



R. B. Sharma & Co.

Chartered Accountants

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Certificate on translated version of material subsidiary audited financial statements

Date: 26 June 2024

To,

The Board of Directors
Emcure Pharmaceuticals Limited
Plot No. P-1 & P-2, IT-BT Park
Phase-II, M.I.D.C.
Hinjawadi, Pune – 411 057
Maharashtra, India

Marcan Pharmaceuticals Inc.
2 Gurdwara Road, Suite #112
Ottawa, ON, K2E 1A2,
Canada

Re: Proposed initial public offering of equity shares (the “Equity Shares”) of Emcure Pharmaceuticals Limited (the “Company” and such offering, the “Offer”)

Dear Sirs,

We have verified the translated version of the audited standalone financial statements of **Marcan Pharmaceuticals Inc.** (the “Company”) for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 (“Financial Years”). These financial statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21, ‘The Effect of Changes in Foreign Currency Rates’. The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information” issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A item no.(11)(I)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), we have verified the translated financial information contained in the Annexure attached to this certificate which is proposed to be uploaded on the website of **Emcure Pharmaceuticals Limited** in connection with its proposed initial public offering of equity shares of Rs. 10/- each (the “Offer”).

We did not audit the standalone financial statements of **Marcan Pharmaceuticals Inc.** These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company.

These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited standalone financial statements referred to herein.

These translated financials are intended solely for use of the management for uploading on website of **Emcure Pharmaceuticals Limited** in connection with its Offer.



Based on our examination, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

Restriction on use

This certificate has been provided by M/s. R.B. Sharma and Co., Chartered Accountants, at the request of Emcure Pharmaceuticals Limited and solely for the information of **Kotak Mahindra Capital Company Limited, Axis Capital Limited, Jefferies India Private Limited, J.P. Morgan India Private Limited** and any other book running lead managers appointed by Emcure Pharmaceuticals Limited (collectively referred to as the "Book Running Lead Managers" or the "BRLMs") to assist them in conducting their due-diligence and documenting their investigations of the affairs of Emcure Pharmaceuticals Limited in connection with the proposed Offer. This certificate may be relied on by the BRLMs, their affiliates and legal counsel in relation to the Offer.

This certificate is not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior consent in writing, other than for the purpose stated above. We, however, hereby give consent for inclusion of our name and this information (in full or in part) in the Red Herring Prospectus and Prospectus proposed to be filed by Emcure Pharmaceuticals Limited with the Securities and Exchange Board of India ("SEBI"), the stock exchanges where the Equity Shares of Emcure Pharmaceuticals Limited are proposed to be listed (the "Stock Exchanges") and the Registrar of Companies, Maharashtra at Pune ("RoC") and any other material used in connection with the Offer and submission of this certificate to SEBI, Stock Exchanges, or RoC in connection with the proposed Offer, as the case may be. Additionally, we hereby give our consent for the submission of this certificate to any other regulatory authority as may be required under applicable law in connection with the proposed Offer, as the case may be.


Yours Sincerely,

For

M/s R.B. Sharma and Co.

Chartered Accountants

ICAI Firm Registration No:109971W


Madhavan N Iyengar
Partner

Membership No. 044366

UDIN: 24044366BKBPBF4848



CC:

Khaitan & Co

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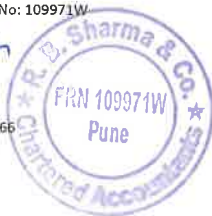
Marcan Pharmaceuticals Inc.
Translated Version of Audited Balance Sheet

Balance Sheet	Note	CAD			INR (million)		
		31.03.2024	31.03.2023	31.03.2022 (As restated note 2)	31.03.2024	31.03.2023	31.03.2022 (As restated note 2)
ASSETS							
Current assets:							
Cash and cash equivalent		49,452	1,591,414	905,876	3.04	96.57	55.00
Trade and other receivable	5	38,881,493	42,681,947	39,730,143	2,393.68	2,590.09	2,412.01
Inventories	6	27,771,519	27,622,406	24,210,190	1,709.71	1,676.23	1,469.80
Prepaid expenses and other deposits	7	3,224,780	3,213,877	5,149,010	198.52	195.03	312.60
Total current assets		69,927,244	75,109,644	69,995,219	4,304.95	4,557.92	4,249.41
Future income taxes	8	4,872,224	4,090,879	3,882,183	299.95	248.25	235.69
Investment in subsidiary		100	-	-	0.01	-	-
Property and equipment	9	234,121	278,038	396,220	14.43	16.87	24.05
Intangible assets	10	5,332,928	8,630,297	11,927,666	328.30	523.72	724.13
Intangible assets under development	11	3,117,560	973,204	-	191.92	59.06	-
Goodwill		31,793,610	31,793,610	31,793,610	1,957.32	1,929.35	1,930.19
Total assets		115,277,787	120,875,672	117,994,898	7,096.88	7,335.17	7,163.47
Liabilities and Shareholders' Equity							
Current liabilities:							
Bank indebtedness	4	10,296,261	17,142,496	10,963,412	633.87	1,040.27	665.59
Accounts payable and accrued liabilities	12	40,701,584	42,682,954	43,118,662	2,505.73	2,590.14	2,617.74
Income taxes payable		1,437,085	-	289,837	88.47	-	17.60
Current portion of long-term debt	13	6,191,659	6,888,194	8,755,593	381.18	418.00	531.55
Total current liabilities		58,626,589	66,713,644	63,127,504	3,609.25	4,048.41	3,832.48
Long-term debt	13	12,412,705	18,271,780	29,520,725	764.17	1,108.80	1,792.22
Due to related parties	14	-	395,000	17,000,000	-	23.97	1,032.07
Total liabilities		71,039,294	85,380,424	109,648,229	4,373.42	5,181.18	6,656.77
Shareholder's equity							
Share capital	15	43,785,001	43,785,001	24,480,001	2,483.54	2,483.54	1,308.44
Additional paid in capital	16	666,627	572,398	413,370	38.82	33.04	23.38
Accumulated deficit		(213,135)	(8,862,151)	(16,546,702)	255.34	(275.55)	(742.26)
Foreign currency translation reserve		-	-	-	(54.24)	(87.04)	(82.86)
Total shareholder's equity		44,238,493	35,495,248	8,346,669	2,723.46	2,153.99	506.70
Total liabilities and shareholder's equity		115,277,787	120,875,672	117,994,898	7,096.88	7,335.17	7,163.47

(The accompanying notes are an integral part of these financial statements)

M/s. R.B. Sharma and Co.
Chartered Accountants
ICAI Firm Registration No: 109971W

Madhavan N Iyengar
Partner
Membership No. 044366
Date: 26 June 2024
Place: Pune



For and on behalf of Marcan Pharmaceuticals Inc.

Tajuddin Shaikh
Authorised Signatory

Date: 26 June 2024
Place: Pune




Marcan Pharmaceuticals Inc.
Translated Version of Audited Statement of Earnings

	Notes	CAD			INR (million)		
		31.03.2024	31.03.2023	31.03.2022 (As restated note 2)	31.03.2024	31.03.2023	31.03.2022 (As restated note 2)
Sales		121,461,792	113,157,398	109,457,958	7,455.60	6,872.76	6,504.67
Cost of sales		84,418,365	81,087,389	77,995,151	5,181.79	4,924.95	4,634.95
		37,043,427	32,070,009	31,462,807	2,273.81	1,947.81	1,869.72
Expenses							
Salaries and benefits		6,674,618	5,905,685	5,410,797	409.70	358.69	321.54
Testing and post approval costs		995,756	1,313,644	1,340,373	61.12	79.79	79.65
Head office corporate charges		1,597,132	1,236,164	1,006,825	98.04	75.08	59.83
Research and development		1,519,636	919,731	958,445	93.28	55.86	56.96
Professional fees		1,029,130	652,255	921,936	63.17	39.62	54.79
Licensing and fees		972,786	752,739	556,666	59.71	45.72	33.08
Bank charges and interest		1,868,251	1,781,377	550,228	114.68	108.19	32.70
Advertising and promotions		379,188	221,393	252,368	23.28	13.45	15.00
Rent		206,776	184,507	174,217	12.69	11.21	10.35
Office		224,770	165,167	164,198	13.80	10.03	9.76
Insurance		223,310	131,434	112,032	13.71	7.98	6.66
Depreciation of property and equipment		147,340	152,554	106,616	9.04	9.27	6.34
Other		395,087	135,366	62,757	24.25	8.22	3.73
Data report fees		52,238	45,004	43,306	3.21	2.73	2.57
Travel		382,314	187,995	47,614	23.47	11.42	2.83
Phone		21,087	18,077	13,878	1.29	1.10	0.82
Amortization of intangible assets		3,297,369	3,297,369	3,297,369	202.40	200.27	195.95
Bad debts / (recovery)		2,963	142,699	12,143	0.18	8.67	0.72
		19,989,751	17,243,160	15,031,768	1,227.02	1,047.30	893.28
Earnings before the undernoted items and income taxes		17,053,676	14,826,849	16,431,039	1,046.79	900.51	976.44
Other income (expenses)							
Foreign exchange (loss) gain		(200,433)	(1,923,866)	197,271	(12.30)	(116.85)	11.72
Other income		272,030	339,046	134,980	16.70	20.59	8.02
Amortization on deferred financing fees		(385,459)	(244,235)	(496,570)	(23.66)	(14.83)	(29.51)
Interest on long-term debt		(2,172,243)	(2,146,249)	(1,781,654)	(133.34)	(130.36)	(105.88)
Acquisition related cost		(1,617,827)	-	-	(99.31)	-	-
		(1,103,932)	(3,975,304)	(1,945,973)	(251.91)	(241.45)	(115.65)
Earnings before income taxes		12,949,744	10,851,545	14,485,066	794.88	659.06	860.79
Income taxes:							
Current		5,082,073	3,375,691	4,379,533	311.95	205.03	260.26
* Future benefit		(781,345)	(208,697)	(262,888)	(47.96)	(12.68)	(15.62)
		4,300,728	3,166,994	4,116,645	263.99	192.35	244.64
Net earnings		8,649,016	7,684,551	10,368,421	530.89	466.71	616.15


The accompanying notes are an integral part of financial statements)

M/s. R.B. Sharma and Co.
Chartered Accountants
ICAI Firm Registration No: 109971W


Madhavan N Iyengar
Partner
Membership No. 044366
Date: 26 June 2024
Place: Pune



For and on behalf of Marcan Pharmaceuticals Inc.


Tajuddin Shaikh
Authorised Signatory
Date: 26 June 2024
Place: Pune

Marcan Pharmaceuticals Inc.
Translated Version of Audited Statement of of Deficit

	CAD		
	31.03.2024	31.03.2023	31.03.2022 (As restated note 2)
Deficit, beginning of year	(8,862,151)	(16,546,702)	(26,915,123)
Net earnings	8,649,016	7,684,551	10,368,421
Deficit, end of year	(213,135)	(8,862,151)	(16,546,702)

INR (million)		
31.03.2024	31.03.2023	31.03.2022 (As restated note 2)
(275.55)	(742.26)	(1,358.41)
530.89	466.71	616.15
255.34	(275.55)	(742.26)

	CAD		
	31.03.2024	31.03.2023	31.03.2022
FCTR on Share Capital			
FCTR on ESOP			
FCTR on Deficit			
Total			

INR (million)		
31.03.2024	31.03.2023	31.03.2022
212.01	173.49	177.74
2.22	1.70	1.72
(268.47)	(262.23)	(262.32)
(54.24)	(87.04)	(82.86)

(The accompanying notes are an integral part of financial statements)

M/s. R.B. Sharma and Co.
Chartered Accountants
ICAI Firm Registration No: 109971W

Madhavan N Iyengar

Madhavan N Iyengar
Partner
Membership No. 044366
Date: 26 June 2024
Place: Pune



For and on behalf of Marcan Pharmaceuticals Inc.

Tajuddin Shaikh

Tajuddin Shaikh
Authorised Signatory

Date: 26 June 2024
Place: Pune



Marcan Pharmaceuticals Inc.
Translated Version of Audited Statements of cash flows

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022 (As restated note 2)	31.03.2024	31.03.2023	31.03.2022 (As restated note 2)
Cash flows from operating activities:						
Net earnings (loss)	8,649,016	7,684,551	10,368,421	530.89	466.71	616.15
Items not involving cash:						
Amortization of deferred financing fees	385,459	244,235	496,570	23.66	14.83	29.51
Amortization of intangible assets	3,297,369	3,297,369	3,297,369	202.40	200.27	195.95
Amortization of property and equipment	147,340	152,554	106,616	9.04	9.27	6.34
Future income taxes	(781,345)	(208,697)	(262,888)	(47.96)	(12.68)	(15.62)
Employee stock compensation expense	94,229	159,027	213,286	5.78	9.66	12.67
Provision for inventory obsolescence	439,559	84,273	484,697	26.98	5.12	28.80
Provision for doubtful accounts receivable	(1,200)	(45,435)	12,143	(0.07)	(2.76)	0.72
Exchange Gain/ (Loss) impact on translation	-	-	-	2.24	(4.17)	19.05
Changes in assets and liabilities:						
Trade and other receivable	3,801,654	(2,906,369)	(12,170,475)	234.04	(176.37)	(738.88)
Inventories	(588,672)	(3,496,489)	(1,253,825)	(36.24)	(212.18)	(76.12)
Prepaid expenses and deposits	(10,903)	1,935,134	485,333	(0.67)	117.43	29.47
Accounts payable and accrued liabilities	(1,981,370)	(435,707)	5,069,514	(121.98)	(26.44)	307.77
Income taxes payable	1,437,085	(289,837)	(1,712,332)	88.47	(17.59)	(103.96)
Net cash flows provided by operating activities - A	14,888,221	6,174,609	5,134,429	916.58	371.10	311.85
Cash flows from financing activities:						
Net advances of bank indebtedness	(6,846,235)	6,179,084	10,963,412	(421.48)	374.97	665.59
Repayment of long-term debt	(6,941,069)	(13,360,579)	(24,708,956)	(427.31)	(810.77)	(1,500.09)
Proceeds from loan payable	-	-	5,100,000	-	-	309.62
Repayment of loan payable	(395,000)	-	(12,600,000)	(24.32)	-	(764.95)
Proceeds from long-term debt	-	-	45,694,700	-	-	2,774.13
Deferred financing costs	-	-	(1,306,877)	-	-	(79.34)
Advances from related party	-	-	17,000,000	-	-	1,032.07
Issuance of share capital	-	2,700,000	100,000	-	167.45	5.95
Net cash flows (used in) provided by financing activities - B	(14,182,304)	(4,481,495)	40,242,279	(873.11)	(268.35)	2,442.98
Cash flows from investing activities:						
Purchase of property and equipment	(103,423)	(34,372)	(277,408)	(6.37)	(2.09)	(16.84)
Intangible assets under development	(2,144,356)	(973,204)	-	(132.01)	(59.06)	-
Investment in subsidiary	(100)	-	-	(0.01)	-	-
Purchase of preferred shares	-	-	(47,254,496)	-	-	(2,868.83)
Net cash flows used in investing activities - C	(2,247,879)	(1,007,576)	(47,531,904)	(138.39)	(61.15)	(2,885.67)
Net Increase(decrease) in cash and cash equivalents-(A+B+C)	(1,541,962)	685,538	(2,155,196)	(94.92)	41.60	(130.84)
Cash and cash equivalents, beginning of year	1,591,414	905,876	3,061,072	96.57	55.00	178.19
Foreign currency translation reserve	-	-	-	1.39	(0.03)	7.65
Cash, end of year	49,452	1,591,414	905,876	3.04	96.57	55.00
Supplemental information						
Related party loan converted into equity	-	16,605,000	-	-	1,007.65	-

The accompanying notes are an integral part of financial statements)

M/s. R.B. Sharma and Co.
Chartered Accountants
ICAI Firm Registration No: 109971W

Madhavan N Iyengar

Madhavan N Iyengar
Partner
Membership No. 044366
Date: 26 June 2024
Place: Pune



For and on behalf of Marcan Pharmaceuticals Inc.

Tajuddin Shaikh
Tajuddin Shaikh
Authorised Signatory

Date: 26 June 2024
Place: Pune



Marcan Pharmaceuticals Inc. (the "Company") is a private company incorporated on August 18, 2015 and subsequently amalgamated with a related entity by articles of amalgamation on November 9, 2015, under the laws of Ontario. The Company markets pharmaceutical products to wholesale distributors and retailers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies applied in the preparation of the accompanying non-consolidated financial statements is as follows:

1. Basis of presentation

(a) The non-consolidated financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises ("GAAP" or "ASPE") to reflect the non-consolidated financial position, non-consolidated results of its operations and cash flows of the Company.

(b) The non-consolidated financial statements are presented for the years ended March 31, 2024, March 31, 2023 and March 31, 2022. All amounts are in Canadian dollars, unless otherwise stated.

2. Basis for measurement

The non-consolidated financial statements have been prepared on a historical cost basis.

3. Use of estimates

The preparation of the non-consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements and the reported amounts of revenue and expenses during the year. Estimates include the allowance for doubtful trade receivable, the allowance for inventory obsolescence, the useful lives of intangible assets and property and equipment, accrual for professional allowances and program fees, allowance for sales returns and sales discounts, and valuation of future income tax assets. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

4. Accounting policies

(a) Inventories:

Inventories of raw materials and finished goods are measured at the lower of cost and net realizable value. Cost includes purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned using the weighted average cost formula.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A provision for obsolescence is calculated based on historical experience, unless new information indicates historical experience is not relevant for a product. Management reviews the provision annually to assess whether it is adequate.

(b) Property and equipment:

Property, plant and equipment ("PPE") are stated at cost, less accumulated amortization. Depreciation is provided on a pro-rata basis on the straight-line method ("SLM") over the estimated useful lives of the assets as determined by the management. Useful life of PPE is as follows:

	Useful life
Machinery and equipment	3-15 years
Furniture and fixtures	5-10 years
Computer hardware	3 years
Computer software	8 years
Leasehold improvements	5 years
Computer hardware - server and Network	6 years

(c) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated, at the date of the business acquisition, to the Company's reporting units that are expected to benefit from the synergies of the business combination.

Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying value of the reporting unit to which goodwill is assigned may exceed the fair value of the reporting unit. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. An impairment loss is not subsequently reversed.

(d) Intangible assets:

Intangible assets resulting from a business acquisition are initially recorded at fair value. Separately acquired intangible assets are measured at cost.

For intangible assets with definite lives amortization is provided on a straight-line basis over their respective estimated useful lives.

	Useful life
Brand	10 years
Customer relationships	5 years
Product development	10 years
Product rights	10 years
Product pipeline	10 years

The Company capitalizes 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. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated intangible assets are expensed as incurred.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

(e) Impairment of long-lived assets:

Long-lived assets, including property and equipment and intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Company uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.



(f) Income taxes:

The Company uses the future income taxes method of accounting for income taxes. Under the future income taxes method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment. Refundable taxes that will be recovered on the payment of qualifying dividends are recognized as a future income tax asset.

A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset will not be realized. Income tax expense or benefit is the sum of the Company's provision for the current income taxes and the difference between the opening and ending balances of the future income tax assets and liabilities.

(g) Revenue recognition:

Revenue is recognized when the customer takes ownership and assumes risk of loss, collection of the related receivable is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

Sales made under agreements allowing for rights of return are recognized at the time of sale to the customer or distributor. Estimated returns and allowances are recorded as a reduction of revenue at the time of revenue recognition. Estimates are based on historical experience and other relevant factors.

Sales discounts are recorded as a reduction of revenue at the time of revenue recognition to the extent they are estimated to occur based on historical experience and other relevant factors. Any additional discounts incurred are recorded when incurred.

(h) Related party transactions:

Monetary and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of operations, except when the transaction is an exchange of a product or property held-for-sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount.

All other related party transactions are measured at the carrying amount.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate on the year end date. Non-monetary assets and liabilities are translated into Canadian dollars at the historical exchange rate prevailing when the assets were acquired, or liabilities incurred. Sales and expenses, with the exception of amortization, are translated at the rate prevailing at the date of the transaction. Amortization is translated at the same rates used in the translation of property and equipment. Translation gains or losses are included in the determination of income for the year.

(j) Investment

The Company has elected to account for its investment using the cost method. Accordingly, investment is recorded at original cost unless there is a permanent impairment in value.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost unless management has elected to carry the non-consolidated financial statements at fair value.

Financial instruments are adjusted by transaction costs incurred on the acquisition and financing costs. These costs are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Restatement Of Previously Reported Financial Statements

Subsequent to the issuance of prior year audited financial statements for the year ended March 31, 2022, it was noted that:

On June 14, 2013, the shareholders of Emcure, in their meeting pertaining to the Emcure-Employee stock option scheme 2013 ("Scheme"), agreed that eligible employees of Emcure group would be granted share options convertible into not more than 2,260,651 shares in one or more tranches. Certain employees of the Company were also granted share options on the shares of the Parent company. However, the Company had not recorded the compensation expense for such grant since 2013. The cumulative impact of not recording the compensation expense was material and thus the error is rectified retroactively and the prior year financial statements for the year ended March 31, 2022 have been restated to reflect the cumulative impact.

This was rectified, in the current year, thereby crediting additional paid in capital, for the year ended March 31, 2022, in the amount of \$ 413,370. \$159,027 is recorded as a compensation expense for the year ended March 31, 2023, under the head "Salaries and benefits" in the statements of earnings (See Note 17 – Employee Stock Options for detailed disclosure).

	CAD		INR (million)	
	March 31, 2022 (Original)	March 31, 2022 (Restated)	March 31, 2022 (Original)	March 31, 2022 (Restated)
Restatement of balance sheets (extract)				
Additional paid in capital -- ESOP	-	413,370	-	25.10
Accumulated deficit	(16,133,332)	(16,546,702)	(979.46)	(1,004.56)
Restatement of statements of earnings (extract)				
Salaries and benefits	5,197,511	5,410,797	308.87	321.54
Net earnings	10,581,707	10,368,421	628.83	616.16
Restatement of deficit (extract)				
Accumulated deficit, beginning of year	(26,715,039)	(26,915,123)	(1,555.14)	(1,566.78)
Net earnings	10,581,707	10,368,421	628.83	616.16
Foreign currency translation reserve	-	-	(53.15)	(53.94)
Accumulated deficit, end of year	(16,133,332)	(16,546,702)	(979.46)	(1,004.56)
Restatement of cash flow statements (extract)				
Employee stock compensation expense	-	213,286	-	12.67



3 Amalgamation

In July 2021, Emcure Pharmaceuticals Limited, incorporated a wholly owned subsidiary named Emcure Canada Inc. On August 11, 2021, Emcure Canada Inc., a company under common control with Marcan Pharmaceuticals Inc., acquired all of the issued and outstanding shares of Arsh Holdings Inc. and Rs313 Holdings Ltd. in exchange for \$47,254,496 (INR 2,868.83 million), Arsh Holdings Inc. and Rs313 Holdings Ltd. held all of the outstanding Class "A" preferred shares of the Company. Emcure Canada Inc. financed the acquisition with a \$17,000,000 (INR 1,032.07 million) note payable to the Parent company, and a \$25,475,000 (INR 1,930.75 million) USD term loan from a lender.

Subsequently, Marcan Pharmaceuticals Inc., Emcure Canada Inc., Arsh Holdings Inc., and Rs313 Holdings Ltd., were amalgamated on August 13, 2021 and the name of the amalgamated company was Marcan Pharmaceuticals Inc.

The amalgamation has been accounted for under the continuity of interest method and these financial statements reflect the earnings, assets, and liabilities of the amalgamated companies for the entire year in which the amalgamation occurred. No gains or losses were recognized in the statements of earnings as a result of the amalgamation transaction.

As a result of the amalgamation, the Company amalgamated assets of \$49,060,428 (INR 2,855.91 million), liabilities of \$48,915,349 (INR 2,847.46 million), common shares of \$100,000 (INR 5.82 million), and a deficit of \$45,079 (INR 2.53 million).

4 Bank Indebtedness

During the year ended March 31, 2022, the Company obtained a \$12,500,000 (INR 758.88 million) revolving credit facility commitment from CIBC that is due on demand and bears interest at prime plus 1.15% for prime loans and prime plus 2.5% for bankers' acceptance loans. During the year ended March 31, 2023, the revolving credit facility limit was increased from \$12,500,000 (INR 758.88 million) to \$20,000,000 (INR 1,213.67 million). As at March 31, 2023, \$17,142,496 (INR 1,040.27 million), were drawn by the Company under this facility as a prime loan.

This revolving credit facility commitment was refinanced on November 06, 2023 pursuant to the CIBC loan agreement dated November 06, 2023 and the Company obtained \$5,000,000 (INR 307.82 million) revolving credit facility swingline commitment bearing interest rate at prime plus 0.75% and \$15,000,000 (INR 923.45 million) revolving credit facility bearing interest at prime plus 0.75% (collectively referred to as "Marcan facility"). The interest rate on the revolving credit facility swingline commitment from CIBC changed from prime plus 0.75% to prime plus 1.15% in February 2024, and the Company opted for term Canada overnight repo rate average ("CORRA") interest rate from February 2024 for the revolving credit facility. As at March 31, 2024, the Company had drawn \$296,261 (INR 18.24 million) and \$10,000,000 (INR 615.63 million), respectively, under this facility. The facility is secured by a corporate guarantee from the Parent Company.

The Company was paying interest on the revolving credit facility commitment from CIBC for the period April 01, 2023 up till November 06, 2023 at an average interest rate of 7.77%. After refinancing, the Company was paying interest on the CIBC revolving credit facility swingline commitment for the period November 06, 2023, to March 31, 2024, at an average interest rate of 8.11%. The Company was paying interest on the revolving credit facility from November 06, 2023 to March 31, 2024, at an average rate of interest of 7.77%.

5 Trade and Other Receivable

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Trade receivables	35,720,679	40,704,801	38,063,594	2,199.09	2,470.11	2,310.84
Trade and other receivables - parent company	34,363	1,981,679	1,859,216	2.12	120.26	112.87
Trade and other receivables - subsidiary company	3,066,821	-	-	188.80	-	-
Trade and other receivables - affiliate company	60,000	-	-	3.69	-	-
Allowance for doubtful accounts	(370)	(4,533)	(192,667)	(0.02)	(0.28)	(11.70)
	<u>38,881,493</u>	<u>42,681,947</u>	<u>39,730,143</u>	<u>2,393.68</u>	<u>2,590.09</u>	<u>2,412.01</u>
Balance at the beginning of the year	4,533	192,667	180,524	0.28	11.70	10.51
Provision made during the year (net of reversal)	-	142,699	12,143	-	8.67	0.72
Bad debts written-off	(4,163)	(330,833)	-	(0.26)	(20.09)	-
Foreign currency translation reserve	-	-	-	-	0.00	0.47
Balance at the end of the year	<u>370</u>	<u>4,533</u>	<u>192,667</u>	<u>0.02</u>	<u>0.28</u>	<u>11.70</u>

6 Inventories

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Finished Goods	30,842,498	30,253,826	26,757,337	1,898.77	1,835.91	1,624.44
Allowance for Inventory Obsolescence	(3,070,979)	(2,631,420)	(2,547,147)	(189.06)	(159.68)	(154.64)
	<u>27,771,519</u>	<u>27,622,406</u>	<u>24,210,190</u>	<u>1,709.71</u>	<u>1,676.23</u>	<u>1,469.80</u>

7 Prepaid expenses and other current assets

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Prepaid expenses	270,836	211,247	181,490	16.67	12.82	11.02
Advance to parent company	1,400,000	-	-	86.19	-	-
Advance to suppliers	1,205,067	2,300,701	4,400,721	77.93	144.47	272.51
GST/HST receivable	288,077	85,879	478,799	17.73	5.21	29.07
Income tax receivable	-	536,050	-	-	32.53	-
	<u>3,224,780</u>	<u>3,213,877</u>	<u>5,149,010</u>	<u>198.52</u>	<u>195.03</u>	<u>312.60</u>

8 Future Income Taxes

Significant components of the Company's net future income tax asset are as follows:

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Property and equipment	(5,336)	(19,031)	(61,874)	(0.33)	(1.15)	(3.76)
Intangible assets	4,181,230	3,915,891	3,724,552	257.41	237.63	226.12
Deferred financing fees	(34,424)	(21,677)	(11,595)	(2.12)	(1.32)	(0.70)
Accounting reserves	241,860	215,696	231,100	14.89	13.09	14.03
Acquisition related costs	213,037	-	-	13.12	-	-
Unrealised loss	275,857	-	-	16.98	-	-
	<u>4,872,224</u>	<u>4,090,879</u>	<u>3,882,183</u>	<u>299.95</u>	<u>248.25</u>	<u>235.69</u>



9 **Property and equipment**

As of March 31, 2024

	Cost	CAD Accumulated depreciation	Net book value
Machinery and equipment	182,716	124,417	58,299
Furniture and fixture	163,661	115,047	48,614
Computer hardware	113,528	98,588	14,940
Computer software	437,196	341,327	95,869
Leasehold improvement	98,011	98,011	-
Capital work-in-progress	16,399	-	16,399
	1,011,511	777,390	234,121

As of March 31, 2023

	Cost	CAD Accumulated depreciation	Net book value
Machinery and equipment	182,716	69,569	113,147
Furniture and fixture	163,661	101,056	62,605
Computer hardware	102,534	90,560	11,974
Computer software	329,053	278,917	50,136
Leasehold improvement	98,011	89,949	8,062
Capital work-in-progress	32,114	-	32,114
	908,089	630,051	278,038

As of March 31, 2022

	Cost	CAD Accumulated depreciation	Net book value
Machinery and equipment	182,716	14,722	167,994
Furniture and fixture	161,405	83,743	77,662
Computer hardware	102,534	71,940	30,594
Computer software	329,053	236,496	92,557
Leasehold improvement	98,011	70,598	27,413
Capital work-in-progress	-	-	-
	873,719	477,499	396,220

The Company purchased computer software amounting to \$ 84,000 [INR \$ 17 million] (March 31, 2023 : Nil, March 31, 2022 : Nil) and computer hardware amounting to \$ 10,994 [INR 0.68 million] (March 31, 2023 : Nil, March 31, 2022 : Nil). Additions to furniture and fixtures amounted to Nil (March 31, 2023 : \$ 2,258 [INR 0.14 million], March 31, 2022 : Nil). The additions in capital work in progress amounted to \$ 8,428 [INR 0.52 million] (March 31, 2023 : \$ 32,114 [INR 1.95 million], March 31, 2022 : \$ 277,408 [INR 16.84 million]).

Depreciation expense

	31.03.2024	CAD 31.03.2023	31.03.2022
Depreciation for the year	147,340	152,554	106,616
	147,340	152,554	106,616

	Cost	INR (million) Accumulated depreciation	Net book value
	11.25	7.66	3.59
	10.08	7.08	3.00
	6.99	6.07	0.92
	26.92	21.01	5.91
	6.03	6.03	-
	1.01	-	1.01
	62.28	47.85	14.43

	Cost	INR (million) Accumulated depreciation	Net book value
	11.09	4.22	6.87
	9.93	6.13	3.80
	6.22	5.50	0.72
	19.97	16.93	3.04
	5.95	5.46	0.49
	1.95	-	1.95
	55.11	38.24	16.87

	Cost	INR (million) Accumulated depreciation	Net book value
	11.09	0.89	10.20
	9.80	5.08	4.72
	6.22	4.37	1.85
	19.98	14.36	5.62
	5.95	4.29	1.66
	-	-	-
	53.04	28.99	24.05

	31.03.2024	INR (million) 31.03.2023	31.03.2022
	9.04	9.27	6.34
	9.04	9.27	6.34

10 **Intangible assets**

As of March 31, 2024

	Cost	CAD Accumulated amortization	Net book value
Customer relationships	31,200,000	31,200,000	-
Product rights	25,322,389	21,200,911	4,121,478
Brands	4,008,000	3,373,400	634,600
Product pipeline	3,340,000	2,811,170	528,830
Product development	303,300	255,280	48,020
	64,173,689	58,840,761	5,332,928

As of March 31, 2023

	Cost	CAD Accumulated amortization	Net book value
Customer relationships	31,200,000	31,200,000	-
Product rights	25,322,389	18,668,672	6,653,717
Brands	4,008,000	2,972,600	1,035,400
Product pipeline	3,340,000	2,477,170	862,830
Product development	303,300	224,950	78,350
	64,173,689	55,543,392	8,630,297

As of March 31, 2022

	Cost	CAD Accumulated amortization	Net book value
Customer relationships	31,200,000	31,200,000	-
Product rights	25,322,388	16,136,432	9,185,956
Brands	4,008,000	2,571,800	1,436,200
Product pipeline	3,340,000	2,143,170	1,196,830
Product development	303,300	194,620	108,680
	64,173,688	52,246,022	11,927,666

As of March 31, 2021

	Cost	CAD Accumulated amortization	Net book value
	64,173,688	48,948,653	15,225,035

Amortization expense

	31.03.2024	CAD 31.03.2023	31.03.2022
Amortization for the year	3,297,369	3,297,369	3,297,369
	3,297,369	3,297,369	3,297,369

	Cost	INR (million) Accumulated amortization	Net book value
	1,920.78	1,920.78	-
	1,558.93	1,305.20	253.73
	246.75	207.68	39.07
	205.62	173.07	32.55
	18.67	15.72	2.95
	3,950.75	3,622.45	328.30

	Cost	INR (million) Accumulated amortization	Net book value
	1,893.33	1,893.33	-
	1,536.65	1,132.88	403.77
	243.22	180.39	62.83
	202.68	150.32	52.36
	18.41	13.65	4.76
	3,894.29	3,370.57	523.72

	Cost	INR (million) Accumulated amortization	Net book value
	1,894.16	1,894.16	-
	1,537.32	979.64	557.68
	243.33	156.13	87.20
	202.77	130.11	72.66
	18.41	11.82	6.59
	3,895.99	3,171.86	724.13

	Cost	INR (million) Accumulated amortization	Net book value
	3,735.68	2,849.40	886.28

	31.03.2024	INR (million) 31.03.2023	31.03.2022
	202.40	200.27	195.95
	202.40	200.27	195.95



11 Intangible Under Development

For intangible assets under development, ageing schedule as on March 31, 2024:

CAD	Less than 1 year	1-2 years	More than 3 years	Total
Product development	2,144,356	973,204	-	3,117,560
Total	2,144,356	973,204	-	3,117,560

INR (million)	Less than 1 year	1-2 years	More than 3 years	Total
Product development	132.01	59.91	-	191.92
Total	132.01	59.91	-	191.92

For intangible assets under development, ageing schedule as on March 31, 2023:

CAD	Less than 1 year	1-2 years	More than 3 years	Total
Product development	973,204	-	-	973,204
Total	973,204	-	-	973,204

INR (million)	Less than 1 year	1-2 years	More than 3 years	Total
Product development	59.06	-	-	59.06
Total	59.06	-	-	59.06

The additions to the intangible assets under development amounted to \$ 2,144,356 [INR 132.01 million] for the year ended March 31, 2024 (March 31, 2023 : \$ 973,204 [INR 59.06 million], March 31, 2022 : Nil).

12 Accounts Payable and Accrued Liabilities

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Accounts payable and accrued liabilities	27,232,590	23,139,731	23,425,710	1,676.53	1,404.19	1,422.18
Accounts payable – Parent company	11,808,722	18,591,929	18,820,878	726.99	1,128.23	1,142.62
Accounts payable - subsidiary company	747,592	-	-	46.02	-	-
Accounts payable – Affiliate company	-	137,351	-	-	8.33	-
Allowance for estimated returns	912,680	813,943	872,074	56.19	49.39	52.94
Total	40,701,584	42,682,954	43,118,662	2,505.73	2,590.14	2,617.74

13 Long-Term Debt

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Axis bank term loan of \$25,475,000 USD, due August 2027, interest of 3.15% plus LIBOR, payable in 12 equal semi-annual payments of \$2,122,917 USD commencing from the date 6 months after the first utilisation under the facility.	17,289,882	22,983,544	26,527,967	1,064.42	1,394.72	1,610.52
CIBC term loan of \$3,712,500 due January 2026, interest of prime plus 0.75% payable in 13 quarterly payments of \$285,577 commencing on March 31, 2022. This loan is refinanced by term loan with revised terms on November 6, 2023	-	3,141,344	12,937,500	-	190.63	785.44
CIBC term loan of \$2,855,769 due November 2027, interest of prime plus 0.75% payable in 17 quarterly payments. Installment as of today is \$ 71,394 which increases as per terms and condition of the agreement commencing on November 6, 2023	2,784,375	-	-	171.42	-	-
Deferred financing fees	(1,469,893)	(964,914)	(1,189,149)	(90.49)	(58.55)	(72.19)
Less cash repayments required within 12 months	18,604,364	25,159,974	38,276,318	1,145.35	1,526.80	2,323.77
	(6,191,659)	(6,888,194)	(8,755,593)	(381.18)	(418.00)	(531.55)
	12,412,705	18,271,780	29,520,725	764.17	1,108.80	1,792.22

These loans are secured by a corporate guarantee of the Parent company, and all current and non-current assets of the Company.

During the year ended March 31, 2023, the Company amended the loan agreement with CIBC wherein the term loan was reduced from \$ 13,800,000 (INR 837.43 million) to \$ 3,712,500 (INR 225.29 million), and the revolving credit facility limit was increased from \$12,500,000 (INR 758.55 million) to \$20,000,000 (INR 1,213.67 million). No gain or loss was accounted for due to this transaction.

Under the terms of loans, the Company must comply with and maintain certain minimum financial ratios and covenants. As at March 31, 2024 and March 31, 2023, the Company was in compliance with covenants. During the year ended March 31, 2022, the Company was not in compliance with certain covenants subsequent to which the Company obtained waivers of the covenant breaches from the lenders and therefore, classified a portion of the debts as long-term obligations.

Regular principal payments required on the loans for the next years are due as follows:

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
2023	-	-	8,755,593	-	-	531.55
2024	-	6,888,194	8,755,593	-	418.00	531.55
2025	6,191,659	6,888,194	8,755,593	381.18	418.00	531.55
2026	6,263,054	6,602,617	7,893,093	385.57	400.67	479.19
2027	6,334,440	5,745,007	5,305,505	389.07	340.60	322.10
2028	1,285,097	-	-	79.11	-	-
Total	20,074,257	26,124,892	39,465,467	1,235.83	1,585.35	2,395.94



14 Related Party Transactions

(a) Related parties

Name of the related party

Emcure Pharmaceuticals Limited
Avet Pharmaceuticals Inc.
Avet Pharmaceuticals Labs Inc. (Erstwhile "Heritage Pharma Labs Inc.")
Emcure Pharmaceuticals Mena Fz Llc.
Mantra Pharma Inc (w.e.f Nov 6, 2023)

Nature of relationship

Parent company
Affiliate company
Affiliate company
Affiliate company
Subsidiary company

(b) Due to related parties:

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Note payable to related parties from the Parent company, bearing interest at 5.004%	-	395,000	17,000,000	-	23.97	1,032.07

During the year ended March 31, 2023, the outstanding loan balance amounting to \$ 16,605,000 (INR 1,007.65 million) was converted to equity. During the year ended March 31, 2022, the Parent company, advanced a \$ 17,000,000 (INR 1,032.07 million) note payable to Emcure Canada Inc., which was an entity under common control. The Company and Emcure Canada Inc. were amalgamated on August 13, 2021. The note payable bears interest at a rate of 5.004% per annum.

(c) Related party balances

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Accounts receivable (included in trade and other receivables)						
Emcure Pharmaceuticals Limited	34,363	1,981,679	1,859,216	2.12	120.26	112.87
Emcure Pharmaceuticals Mena Fz Llc.	60,000	-	-	3.69	-	-
Mantra Pharma Inc.	3,066,821	-	-	188.80	-	-
	<u>3,161,184</u>	<u>1,981,679</u>	<u>1,859,216</u>	<u>194.61</u>	<u>120.26</u>	<u>112.87</u>
Accounts payable (included in accounts payable and accrued liabilities)						
Emcure Pharmaceuticals Limited	11,808,722	18,591,929	18,820,878	726.99	1,128.23	1,142.62
Mantra Pharma Inc.	747,592	-	-	46.02	-	-
Avet Pharmaceuticals Inc.	-	137,351	-	-	8.33	-
	<u>12,556,314</u>	<u>18,729,280</u>	<u>18,820,878</u>	<u>773.01</u>	<u>1,136.56</u>	<u>1,142.62</u>
Advances given (included in prepaid expenses and other current assets)						
Emcure Pharmaceuticals Limited	1,400,000	-	-	86.19	-	-
	<u>1,400,000</u>	<u>-</u>	<u>-</u>	<u>86.19</u>	<u>-</u>	<u>-</u>

(d) Related party transactions

	CAD			INR (million)		
	31.03.2024	31.03.2023	31.03.2022	31.03.2024	31.03.2023	31.03.2022
Purchases						
Emcure Pharmaceuticals Inc.	35,737,994	32,049,069	21,862,716	2,193.68	1,946.54	1,299.22
Avet Pharmaceuticals Lab Inc.	794,116	1,311,544	510,509	48.74	79.66	30.34
Sales						
Emcure Pharmaceuticals Mena Fz Llc.	54,520	-	-	3.35	-	-
Mantra Pharma Inc.	4,731,170	-	-	290.41	-	-
Reimbursement of expenses received						
Emcure Pharmaceuticals Inc.	164,453	1,516,118	283,515	10.09	92.08	16.85
Avet Pharmaceuticals Inc.	-	51,557	-	-	3.13	-
Avet Pharmaceuticals Labs Inc.	-	-	19,225	-	-	1.14
Emcure Pharmaceuticals Mena Fz Llc.	62,329	-	-	3.83	-	-
Mantra Pharma Inc.	57,751	-	-	3.54	-	-
Reimbursement of expenses Paid						
Emcure Pharmaceuticals Inc.	1,898,091	2,003,021	1,109,912	116.51	121.66	65.96
Avet Pharmaceuticals Inc.	56,473	-	12,668	3.47	-	0.75
Avet Pharmaceuticals Lab Inc.	-	51,150	46,740	-	3.11	2.78
Mantra Pharma Inc.	164,826	-	-	10.12	-	-
Commission paid (including professional allowance)						
Mantra Pharma Inc.	1,614,855	-	-	99.12	-	-
License fees paid						
Avet Pharmaceuticals Labs Inc.	66,095	-	-	4.06	-	-
Interest expenses paid						
Emcure Pharmaceuticals Limited	11,750	223,153	562,394	0.72	13.55	33.42
Corporate guarantee fees paid (for the corporate guarantee given on loans) - refer note 13						
Emcure Pharmaceuticals Limited	416,631	719,766	126,825	25.57	43.72	7.54
Investment						
Mantra Pharma Inc.	100	-	-	0.01	-	-
Processing fees paid						
Emcure Pharmaceuticals Limited	-	768,234	681,930	-	46.66	40.52

Unless specified, the related parties are companies under common control.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.



15 Share Capital

	31.03.2024	CAD 31.03.2023	31.03.2022	31.03.2024	INR (million) 31.03.2023	31.03.2022
Authorized:						
Unlimited common shares, voting, participating						
Issued:						
Common shares	43,785,001	43,785,001	24,480,001	2,483.54	2,483.54	1,308.44
	43,785,001	43,785,001	24,480,001	2,483.54	2,483.54	1,308.44

Emcure Canada Inc. was incorporated in July 2021 with an initial investment of \$ 100,000 (INR 5.95 million) from the Parent company. In exchange, the Parent company received 100,000 common shares of Emcure Canada Inc. These shares were converted to common shares of the amalgamated company upon amalgamation on August 13, 2021. The 24,380,001 common shares previously held by the Parent company in the capital of the Company before the amalgamation were also converted to common shares of the amalgamated company upon amalgamation.

During the year ended March 31, 2023, the Company raised equity capital amounting to \$ 19,305,000 (INR 1,175.10 million) from Parent company. Of the total shares issued, outstanding loan balance due to Emcure of \$ 16,605,000 (INR 1,007.65 million) was converted to equity.

16 Employee Stock Options

On June 14, 2013, the shareholders of Emcure in their meeting pursuant to the scheme Emcure-Employee stock option scheme 2013, agreed that eligible employees of Emcure group would be granted share options convertible into not more than 2,260,651 shares in one or more tranches. Broadly, the options granted under the Scheme would vest within a period of not less than one year and not more than five years. The specific Vesting schedule and conditions subject to which vesting would take place would be outlined in the letter of grant given to the option grantees. Certain employees of the Company were granted share options per the following tranches:

Grant date	No of options	Exercise price	Vesting
14-Mar-16	60,000	8.96	Equally, over a period of 5 years
27-May-21	130,000	14.34	Equally, over a period of 5 years

The following table summarizes the ESOP stock option activity for the fiscal year ended March 31, 2024, March 31, 2023 and March 31, 2022 (restated):

Description	No of options	Weighted average exercise price
Options outstanding as of April 1, 2021	60,000	12.64
Options granted	130,000	14.34
Options exercised	-	-
Options canceled, forfeited or expired	-	-
Options outstanding as of March 31, 2022 (restated)	190,000	12.64
Options granted	-	-
Options exercised	-	-
Options canceled, forfeited or expired	-	-
Options outstanding as of March 31, 2023	190,000	12.64
Options granted	-	-
Options exercised	-	-
Options canceled, forfeited or expired	-	-
Options outstanding as of March 31, 2024	190,000	12.64

	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022 (restated)
Vested and exercisable	112,000	86,000	60,000
Unvested	78,000	104,000	130,000

The following table summarizes information about the equity settled share option grants outstanding as of March 31, 2024, March 31, 2023 and March 31, 2022 by exercise price:

Exercise price	March 31, 2024		March 31, 2023		March 31, 2022 (restated)	
	Remaining contractual term	No. of shares arising out of options	Remaining contractual term	No. of shares arising out of options	Remaining contractual term	No. of shares arising out of options
8.96	-	60,000	-	60,000	5	60,000
14.34	3	130,000	4	130,000	5	130,000

Emcure uses the Black Scholes Merton Option Pricing Model to determine the grant-date fair value of stock options. The determination of the fair value of stock options on the grant date is affected by the estimated underlying common stock price, as well as assumptions regarding a number of complex and subjective variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviours, risk-free interest rates, and expected dividends. The grant date fair value of Emcure's stock options granted to employees of the Company were estimated using the Black-Scholes option-pricing model with the following assumptions:

	2016 Grants 4.2 years	2021 Grants 3 years
Expected term	4.2 years	3 years
Expected volatility	29.90%	29.90%
Risk free interest rate	7.61%	5.38%
Annual dividend yield	1.00%	1.00%

During the years ended March 31, 2024, March 31, 2023 and March 31, 2022 the Company recorded a stock-based compensation expense of \$ 94,229 (INR 5.78 million), \$ 159,027 (INR 9.66 million) and \$ 213,286 (INR 12.67 million) within "Salaries and benefits" in the non-consolidated statements of earnings, respectively

During the years ended March 31, 2024, March 31, 2023 and March 31, 2022, the unvested compensation expense amounted to \$ 84,867 (INR 5.22 million), \$ 180,658 (INR 10.96 million) and \$ 339,685 (INR 20.62 million), respectively.



17 Commitments

The Company leases office space under an operating lease which expires August 2028. The minimum aggregate rent payable for the next six years is:

	31.03.2024	CAD 31.03.2023	31.03.2022	31.03.2024	INR (million) 31.03.2023	31.03.2022
2023	-	-	207,914	-	-	12.62
2024	-	96,890	87,948	-	5.88	5.34
2025	100,710	100,710	-	6.20	6.11	-
2026	103,741	103,741	-	6.39	6.30	-
2027	106,867	106,867	-	6.58	6.49	-
2028	110,060	110,060	-	6.78	6.68	-
2029	46,418	46,418	-	2.86	2.82	-

The rent expenses mentioned in the non-consolidated statements of earnings includes base rent, maintenance charges and property taxes.

18 Contingent Liabilities

The Company, along with certain other generic drug companies, has entered into a tolling agreement, as requested by a defendant of a class action that was filed in 2015. The Company was originally not listed as a defendant in the class action claim. During the year ended March 31, 2021, the Company was named as a defendant, along with other companies in the class action claim. No provision has been made in the financial statements as the likelihood that the Company will incur a loss is undeterminable at this time.

19 Financial Risks

(a) Currency risk:

Approximately 12.3% (2023 - 17.2%, 2022 - 16.2%) of the Company's sales are in foreign currency. Consequently, some assets, liabilities, revenue, and expenses are exposed to foreign exchange fluctuations. The following amounts represent balances at year-end denominated in USD, which have been translated into Canadian dollars in the financial statements:

	31.03.2024	USD 31.03.2023	31.03.2022	31.03.2024	INR (million) 31.03.2023	31.03.2022
Cash	36,401	1,175,919	723,429	3.04	96.63	54.83
Trade and other receivable	2,674,740	2,222,174	3,247,271	223.07	182.60	246.11
Accounts payable and accrued liabilities	(1,918,513)	(1,797,377)	(4,157,726)	(160.00)	(147.69)	(315.11)
Loans	(12,737,500)	(16,983,333)	(21,229,167)	(1,062.31)	(1,395.52)	(1,608.96)
Prepaid expenses and deposits	162,774	91,014	3,005,339	13.58	7.48	227.77

(b) Credit risk:

The Company is exposed to credit risk in the event of non-performance by customers but does not anticipate such non-performance. The Company monitors credit risk and credit reporting of customers as a regular basis. The maximum credit exposure is the fair value of accounts receivable.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budgets and cash forecasts to ensure it has sufficient funds to fulfil its obligations.

(d) Interest rate risk:

The Company has debts with variable interest rates based on LIBOR, prime plus a margin and CORRA. As a result, the Company is exposed to interest rate risk due to fluctuations in the LIBOR, prime rates and CORRA. There have been no significant changes to the Company's exposure to financial risks and concentration of risks from March 31, 2022.

20 BUSINESS COMBINATIONS:

The Company incorporated 9501-2969 Québec Inc (hereinafter referred to as "Québec Inc.") by investing \$100 on October 16, 2023.

On November 06, 2023, Québec Inc. acquired entities namely (i) Holding JFL Inc., Gestion Nirdac Inc., Gestion Stéphane Turcotte Inc., Gestion Belfan Inc., Gestion Éléoraph Inc. (collectively 'Mantra Holdcos') (ii) Mantra Pharma Inc. ('Mantra') (iii) Mantra Distribution Inc. (Subsidiary of Mantra Pharma Inc.) and (iv) Myriad Pharma Inc. ('Myriad') (hereinafter referred to as 'Acquired entities') pursuant to share purchase agreement dated November 06, 2023.

On November 06, 2023, Québec Inc. amalgamated with the above-mentioned Acquired entities such that the newly incorporated Mantra Pharma Inc was the resulting amalgamated company.

As a result of the above-mentioned transaction Mantra Pharma Inc became a wholly-owned subsidiary of the Company on November 06, 2023. The carrying value of Investment in Mantra Pharma Inc is \$ 100 (INR 0.01 million) as on March 31, 2024.

Acquisition related costs include legal and professional cost of \$1,617,127, \$ Nil and \$ Nil for the year ended March 31, 2024, March 31, 2023 and March 31, 2022, respectively, included in the statements of earnings as acquisition related costs.

Pursuant to the above transaction Emcure Pharmaceuticals Limited (the ultimate holding company) guarantees the erstwhile shareholders of the Acquired entities in respect of the Company's obligations due in the fiscal year 2026-2027 for Mantra Pharma Inc's earn out payment obligations pursuant of the Preferred Share Purchase Agreement dated November 6, 2023.

21 Subsequent Events

The Company evaluated all events and transactions that occurred after Balance sheet date, up to the date the financial statements were available to be issued. Based on the evaluation the Company is not aware of any other events or transactions that require recognition or disclosure in the non-consolidated financial statements.

22 Foreign Currency translation in Indian Rupees

Monetary Assets and liabilities of the Company have been translated to the Indian currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using average exchange rates. Share capital and Long term Investments (if any) are translated into Indian currency at exchange rate prevalent on the date of transaction. Translation adjustments have been reported as foreign currency translation reserve in the other comprehensive income which is presented within equity.

M/s. R.B. Sharma and Co.
Chartered Accountants
ICAI Firm Registration No: 109971W

Madhavan N Iyengar
Partner
Membership No. 044366
Date: 26 June 2024
Place: Pune



For and on behalf of Marcan Pharmaceuticals Inc.

Tajuddin Shaikh
Authorised Signatory

Date: 26 June 2024
Place: Pune

