management Personnel of subsidiaries | - | - | - | - | 0.27 | - | 0.27 | - |

| (B) Balances at the end of the year | As at March 31,2023 | As at March 31,2022 | As at March 31,2023 | As at March 31,2022 | As at March 31,2023 | As at March 31,2022 | As at March 31,2023 | As at March 31,2022 |
|---|---|---|---|---|---|---|---|---|
| Trade Payable | 7.74 | 16.14 | 0.04 | 0.03 | 11.18 | - | 18.96 | 16.17 |
| Loan | - | - | - | - | 0.10 | - | 0.10 | - |

* Key Managerial Personnel who are under the employment of the Company are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT
**for the year ended March 31, 2023**

benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

**C) Transactions with related parties are as follows:** (₹ in million)

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Key Management Personnel compensation | | |
| | Trade payable | 7.74 | 16.14 |
| 2 | Close family member of Key Management Personnel compensation | | |
| | Trade payable | 0.04 | 0.03 |
| 3 | Other Related parties | | |
| | Loan | 0.10 | - |
| | Trade payable | 11.18 | - |

**Note 31: Contingent Liability and Capital Commitment :** (₹ in million)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Claims against the Group not acknowledged as debts:** | | |
| Notices relating to DPCO Matters (refer note below) | 182.42 | 173.52 |
| Notices regarding Income-tax matters and from sales tax department | 27.27 | 2.74 |
| Others (Includes ₹ 50 million {Previous year ₹ Nil} {refer note 6}) | 74.18 | 68.83 |

Note: The Parent Company has received notices from NPPA (National Pharmaceutical Pricing Authority), under DPCO (Drug Price Control Order), 2013 during earlier year. Management does not expect any cash outflow from this matter.

Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for ₹ 28.40 (Previous year ₹ 28.92 million).

**Note 32: Leases Rent Ind AS 116:**

The movement in lease liability and Right of use assets is given as under as per IND AS 116. (₹ in million)

| Changes [increase/(decrease)] | For Year ended March 31, 2023 | For Year ended March 31, 2022 |
|---|---|---|
| Depreciation | 101.53 | 44.03 |
| Finance costs on lease liability | 34.42 | 28.23 |
| Cash Flow From Lease | (87.12) | (115.66) |
| Cash Flow From Lease interest | (34.42) | (28.23) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

## Note 33: Employee Stock Option Plan (ESOP)

### A. Eris Lifesciences Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan")

The Parent Company has introduced 'Eris Lifesciences Employee Stock Option Plan 2017' ("ESOP 2017"/ "Plan") through the resolution passed by the Board of Directors on February 02, 2017 and the same was approved by the shareholders at the extra ordinary general meeting held on February 03, 2017 and subsequently in the eleventh annual general meeting held on September 29, 2017 shareholders ratified the same. Under the scheme, 391,599 equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 451.04. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant i.e. April 12, 2017. The exercise period would be a maximum of 5 years from the date of vesting of options. 1,14,736 and 98,107 options have lapsed till March 31, 2022 and March 31, 2021 respectively.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing formula**

Discount to fair market value of the Equity Shares as on the date of grant.

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method is ₹ 16.40 million (Previous year ₹ 13.55 million).

Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| **Option outstanding at the beginning of the year:** | 1,07,536 | 451.04 | 2,73,709 | 451.04 |
| Granted during the year | - | - | - | - |
| Vested during the year | 53,710 | 451.04 | 59,197 | 451.04 |
| Exercised during the year | 60,520 | 451.04 | 1,49,544 | 451.04 |
| Lapsed during the year | - | 451.04 | 16,629 | 451.04 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | | | | |
|---|---|---|---|---|
| Options outstanding at the end of the year | 47,016 | 451.04 | 1,07,536 | 451.04 |
| Options available for grant | 1,14,736 | - | 98,107 | - |
| Options exercisable at the end of the year | 47,016 | - | 53,826 | - |

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| **Grant date** | **April 12, 2017** |
|---|---|
| | **Weighted average** |
| Stock Price (₹) | 601.38 |
| Volatility | 20.56% |
| Risk-free Rate | 6.91% |
| Exercise Price (₹) | 451.04 |
| Time To Maturity (In years) | 5.50 |
| Dividend yield | 1.00% |
| **Option Fair Value (₹)** | **268.77** |

**B. Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan")**

The Parent Company has introduced 'Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan") through the resolution passed by the Board of Directors on July 29, 2021 and the same was approved by the shareholders at the annual general meeting held on September 01, 2021. Under the scheme 13,58,630 equit shares have been approved in Annual General Meeting out of which, 2,14,102 equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 557.24. Vesting of the options shall take place over a maximum period of 4 years with a minimum vesting period of 1 year from the date of grant i.e. February 10, 2022. The exercise period would be a maximum of 7 years from the date of vesting of options.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing formula**

Discount to fair market value of the Equity Shares as on the date of grant.

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method for the financial year 2022-23 is ₹ 14.81 previous year NIL.

Employee stock options details as on the balance sheet date are as follows:

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| **Option outstanding at the beginning of the year** | 2,14,102 | 557.24 | - | 557.24 |
| Granted during the year | - | - | 2,14,102 | - |
| Vested during the year | 53,512 | 557.24 | - | 557.24 |
| Exercised during the year | 1,521 | 557.24 | - | 557.24 |
| Lapsed during the year | 22,443 | 557.24 | - | 557.24 |
| Options outstanding at the end of the year | 1,90,138 | 557.24 | 2,14,102 | 557.24 |
| Options available for grant | 8,64,960 | - | 11,44,528 | - |
| Options exercisable at the end of the year | 47,173 | - | - | - |

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| Grant date | February 10, 2022 |
|---|---|
| | **Weighted average** |
| Stock Price (₹) | 696.55 |
| Volatility | 33.38% |
| Risk-free Rate | 6.37% |
| Exercise Price (₹) | 557.24 |
| Time To Maturity (In years) | 7.50 |
| Dividend yield | 0.76% |
| **Option Fair Value (₹)** | **341.62** |

**C. Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan")**

The Parent Company has introduced 'Eris Lifesciences Long Term Incentive Plan, 2021' ("Employee Stock Option Plan"/ "Plan") through the resolution passed by the Board of Directors on July 29, 2021 and the same was approved by the shareholders at the annual general meeting held on September 01, 2021. Under the scheme 13,58,630 equity shares have been approved in Annual General Meeting out of which, 2,79,568 equity shares have been granted to eligible employees of the company and each option (after it is vested) is exercisable for one equity share having face value of ₹ 1 each for an exercise price of ₹ 510.32. Vesting of the options shall take place over a maximum period of 4 years with a minimum vesting period of 1 year from the date of grant i.e. February 10, 2023. The exercise period would be a maximum of 7 years from the date of vesting of options.

As per the Scheme, the Nomination and Remuneration Committee grants the options to the employees deemed eligible.

**Pricing formula**

Discount to fair market value of the Equity Shares as on the date of grant.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

**Method used for accounting of share-based payment plans**

The employee compensation cost has been calculated using Black Scholes Option Pricing Model. The assumptions are as stated in the below table. The employee compensation cost as per fair value method for the financial year 2022-23 is ₹ NIL (previous year ₹ NIL).

Employee stock options details as on the balance sheet date are as follows:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | Options (Numbers) | Weighted average exercise price per option (₹) | Options (Numbers) | Weighted average exercise price per option (₹) |
| **Option outstanding at the beginning of the year** | - | - | - | - |
| Granted during the year | 2,79,568 | 510.32 | - | - |
| Vested during the year | - | 510.32 | - | - |
| Exercised during the year | - | 510.32 | - | - |
| Lapsed during the year | 7,182 | 510.32 | - | - |
| Options outstanding at the end of the year | 2,72,386 | 510.32 | - | - |
| Options available for grant | 8,64,960 | - | - | - |
| Options exercisable at the end of the year | - | - | - | - |

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| **Grant date** | **February 10, 2022** |
|---|---|
| | **Weighted average** |
| Stock Price (₹) | 637.90 |
| Volatility | 31.99% |
| Risk-free Rate | 7.15% |
| Exercise Price (₹) | 510.32 |
| Time To Maturity (In years) | 7.50 |
| Dividend yield | 0.96% |
| **Option Fair Value (₹)** | **313.34** |

## Note 34: Micro Small & Medium Enterprises

Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2023. This information has been determined to the extent such parties have been identified on the basis of information available with the Group and relied upon by auditors.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a) The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due remaining unpaid | 187.52 | 71.80 |
| Interest amount due remaining unpaid | - | - |
| b) The amount of interest paid by the buyer in terms of section 16 of the MSME Act along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 | - | - |

### Note 35 (A): Additional information as required by Paragraph 2 of the general instructions for preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Details of entities consolidated

| Name | Nature | Country of Incorporation | Proportion of Ownership Interest as on March 31, 2023 | Proportion of Ownership Interest as on March 31, 2022 |
|---|---|---|---|---|
| Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited) | Subsidiary | India | 70.00% | 70.00% |
| Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited)* | Subsidiary | India | 100.00% | 0.00% |
| Aprica Healthcare Limited | Subsidiary | India | 100.00% | 100.00% |
| Eris Pharmaceuticals Private Limited | Subsidiary | India | 76.00% | 76.00% |
| Eris Healthcare Private Limited | Subsidiary | India | 100.00% | 100.00% |
| Eris Therapeutics Limited# | Subsidiary | India | 100.00% | 100.00% |

*Became subsidiary w.e.f. May 12, 2022

# Incorporated on June 23, 2021 and commenced commercial production in March 2023.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| Nature of Entity | Net Assets i.e.- Total Assets minus total Liabilities (As at March 31, 2023) | | Share in Profit or (Loss) 2022-23 | | Share in Other Comprehensive Income (OCI) 2022-23 | | Share in Total Comprehensive Income (TCI) 2022-23 | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net Assets | ₹ in million | As % of consolidated profit or loss | ₹ in million | As % of consolidated OCI | ₹ in million | As % of consolidated TCI | ₹ in million |
| **Parent** | | | | | | | | |
| Eris Lifesciences Limited | 100.1% | 22,218.83 | 106.4% | 3,980.09 | -252.5% | (1.49) | 106.3% | 3,978.60 |
| **Subsidiaries** | | | | | | | | |
| Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited) | 1.0% | 229.57 | -7.1% | (266.44) | 5.1% | 0.03 | -7.1% | (266.41) |
| Eris Oaknet Healthcare Private Limited (Formerly known as Oaknet Healthcare Private Limited) | 3.4% | 748.24 | 12.2% | 454.81 | 261.0% | 1.54 | 12.2% | 456.35 |
| Aprica Healthcare Limited | 3.4% | 762.91 | 0.7% | 25.18 | 52.5% | 0.31 | 0.7% | 25.49 |
| Eris Pharmaceuticals Private Limited | -0.0% | (0.18) | -0.0% | (0.19) | 0.0% | - | -0.0% | (0.19) |
| Eris Healthcare Private Limited | -0.8% | (171.80) | -3.0% | (111.53) | 28.8% | 0.17 | -3.0% | (111.36) |
| Eris Therapeutics Limited | 0.9% | 198.30 | -1.4% | (51.81) | 5.1% | 0.03 | -1.4% | (51.78) |
| Adjustments arising out of consolidation | -8.0% | (1,779.10) | -7.7% | (288.50) | 0.0% | - | -7.7% | (288.50) |
| **Total** | **100.0%** | **22,206.77** | **100.0%** | **3,741.61** | **100.0%** | **0.59** | **100.0%** | **3,742.20** |
| Non controlling Interest in subsidiaries | | 246.89 | | ( 79.98 ) | | - | | ( 79.98 ) |
| **Total** | | **21,959.88** | | **3,821.59** | | **0.59** | | **3,822.18** |

| Nature of Entity | Net Assets i.e.- Total Assets minus total Liabilities (As at March 31, 2022) | | Share in Profit or (Loss) 2021-22 | | Share in Other Comprehensive Income (OCI) 2021-22 | | Share in Total Comprehensive Income (TCI) 2021-22 | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net Assets | ₹ in million | As % of consolidated profit or loss | ₹ in million | As % of consolidated OCI | ₹ in million | As % of consolidated TCI | ₹ in million |
| **Parent** | | | | | | | | |
| Eris Lifesciences Limited | 100.5% | 19,185.56 | 102.8% | 4,171.92 | 102.3% | (10.05) | 102.8% | 4,161.87 |
| **Subsidiaries** | | | | | | | | |
| Eris M J Biopharm Private Limited (Formerly known as Kinedex Healthcare Private Limited) | -0.0% | (3.58) | -0.5% | (19.62) | 0.0% | - | -0.5% | (19.62) |
| Aprica Healthcare Limited | 1.2% | 235.01 | 2.0% | 79.65 | -0.5% | 0.05 | 2.0% | 79.70 |
| Eris Pharmaceuticals Private Limited | 0.0% | 0.01 | -0.0% | (0.04) | 0.0% | - | -0.0% | (0.04) |
| Eris Healthcare Private Limited | 2.3% | 442.17 | -2.5% | (100.60) | -1.8% | 0.18 | -2.5% | (100.42) |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

**for the year ended March 31, 2023**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Eris Therapeutics Limited | 1.3% | 250.08 | 0.0% | - | 0.0% | - | 0.0% | - |
| Adjustments arising out of consolidation | -5.4% | (1,027.22) | -1.8% | (73.42) | 0.0% | - | -1.8% | (73.42) |
| **Total** | **100.0%** | **19,082.03** | **100.0%** | **4,057.89** | **100.0%** | **(9.82)** | **100.0%** | **4,048.07** |
| Non controlling Interest in subsidiaries | | (1.08) | | (3.24 ) | | - | | (3.24 ) |
| **Total** | | **19,083.11** | | **4,061.13** | | **(9.82)** | | **4,051.31** |

### Note 35 (B) : Other statutory information

i). 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

ii). 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 Group 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.

iii). Quarterly returns or statements of current assets filed by the Parent Company with banks or financial institutions are in agreement with the books of accounts.

iv). The title deeds of all the immovable properties, (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the Group) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Group as at the balance sheet date.

v). The Group does not have any transactions or balances with a Companies struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act 1956.

vi). The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961.

vii). Details of Loan given, Investment made and Guarantee given covered u/s 186 (4) of the Companies Act, 2013:

(a) Loan given by the Group to body corporate as at March 31, 2023. (Refer Note 10)

(b) Investment made by the Group as at March 31, 2023. (Refer Note 3)

(c) Guarantee given by the Group as at March 31, 2023. (Refer note 13)

viii) The borrowings obtained by the Group from banks have been applied for the purposes for which such loans was taken.

ix) 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.

x) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

xi) The Group has complied with the number of layers prescribed under the Companies Act, 2013

xii) The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

xiii) The Group has not revalued its property,plant and equipment during the current or previous year.

xiv) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period except as mentioned in note 13.

## Note 36: Items included in Financial Activities

(₹ in million)

| | As at March 31,2022 | Cash Flows | Net Additions | Other Changes | As at March 31, 2023 |
|---|---|---|---|---|---|
| Lease Liability | 393.96 | (121.54) | 133.71 | 60.82 | 466.95 |
| Borrowing | 450.11 | 7,858.00 | - | (7.95) | 8,300.16 |

| | As at March 31,2021 | Cash Flows | Net Additions | Other Changes | As at March 31, 2022 |
|---|---|---|---|---|---|
| Lease Liability | 67.67 | (143.89) | 474.45 | (4.27) | 393.96 |
| Borrowing | 0.10 | - | 450.00 | 0.01 | 450.11 |

## Note 37: Material Partly Owned Subsidiary

**Financial information of a subsidiary that have material non-controlling interests [NCI] is provided below:**

(₹ in million)

| | | |
|---|---|---|
| Name of subsidiary | | Eris M.J.Biopharm Private Limited |
| Place of incorporation and operations | | India |
| | **As at March 31, 2023** | **As at March 31,2022** |
| % of Ownership | 70% | 70% |
| Current assets | 178.71 | 75.41 |
| Current liabilities | 194.93 | 106.62 |
| Net current assets | (16.22) | (31.21) |
| Non-current assets | 259.58 | 37.34 |
| Non-current liabilities | 13.79 | 9.71 |
| Net non-current assets | 245.79 | 27.63 |
| Net assets | 229.57 | (3.58) |
| Accumulated NCI | (81.01) | (1.08) |
| **Summarised statement of profit and loss:** | **For the Year ended March 31, 2023** | **For the Year ended March 31, 2022** |
| Revenue | 171.93 | 13.62 |
| Expenses | 425.29 | 34.92 |

| | | |
|---|---|---|
| Profit after Tax | (266.44) | (19.62) |
| Other Comprehensive Income | 0.03 | - |
| Total comprehensive income | (266.41) | (19.62) |
| Profit allocated to NCI | (79.93) | (3.24) |
| Dividends paid to NCI | - | - |

| **Summarised Cash Flow Statement:** | **For the Year ended March 31, 2023** | **For the Year ended March 31, 2022** |
|---|---|---|
| Net cash inflow from operating activities | (295.86) | (40.69) |
| Net cash inflow/(outflow) from investing activities | (266.47) | (10.00) |
| Net cash inflow/(outflow) from financing activities | 570.11 | 46.94 |

EOHPL had issued 64,30,000 number of compulsory convertible debentures (CCD) of ₹ 10 each at a premium of ₹ 41 each to the erstwhile shareholders of EOHPL, total amounting to ₹ 327.95 million .These CCDs have been classified as instruments in the nature of equity. As a result non-controling interest in the consolidated financial statements includes ₹ 327.95 million being the CCDs issued to the erstwhile shareholders of EOHPL.

## Note 38: Code of Social Security

The Parliament of India has approved the Code on Social Security, 2020 ("the Code") which, inter alia, deals with employee benefits during employment and post employment. The Code has been published in the Gazette of India. The effective date of the Code is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. In view of this, the impact of the change, if any, will be assessed and recognised post notification of the relevant provisions.

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

**Amit I. Bakshi**
Managing Director
DIN: 01250925

**Inderjeet Singh Negi**
Whole Time Director
DIN: 01255388

**Sachin Shah**
Chief Financial Officer
**Place: Ahmedabad**
**Date: May 17, 2023**

**Milind Talegaonkar**
Company Secretary
Membership No-A26493

# NOTICE

**NOTICE IS HEREBY** given that the seventeenth Annual General Meeting (AGM) of the Members of Eris Lifesciences Limited will be held on Monday, 25th September 2023 at 11:00 A.M. IST, through Video Conferencing ("VC"), to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements including Audited Consolidated Financial Statements of the Company for the Financial Year ended on March 31, 2023 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Krishnakumar Vaidyanathan (DIN: 08976508) who retires by rotation and, being eligible, offers himself for re-appointment.

## SPECIAL BUSINESS:

3. To ratify the remuneration of Cost Auditors for the Financial Year ending March 31, 2024 and in this regard, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

   **"RESOLVED THAT** subject to the provisions of section 148 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactments thereof), the Company hereby ratifies the remuneration to be paid as set out in the Explanatory Statement annexed to the Notice convening the seventeenth annual general meeting to M/s. Kiran J Mehta & Co. (FRN-000025), Cost Accountants, Ahmedabad, appointed as the Cost Auditors by the Board of Directors to conduct the audit of cost records maintained by the Company for the Financial Year 2023-24.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company and/or any Committee thereof be and is hereby authorized to do all such acts, deeds and things, and to execute all such documents, instruments and writings as may be required to give effect to this resolution.**"**

4. Approval to advance loan(s), to give any guarantee(s) and/or to provide any security(ies) under Section 185 of the Companies Act, 2013 and in this regard, to pass with or without modification(s), the following resolution as a **Special Resolution;**

   **"RESOLVED THAT** pursuant to the provisions of Section 185 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Meeting of Board and its Powers) Rules, 2014 (including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), provisions of all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time and such other approvals, if any, as may be required in this behalf, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company ("Board", which term shall be deemed to include, unless the context otherwise requires, any Committee of the Board or any Director(s) or Officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution), to advance any loan(s) and/or to give any guarantee(s) and/or to provide any security(ies) in connection with any Financial Assistance/Loan taken/to be taken/availed/to be availed by any entity which is a Subsidiary, Associate, Joint Venture or such other entity/person as specified under Section 185 of the Companies Act, 2013, in which any Director of the Company is or will be deemed to be interested, from time to time, upto an aggregate limit of sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, in one or more tranches, which the Board may, in its absolute discretion deem beneficial and in the interest of the Company, provided that such loan(s) shall be utilised by borrowing entity(ies) for its/their Principal Business activities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorised to negotiate, finalise, agree, vary or modify the terms and conditions for advancing aforesaid loan(s), Investment(s), Corporate Guarantee(s) and to take all necessary steps, to execute all such documents, instruments and writings and to do all necessary acts, deeds and things in order to comply with all the legal and procedural formalities, including but not limited to making requisite filings with any statutory authorities/regulatory bodies, and to do all such acts, deeds or things incidental or expedient thereto as the Board may think fit and suitable in the interest of the Company.**"**

**By order of the Board of Directors**

**Date: August 07, 2023**
**Place: Ahmedabad**

**Milind Talegaonkar**
**Company Secretary**
**ICSI Mem. No. A26493**

**Notes:**

1. The Ministry of Corporate Affairs, Government of India ("MCA") has vide its Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 22/2020 dated June 15, 2020, Circular No. 33/2020 dated September 28, 2020, Circular No. 39/2020 dated December 31, 2020 issued by the Ministry of Corporate Affairs (MCA) followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 10/2021 dated June 23, 2021, Circular No. 20/2021 dated December 8, 2021, Circular No. 2/2022 dated May 5, 2022 and Circular No. 11/2022 dated December 28, 2022 and all other relevant circulars issued from time to time, permitting the company to conduct the AGM through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The facility for appointment of proxies will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

   MCA by Circular No. 10/2022 dated December 28, 2022 and SEBI vide its Master Circular No. SEBI/HO/CFD/PoD2/P/CIR/2023/120 dated July 11, 2023 have extended the above exemptions till September 30, 2023 and accordingly in compliance with applicable provisions of the Companies Act, 2013 and the said Circulars the:

   a. Notice of the AGM along with Annual Report for the Financial Year 2022-23 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories.
   b. 17th AGM of the Members will be held through VC.

2. Since the AGM will be held through VC, the Route Map is not annexed in this Notice. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company located at Shivarth Ambit, Plot No 142/2, Ramdas Road, Off SBR, Near Swati Bungalows, Bodakdev, Ahmedabad, Gujarat-380054.

3. The Company has engaged the services of Link Intime India Private Limited ("Link Intime"), as the authorized agency for conducting the AGM, providing remote e-voting and e-voting facility for/during the AGM of the Company. The instructions for participation by Members are given in the subsequent paragraphs.

4. Corporate members intending to authorize their representatives to attend the Meeting are requested to submit to the Company, a certified copy of the Board Resolution / authorization document authorizing their representative to attend and vote on their behalf at the Meeting.

5. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of business under Item No. 3 and 4 of the Notice, are annexed hereto. All documents referred to in the accompanying Notice and the Registers under the Companies Act, 2013 will be available electronically for inspection by the members during the AGM.

6. The Register of Members and Share Transfer Books of the Company will remain closed on September 18, 2023.

7. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website https://eris.co.in/ The Notice and the Annual Report can also be accessed from the website of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

8. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

9. Notice of the seventeenth Annual General Meeting of the Company, inter alia, indicating the process and manner of remote e-voting and e-voting during the meeting is being sent to the members, whose email addresses are registered with the Company or Depository Participant[s] for communication purposes.

10. Members who have not registered their e-mail address with the Company may temporarily register the same with the Company's Registrar and Share Transfer Agent i.e. M/s Link Intime India Private Limited as per the process described below:

    - Members holding shares in electronic/demat form, please update your email address with your depository participants. However, Members may temporarily register the same with the Company's Registrar and Share Transfer Agent i.e. M/s. Link Intime India Private Limited at https://web.linkintime.co.in/EmailReg/Email_Register.html on their website https://linkintime.co.in/ in the Investor Services tab by providing details such as Name, DP ID, Client ID, PAN, mobile number and e-mail address.

    - Members holding shares in physical form and who have not registered their email address may register the same with the Company's Registrar and Share Transfer Agent i.e. M/s. Link Intime India Private Limited at https://web.linkintime.co.in/EmailReg/Email_Register.html on their website https://linkintime.co.in/ in Investor Services tab by providing details such as Name, Folio number, Certificate number, PAN, mobile number and email address and also upload the image of share certificate in PDF or JPEG format (upto 1 MB)

      On submission of the above member detail, One Time Password (OTP) will be received by the Member which needs to be entered in the link for verification.

11. The aforementioned mechanism of registration of email ids for the purpose of e-voting will be also given by the Company in the Public Notice. Further, the date of completion of sending of the Notice and the Explanatory Statement will be announced through advertisement in newspapers having wide circulation in the district where the Registered Office of Company is situated.

12. The certificate from the Auditors relating to the Company's Stock Options regarding implementation of ESOP schemes, under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection at the Annual General Meeting.

13. At the 15$^{th}$ AGM held on September 01, 2021, the members approved the appointment of M/s Deloitte Haskin & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company to hold office for a period of four years from the conclusion of that AGM till the conclusion of the 19$^{th}$ AGM,. The requirement to place the matter relating to the appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of the appointment of statutory auditors at the seventeenth AGM.

14. Members holding shares in single name and physical form are advised to make a nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Transfer Agent or the Secretarial Department of the Company at its Registered Office.

15. Non-resident Indian shareholders are requested to inform about the change in the residential status on return to India for permanent settlement, immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be.

16. The Board of Directors has appointed Mr. Ravi Kapoor, Practicing Company Secretary (FCS No. 2587; COP No 2407) to act as Scrutinizer for conducting the e-voting and remote e-voting process in a fair and transparent manner.

17. The Scrutinizer will submit his report to the Chairman or any other Director/person of the Company as authorised by the Board, if any, after completion of the scrutiny of the e-votes submitted. The Scrutinizer's decision on the validity of the e-votes shall be final. The results of the voting through remote e-voting and e-voting during the AGM will be announced on or before Wednesday, September 27, 2023, at the Registered Office of the Company. The results, together with the

Scrutinizer's Report, will be displayed at the Registered Office of the Company and on the Company's website viz., www.eris.co.in, besides being communicated to BSE Limited and the National Stock Exchange of India Limited.

18. Voting through electronic means:
    a) The business as set out in the Notice may be transacted through electronic voting system. In compliance with the provisions of section 108 of the Act read with the Companies [Management and Administration] Rules, 2014, Secretarial Standards-2 issued by the Institute of Companies Secretaries of India on General Meetings and in compliance with Regulation 44 of the Listing Regulations, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically. The Company has made necessary arrangements with Link Intime to facilitate the members to cast their votes from a place other than the venue of the AGM [remote e-voting].
    b) A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to avail the facility of remote e-voting or e-voting at the AGM. Persons who are not members as on the cut-off date should treat this notice for information purpose only.
    c) The Notice will be displayed on the website of the Company www.eris.co.in and on the website of RTA https://instavote.linkintime.co.in/
    d) The members who have cast their vote by remote e-voting prior to AGM may also attend the AGM, but shall not be entitled to cast their vote again.
    e) The remote e-voting period will commence at 9:00 a.m. (IST) on Friday, September 22, 2023 and will end at 5:00 p.m. (IST) on Sunday, September 24, 2023. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, September 18, 2023 may cast their vote by remote e-voting. The e-voting module shall be disabled by Link Intime for voting thereafter.

19. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

## Remote e-Voting Instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

**Login method for Individual shareholders holding securities in demat mode is given below:**

1. Individual Shareholders holding securities in demat mode with NSDL
   a. Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login"" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
   b. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select «Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
   c. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon «Login» which is available under ‹Shareholder/Member› section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL
   a. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
   b. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.
   c. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
   d. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

3. Individual Shareholders (holding securities in demat mode) login through their depository participants You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will

be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

**Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:**

Individual Shareholders of the company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in
2. Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -
   A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.

   B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

   C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

   D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

   **Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above*

   **Shareholders holding shares in NSDL form, shall provide 'D' above*

   - Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
   - Click "confirm" (Your password is now generated).
3. Click on 'Login' under 'SHARE HOLDER' tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

**Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).
4. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

**Guidelines for Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

**Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

**Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |

**Individual Shareholders holding securities in Physical mode has forgotten the password:**

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

*In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/ DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.*

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

» It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

» For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

» During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

### Process and manner for attending the Annual General Meeting through InstaMeet:

- Open the internet browser and launch the URL: https://instameet.linkintime.co.in & Click on "Login".
- Select the "Company" and 'Event Date' and register with your following details: -

  A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

  - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
  - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
  - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

  B. B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

  C. Mobile No.: Enter your mobile number.

  D. Email ID: Enter your email id, as recorded with your DP/Company.

- Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

### Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request with the company.
2. Shareholders will get confirmation on first cum first serve basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panelist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

<u>Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.</u>

### Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:**

Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

## EXPLANATORY STATEMENT
## (Pursuant to Section 102 of the Companies Act, 2013)

The following statement sets out all material facts related to Special Businesses mentioned in the accompanying notice:

**Item No. 3**

In accordance with the provisions of section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the Company pertaining to the applicable products manufactured by the Company. On the recommendation of the Audit Committee, the Board of Directors has approved the re-appointment of M/s. Kiran J Mehta & Co. (FRN-000025), Cost Accountants, Ahmedabad as the Cost Auditors to conduct audit of cost records of the Company for the financial year 2023-2024, at a remuneration of Rs. 2,00,000/-.

M/s. Kiran J Mehta & Co. Cost Accountants have furnished a certificate regarding their eligibility for re-appointment as the Cost Auditors of the Company. As per the provisions of the Act read with the Rules, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 3 of the Notice.

Accordingly, consent of the members is sought by way of an Ordinary Resolution respectively as set out in Item No. 3 of the Notice.

The Board recommends the Resolution for your approval and ratification.

**Item no. 4**

Pursuant to the provisions Section 185 of the Companies Act, 2013 (the Act), a company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the Director of the Company is interested subject to the condition that approval of the shareholders of the Company is obtained by way of a Special Resolution.

The Company's subsidiary(ies) / group companies/ associates / JV Companies explore various options to raise funds through loan / issuance of debentures / bonds etc. which may be backed by corporate guarantee of the Company. The proceeds raised by the subsidiary(ies) / group companies/ associates / JV Companies of the Company would be utilized for their principal business activities.

In view of the above and as an abundant caution, the Board at its meeting held on August 07, 2023 approved a proposal for seeking the consent of the members of the Company pursuant to the provisions of Section 185 of the Act, to advance any loan including any loan represented by book debt, or give guarantee or provide any security in connection with any loans / debentures / bonds etc. raised by any subsidiary company(ies)) /group companies/ associates / JV Companies / body corporates, in whom any of the Director of the Company is or will be deemed to be interested for an amount not exceeding sixty per cent. of its paid-up share capital, free reserves and securities premium account or one hundred per cent. of its free reserves and securities premium account, whichever is more. This will also enable the Company to provide the requisite corporate guarantee or security in relation to raising of loans / debentures / bonds etc. by the said subsidiary(ies) / associates / JV Companies body corporates, as and when it is raised.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

Accordingly, consent of the members is sought by way of a Special Resolution as set out in Item No. 4 of the Notice.

The Board recommends the Resolution for your approval.

**By order of the Board of Directors**

**Date: August 07, 2023**
**Place: Ahmedabad**

**Milind Talegaonkar**
**Company Secretary**
**ICSI Mem. No. A26493**

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POWER OF EMPATHY. TRUTH OF SCIENCE.


**Registered Corporate Office**

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