



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ERIS THERAPEUTICS PRIVATE LIMITED

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Eris Therapeutics Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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, 2019, the Loss and total comprehensive income, changes in equity and its cash flows 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 specified under section 143(10) of the Companies Act, 2013 (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence 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 we have obtained 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.

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## **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("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, total comprehensive income, changes in equity and cash flows 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional



skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit 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 omission, misrepresentations, or the override of internal control.

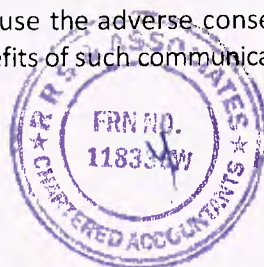
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 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 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

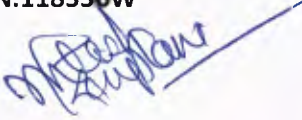
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on 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, Statement of Changes in Equity and the Statement of Cash Flow 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - 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 Company has not paid any remuneration to its directors during the year, hence reporting under section 197 (16) is not applicable to the company.
  - 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. As informed to us the Company does not have any pending litigations which would impact its financial position in its 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.

For R.R.S. & ASSOCIATES  
Chartered Accountants  
FRN.118336W



HITESH V. KRIPLANI  
( PARTNER )  
MEMBERSHIP NO. 140693



PLACE :Ahmedabad,  
DATE : 17/05/2019

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Eris Therapeutics Private Limited of even date)

1. There is no Fixed Assets with the company, hence reporting under Clause (i) of the order is not applicable to the company.
2. The company did not carry any inventories during the year and hence reporting under this clause is not applicable.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 and therefore, the provisions of clause (iii) of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions of the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, and hence this clause is not applicable.
5. During the year, the company has not accepted any deposits from public within the meaning of provisions of section 73 to 76 of the Companies Act, 2013 and the rules framed thereunder and therefore, the provisions of clause (v) of the Order are not applicable to the company.
6. Maintenance of cost records has not been specified by the Central Government under sub-section (1) of the section 148 of the Companies Act; hence this clause is not applicable to the company.
7. In respect to statutory dues:
  - a. According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues, including Income tax and other material statutory dues with the appropriate authorities to the extent applicable. There were no undisputed statutory dues as on 31st March 2019, which were outstanding for more than six months from the date on which they became payable.
  - b. According to information and explanation given to us, there are no material dues of Income tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any disputes.
8. In our opinion and according to the information and explanation given to us, the Company has not taken any loan from banks and financial institutions nor issued any debentures, hence is the Para 3(viii) of the said order not applicable to the company.
9. In our opinion and on the basis of information and explanations given to us, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.



10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. The Company is a private limited company and therefore the provision of paragraph 3(11) i.e. payments of managerial remuneration are not applicable to the company.
12. According to the explanation given to us, the company is not a Nidhi Company and therefore the provisions of clause (xii) of the Order are not applicable.
13. According to the information and explanations given to us, and based on our examinations of the records of the company, transactions with related parties are in compliance with section 177 and section 188 of the Act, where applicable and the details of the transaction have been disclosed in Ind AS financial statement as required by the applicable accounting standards.
14. The company has not made any preferential allotment of shares to the parties covered in the register maintained u/s 189 of the Companies Act, 2013.
15. According to the explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transaction with directors or connected with them. Accordingly, paragraph 3 (15) of the Order is not applicable.
16. According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR, R R S & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN: 118336W**



**(HITESH V. KRIPLANI)  
PARTNER  
MEMBERSHIP NO. 140693**



**PLACE : AHMEDABAD  
DATE : 17/05/2019**

## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Eris Therapeutics Private Limited of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial report of **ERIS THERAPEUTICS PRIVATE LIMITED ('the company')** as on 31<sup>st</sup> March 2019 in conjunction with our audit of the 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit or 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 company's policies, the safeguarding of the 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

### **Auditors' Responsibility**

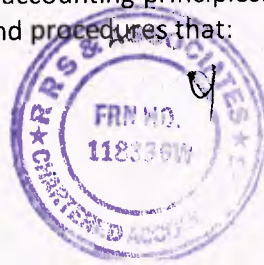
Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India and the Standard on Auditing prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of 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 systems over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting included 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 transaction are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of company's assets that could have a material effect on the financial statements.

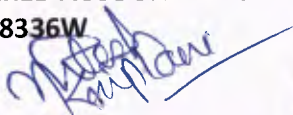
**Inherent Limitations of Internal Financial Control over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting 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 , projection of any evaluation of the internal financial controls over financial reporting to future periods are subjects to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial reporting issued by the Institute of Chartered Accountants of India.

**FOR, R R S & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN: 118336W**



**(HITESH V. KRIPLANI)  
PARTNER  
MEMBERSHIP NO. 140693**



**PLACE: AHMEDABAD.  
DATE : 17/05/2019.**

**ERIS THERAPEUTICS PRIVATE LIMITED**

**Balance Sheet as at 31st March, 2019**

(₹ in lacs)

Particulars	Note No	As at	As at
		March 31, 2019	March 31, 2018
<b>I. Assets :</b>			
<b>(1) Non-current assets</b>			
(a) Income tax assets (net)	3(c)	4.78	4.78
(b) Deferred Tax Assets (net)	3(e)	1.35	1.35
<b>Total Non current assets</b>		<b>6.13</b>	<b>6.12</b>
<b>(2) Current assets</b>			
Financial assets			
Current investments	2	0.24	0.24
Cash and cash equivalents	4	2.26	2.40
<b>Total Current assets</b>		<b>2.50</b>	<b>2.64</b>
<b>Total</b>		<b>8.63</b>	<b>8.76</b>
<b>II. Equity And Liabilities :</b>			
<b>(1) Equity</b>			
(a) Share Capital	5	1.00	1.00
(b) Other Equity	6	7.51	7.65
<b>Total Equity</b>		<b>8.51</b>	<b>8.65</b>
<b>(2) Current Liabilities</b>			
(a) Financial liabilities			
Trade payables	7	0.12	0.11
Provisions		-	-
<b>Total Current Liabilities</b>		<b>0.12</b>	<b>0.11</b>
<b>Total</b>		<b>8.63</b>	<b>8.76</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For R R S & Associates**  
Chartered Accountants  
Firm Reg. No. 118336W

**CA. Hitesh V. Kriplani**  
Partner  
M.No. 140693

**Place: Ahmedabad**  
**Date: 17th May, 2019**



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

**Himanshu J. Shah**  
Director  
DIN:01301025

**Rajendra R. Patel**  
Director  
DIN:01229080

**Place: Ahmedabad**  
**Date: 17th May, 2019**



## ERIS THERAPEUTICS PRIVATE LIMITED

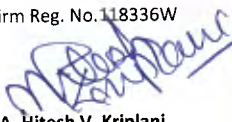
## Profit and Loss statement for the year ended Mar 31, 2019

(₹ in lacs)

Particulars	Note No	For the Year ended March 31, 2019	For the Year ended March 31, 2018
<b>REVENUE:</b>			
Other Income	8	-	-
<b>Total Revenue (I)</b>		-	-
<b>EXPENSES:</b>			
Other Expenses	9	0.14	0.17
<b>Total (II)</b>		<b>0.14</b>	<b>0.17</b>
<b>Profit before interest, tax, depreciation and amortisation (I - II)</b>		<b>(0.14)</b>	<b>(0.17)</b>
<b>Profit before tax</b>		<b>(0.14)</b>	<b>(0.17)</b>
Tax expenses / (benefit):	3		
(a) Current tax		-	1.51
(b) Deferred tax		-	(1.35)
<b>Net tax expense</b>		<b>-</b>	<b>0.16</b>
<b>Profit/(Loss) for the period</b>		<b>(0.14)</b>	<b>(0.33)</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>(0.14)</b>	<b>(0.33)</b>
<b>Earning per equity share of face value of ₹.10 each:</b>			
Basic & Diluted (₹)		(1.36)	(3.31)

See accompanying notes forming part of the financial statements


In terms of our report attached  
**For R R S & Associates**  
 Chartered Accountants  
 Firm Reg. No. 118336W

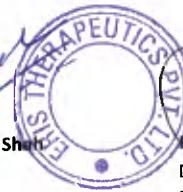
  
**CA. Hitesh V. Kriplani**  
 Partner  
 M.No. 140693

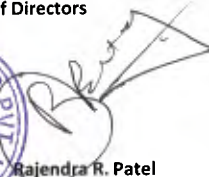


Place: Ahmedabad  
 Date: 17th May, 2019

For and on behalf of the Board of Directors

  
**Himanshu J. Shah**  
 Director  
 DIN:01301025



  
**Rajendra R. Patel**  
 Director  
 DIN:01229080

Place: Ahmedabad  
 Date: 17th May, 2019

## Statement of Changes in Equity for the period ended 31st March 2019

## A. Equity Share Capital

(₹ in lacs)

Particulars (refer note-5)	Amount
As at 31st March 2017	1.00
Change in Equity Share Capital	-
As at 31st March 2018	1.00
Change in Equity Share Capital	-
As at 31st March 2019	1.00

## B. Other Equity

(₹ in lacs)

Particulars (refer note-6)	Retained Earnings	Capital Reserve	Total Other Equity
As at 31st March 2017	2.37	5.61	7.98
Add: Profit for the year	(0.33)	-	(0.33)
Add: Other comprehensive Income for the year	-	-	-
As at 31st March 2018	2.04	5.61	7.65
Add: Profit for the year	(0.14)	-	(0.14)
Add: Other comprehensive Income for the year	-	-	-
As at 31st March 2019	1.90	5.61	7.51

See accompanying notes forming part of the financial statements

In terms of our report attached

For R R S & Associates  
Chartered Accountants  
Firm Reg. No. 118336W

For and on behalf of the Board of Directors

CA. Hitesh V. Kriplani  
Partner  
M.No. 140693



Himanshu J. Shah  
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DIN: 01301025



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DIN:01229080

Place: Ahmedabad  
Date: 17th May, 2019

Place: Ahmedabad  
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**ERIS THERAPEUTICS PRIVATE LIMITED**

**Cash Flow Statement for the Year ended 31 st March, 2019**

(₹ in lacs)

Particulars	Year ended March 31,2019	Year ended March 31,2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	(0.14)	(0.17)
Adjustments for :		
Interest income	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(0.14)</b>	<b>(0.17)</b>
Changes in working capital:		
Adjustments for increase / (decrease) in operating liabilities:		
Other current liabilities	(0.00)	(0.11)
<b>Cash Generated from Operations</b>	<b>(0.14)</b>	<b>(0.28)</b>
Net income tax	-	(1.51)
<b>Net cash flow from operating activities (A)</b>	<b>(0.14)</b>	<b>(1.79)</b>
<b>B. Cash Flow from Investing Activities</b>		
Interest Income	-	-
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)</b>	<b>(0.14)</b>	<b>(1.79)</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>2.40</b>	<b>4.19</b>
<b>Closing balance of Cash and Cash Equivalents as per cash flow statement {Refer note-4}</b>	<b>2.26</b>	<b>2.40</b>

Footnotes:

( i ) Cash and Cash Equivalents {Refer note-4}

Cash on hand	0.19	0.19
Balance with banks		
In Current Account	2.07	2.21
<b>Cash and Cash Equivalents as per Cash flow statement</b>	<b>2.26</b>	<b>2.40</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

**For R R S & Associates**

Chartered Accountants

Firm Reg. No.118336W



**CA. Hitesh V. Kriplani**

Partner

M.No. 140693



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



**Himanshu J. Shah**

Director

DIN:01301025




**Rajendra R. Patel**

Director

DIN:01229080

**Place: Ahmedabad**

**Date: 17th May, 2019**

**Place: Ahmedabad**

**Date: 17th May, 2019**

**Corporate Information:**

Eris Therapeutics Private Limited ("the Company") is a private limited company and was incorporated and domiciled in India having its registered office at 21, New York tower, Nr. Muktidham temple, Thaltej cross road, Thaltej, Ahmedabad-380054 Gujarat, India. The Company is engaged in the manufacture and marketing of pharmaceutical products.

**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) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**(B) Historical Cost Convention**

The financial statements have been prepared on historical cost basis, except for certain assets and liabilities which have been measured at fair value or revalued amount.

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/noncurrent 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. 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 Use of estimates:**

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.

**1.3 Revenue recognition:**

- a. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of discounts, applicable taxes and returns. The company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities, as described below.
- 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.
- 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 / amortization and impairment loss, if any. All costs attributable to acquisition 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

Depreciation on Property, Plant and Equipment (other than 'Freehold Land' where no depreciation is provided), is provided on the "Written Down Value Method" (WDV) based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets were put to use.

**1.5 Financial Instruments****Financial assets****Initial recognition and measurement**

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

**Subsequent measurement**

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

**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 and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

**Subsequent measurement**

These liabilities include are 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.

**1.6 Impairment of assets:****Financial Asset**

A financials Asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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 asset carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset fair value less cost to sale 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 asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment has been recognised.



**1.7 Inventories:**

- a. Inventories are valued at the lower of cost and net realizable value. Cost includes all charges in bringing the goods to the warehouse, including any levies, transit insurance and receiving charges.
- b. Stock-in-trade is valued at the lower of cost and net realizable value.

**1.8 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, net of outstanding book overdrafts, if any, as they are considered an integral part of the company's cash management.

**1.9 Borrowings:**

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.

**1.10 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 earnings per share is the same as basic earnings per share as the company does not have any dilutive potential equity shares outstanding. The number of equity shares are adjusted for share splits and bonus shares, as appropriate.

**1.11 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.

**1.12 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.





Note 2 Current investments

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Trade Investment Unquoted		
Investment in Government Securities (NSC)	0.24	0.24
<b>Total</b>	<b>0.24</b>	<b>0.24</b>

Note 3 : Income Taxes

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(a) Expense / (benefit) recognised in the statement of profit and loss:</b>		
Current tax:		
Expense for current year	-	1.51
Deferred tax:		
Deferred tax (benefit) / expense for current year	-	(1.35)
	-	0.16
<b>(b) Reconciliation of Effective Tax Rate :</b>		
Profit before income taxes	(0.14)	(0.17)
Enacted tax rate in India	25.75%	25.75%
Expected income tax expenses	(0.04)	(0.04)
Brought forward & carry forward of losses	0.04	0.04
Tax pertaining to earlier years	-	0.16
<b>Total</b>	<b>-</b>	<b>0.16</b>

(c) Income tax assets

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	4.78	4.78
Add: Tax paid in advance, net of provisions during the year	-	-
<b>Closing Balance</b>	<b>4.78</b>	<b>4.78</b>

(d) Income Tax Liabilities :

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	-	-
Add: Current tax payable for the year	-	1.51
Less: Taxes paid	-	1.51
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
(e) Deferred tax relates to :		
Deferred tax assets		
Minimum Alternate Tax credit entitlement	1.35	1.35
<b>Total</b>	<b>1.35</b>	<b>1.35</b>

(f) Movement in Deferred tax Assets/(Liabilities) relates to :

(₹ in Lacs)

Particulars	Minimum Alternate Tax credit entitlement	Total
<b>At 01st April 2017</b>		
Charged/(Credited)		
- To Profit or Loss	(1.35)	(1.35)
- To other comprehensive Income	-	-
<b>At 31st March 2018</b>	<b>1.35</b>	<b>1.35</b>
Charged/(Credited)		
- To Profit or Loss	-	-
- To other comprehensive Income	-	-
<b>At 31st March 2019</b>	<b>1.35</b>	<b>1.35</b>

Note 4 Cash and cash equivalents

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.19	0.19
Balance with banks	2.07	2.21
<b>Total</b>	<b>2.26</b>	<b>2.40</b>



## Note 5: Share Capital

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Authorised</b>		
Equity Shares of ₹10/- Each	1.00	1.00
10,000 (Previous year 10,000) Equity Share of ₹. 10 each		
<b>Total</b>	<b>1.00</b>	<b>1.00</b>
<b>Issued Subscribed &amp; Fully Paid up</b>		
10,000 (Previous year 10,000) Equity Share of ₹. 10 each fully paid up	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>

## 5.1 Reconciliation of Equity Shares Outstanding at the beginning and at the end of the year:

Particulars	No. of equity shares	No. of equity shares
Shares outstanding at the beginning of the year 31-03-2017	10,000	10,000
Shares Issued during the year	-	-
Shares outstanding at the end of the year 31-03-2018	10,000	10,000
Shares Issued during the year	-	-
Shares outstanding at the end of the year 31-03-2019	10,000	10,000

## 5.2 List of Shareholders holding more than 5% shares n the company as at the end of the year:

Name of Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of equity shares held	% of Shareholding	No. of equity shares held	% of Shareholding
Eris Lifesciences Private Limited	10,000	100%	10,000	100%

## Note 6: Other Equity

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31st, 2018
Retained earning	1.90	2.04
Capital Reserve	5.61	5.61
<b>Total</b>	<b>7.51</b>	<b>7.65</b>

## Note 7: Trade payables

(₹ in lacs)

Particulars	As at March 31, 2019	As at March 31st, 2018
Other than acceptances		
Due to micro and small enterprises ( Refer note 13 )		
Due to others	0.12	0.11
<b>Total</b>	<b>0.12</b>	<b>0.11</b>



## Note 8 Other Income

(₹ in lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Miscellaneous income	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 9 Other Expenses

(₹ in lacs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Payments to statutory auditor-for audit	0.12	0.11
Legal expense	-	0.04
Miscellaneous	0.02	0.02
<b>TOTAL</b>	<b>0.14</b>	<b>0.17</b>



**Note 10: Fair Value Measurement****(i) Financial assets and liabilities**

The carrying value and fair value of financial instruments by category is as follows :

	(₹ in lacs)			
	As at 31-Mar-2019		As at 31-Mar-2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<b>Financial assets :</b>				
<b>Amortised cost :</b>				
Cash and cash equivalents	2.26	2.26	2.40	2.40
Investment in Government securities	0.24	0.24	0.24	0.24
<b>Total</b>	<b>2.50</b>	<b>2.50</b>	<b>2.64</b>	<b>2.64</b>
<b>Financial Liabilities :</b>				
<b>Amortised cost :</b>				
Trade payables	0.12	0.12	0.11	0.11
	<b>0.12</b>	<b>0.12</b>	<b>0.11</b>	<b>0.11</b>

**(ii) Financial risk management :**

The Company's activities are exposed to variety of financial risks. These risks include market risk , credit risks 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) 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 ₹ 2.50 lacs and ₹ 2.64 lacs as at 31-March-2019 and 31-March-2018 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments in subsidiaries, and these financial assets are of good credit quality including those that are past due.

**(B) 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.

Contractual maturities of significant financial liabilities are mentioned below. The amounts disclosed in the table are the contractual undiscounted cash flows :

	(₹ in lacs)		
	Less than 1 year	1-3 years	More than 3 years
<b>As at 31-03-2019</b>			
Trade payables	0.12	-	-
	<b>0.12</b>	<b>-</b>	<b>-</b>
<b>As at 31-03-2018</b>			
Trade payables	0.11	-	-
	<b>0.11</b>	<b>-</b>	<b>-</b>

**(iii) 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.



**Note 11: Related Party Disclosures**

A) List of Related Parties and description of their relationship are as follows:

Name of the entity	Nature of Relationship
Eris Lifesciences Limited	Holding Company

B) Transactions with related parties are as follows:

(₹ in lacs)

Particulars	Nature of Relationship	For the year ended March 31, 2019	For the year ended March 31, 2018
Eris Lifesciences Limited	Holding company		Nil

(C) Balances with related parties at end of the year:

(₹ in lacs)

Particulars	Nature of Relationship	As at March 31, 2019	As at March 31, 2018
Eris Lifesciences Limited	Holding company		Nil

**Note 12: Micro Small & Medium Enterprises**

Based on the information available with the Company, there are no enterprises covered under the definition of Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This has been relied upon by the Auditors.

**Note 13: 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 Company's chief operating decision maker is the managing director and the company has only one reportable business segment i.e. 'pharmaceuticals'.

**Note 14: Regrouping**

Previous year figures have been regrouped / reclassified wherever necessary, so as to make them comparable with those of the current year.

See accompanying notes forming part of the financial statements

In terms of our report attached

**For R R S & Associates**

Chartered Accountants

Firm Reg. No.118336W

CA. Hitesh V. Kriplani  
Partner  
M.No. 140693



Place: Ahmedabad  
Date: 17th May, 2019

For and on behalf of the Board of Directors

Himanshu J. Shah  
Director  
DIN:01301025

Rajendra R. Patel  
Director  
DIN:01229080

Place : Ahmedabad  
Date: 17th May, 2019