Stelis
Biopharma

Appendix 9C

The **Standalone Financial Details** of the Company for the previous 3 years as per the audited statement of accounts are provided below:

Name of the Company: **Stelis Biopharma Limited**

(Rs. in Millions)

Particulars	**As per the last Audited Financial Year***	**1 year prior to the last Audited Financial Year***	**2 years prior to the last Audited Financial Year***
	2022-23	**2021-22**	**2020-21**
Equity Paid up Capital	40.10	30.36	15.43
Reserves and surplus**	7,827.04	10,115.98	7,770.11
Carry forward losses	(14,272.17)	(6,285.80)	(3,991.15)
Net Worth***	7,867.14	10,146.34	7,785.54
Miscellaneous Expenditure	-	-	-
Secured Loans	6,911.91	11,542.71	3859.16
Unsecured Loans	1,4511.00	-	-
Fixed Assets (Property Plant and Equipment)	11,269.51	11,856.61	6,011.55
Income from Operations	410.74	1,321.27	213.90
Total Income	457.52	1,379.91	223.95
Total Expenditure	8,448.64	3,677.31	1,436.34
Profit before Tax^	(7,991.12)	(2,297.40)	(1,212.39)
Profit after Tax	(7,991.12)	(2,297.40)	(1,212.39)
Cash Profit	(3,398.61)	(1,593.91)	(868.35)
Diluted EPS	(200.69)	(64.85)	(1,006.13)
Book value per share	196.19	334.24	504.47

**Figures based on Standalone Financial Statements.*
*** Reserves and surplus include carry forward of losses.*
**** Net Worth in the above table is calculated as defined under Section 2(57) of the Companies Act, 2013. Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited books of account, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

^Profit before tax and other comprehensive Income.

STELIS BIOPHARMA LIMITED
BENGALURU

Stelis Biopharma

The **Consolidated Financial Details** of the Company for the previous 3 years as per the audited statement of accounts are provided below:

Name of the Company: **Stelis Biopharma Limited**

(Rs. in Millions)

Particulars	**As per the last Audited Financial Year***	**1 year prior to the last Audited Financial Year***	**2 years prior to the last Audited Financial Year***
	2022-23	**2021-22**	**2020-21**
Equity Paid up Capital	40.10	30.36	15.43
Reserves and surplus**	7,814.04	16,094.43	7,744.77
Carry forward losses	(14,284.78)	(6,307.35)	(4,016.49)
Net Worth***	7,854.53	10,124.79	7,760.20
Miscellaneous Expenditure	-	-	-
Secured Loans	6,911.91	11,542.75	3,859.16
Unsecured Loans	1,455.00	-	0
Fixed Assets (Property Plant and Equipment)	11,269.51	11,856.61	6,011.55
Income from Operations	410.74	1,321.27	213.90
Total Income	457.40	1,358.97	223.95
Total Expenditure	5,009.21	3,671.62	1,429.56
Profit before Tax^	(7,998.30)	(2,312.65)	(1,205.61)
Profit after Tax	(7,998.30)	(2,311.60)	(1,208.29)
Cash Profit	(5,649.66)	(1,609.16)	(861.57)
Diluted EPS	(200.87)	(65.25)	(1,002.72)
Book value per share	195.87	333.53	502.83

** Figures based on Standalone Financial Statements.*
*** Reserves and surplus include carry forward of losses.*
**** Net Worth in the above table is calculated as defined under Section 2(57) of the Companies Act, 2013. Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited books of account, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

^Profit before tax and other comprehensive Income.

For **Stelis Biopharma Limited**

STELIS BIOPHARMA LIMITED BENGALURU

Trisha A
Company Secretary
Membership No. – A47635
Address: Bannerghatta, Bangalore -560076

Date: 27 September 2023

Stelis Biopharma Limited
Annual Report 2022-23

Stelis Biopharma

Integrated. Agile. Future-ready.

Forward-looking statements

Some of the information in this report may contain forward-looking statements, which include statements regarding the Company's expected financial position and results of operations, business plans and prospects, etc. They are generally identified by forward-looking words, such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will", or other similar words. Forward-looking statements are dependent on assumptions or the basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that the actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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Contents

What began as a Strides subsidiary has evolved into a fully integrated pure-play biopharmaceutical company with extensive capabilities in biologics, biobetters, biosimilars and vaccine research, scale-up and commercialisation.

Integrated. Agile. Future-ready.

At Stelis, our efforts are backed by our robust Contract Development and Manufacturing Organisation (CDMO) platform and an integrated business model. We have emerged as a leading global biopharmaceutical CDMO in the Asia-Pacific region.

Our agility in building capacities and sharpening precision, efficiency and speed at every stage of process development and manufacturing processes has helped us become a trusted and reliable CDMO partner.

We have a track record of rapidly expanding and adjusting to shifting client requirements. Committed to staying ahead of the curve, we focus on creating high quality products that are not only effective but are also primed to meet the future needs of our clients.

Building on our strengths and leveraging our enhanced R&D capability, we stand at the cusp of an exciting journey ahead. Our diverse product portfolio, world-class process development and manufacturing infrastructure for both drug substances and drug products make us a future-ready organisation, geared to chart new frontiers of growth.

Stelis at a glance

Stelis Biopharma Limited (Stelis) is a pure-play biologics Contract Development and Manufacturing Organisation (CDMO) with capabilities for global expansion. Our technical expertise, innovative capability and emphasis on quality allow us to sustain agile operations and address diverse industry needs.

Stelis offers a comprehensive range of end-to-end solutions for cell line technology transfer and proven capacities for clinical and commercial manufacturing. Our journey began with the build-out of a fully integrated commercial bio-manufacturing facility in Bangalore, India and today we operate three state-of-the-art facilities with world-class process development and manufacturing infrastructure. Leveraging our cutting-edge technology and a competent team of professionals, we ensure unmatched quality and efficiency across our operations.

Vision

We aim to be globally recognised as the most trusted and reliable biopharmaceutical CDMO.

Mission

Our mission is to reliably deliver our clients' biopharmaceutical programmes on time and in full.

Values

Integrity

Operate with the highest degree of integrity and transparency with no compromises at all. By integrity, we mean our people, products and processes display integrity always.

Collaboration

Collaborate with team members and colleagues to deliver synergy and excellence in all activities, actions and decisions, such that we deliver high customer advocacy.

Efficiency

Display entrepreneurial zeal towards work, render high quality services and deliver safe and superior products efficiently.

3
State-of-the-art facilities

85,000+ square metres
Process development and manufacturing space

48,000+ litres
Single-use Bioreactor (SUB) capacity

400 million units
Annual drug production capacity

Business model

'Leveraging our integrated business model, we are creating sustainable value for all our stakeholders'

We prioritise agility, velocity and innovation to create value for our customers and stakeholders. During FY23, we made great strides in further sharpening our innovative capabilities and strengthening our core, which enabled us to stay ahead of the curve in a dynamic industry.

Capitals

Our finances

We have successfully bolstered our financial performance by effectively managing our order book and implementing cost optimisation strategies that resulted in a substantial reduction in operating expenses.

Manufacturing capabilities

We have three state-of-the-art manufacturing facilities, which are approved by EU-GMP and USFDA regulatory bodies and hold ISO:14000 certification. These facilities have undertaken and completed high-value projects successfully.

Giving back to community

As a responsible corporate entity, we strive to give back to the communities in which we operate, thereby providing them with access to the bare necessities.

Research and development

Our R&D team consistently focuses on innovation to adopt the latest technological advancements and emerging trends in the industry.

Our human resource

Our HR department has effectively implemented and enforced stringent health and safety protocols, resulting in zero reported fatalities throughout the year.

Environmental sustainability

As part of our commitment to promoting sustainable manufacturing practices, we are actively working towards reducing our environmental footprint by implementing several calibrated and precise measures.

Inputs

₹ 40.10 Mn Total equity

3 State-of-the-art manufacturing facilities

₹ 2.20 Million Spent on CSR activities

1,870 Registered local vendors

₹ 19.29 Million Invested in R&D

87 R&D team members

525 Number of employees

70,548 KLD Total water consumption

22,916,245 KWH Total energy consumption

15000 Cubic metres Rooftop rainwater harvesting capacity

How we create value

How we operate

Manufacturing Service Agreements (MSA)

The first part of the CDMO contract includes technology transfer, process development, process sale and the execution of performance qualification (PPQ) batches.

Commercial Sales Agreements (CSA)

The second part of the CDMO contract includes the value secured through the commercial supply of products that are developed for the partner under the MSA.

Our revenue streams

1. Drug Product (DP) Fill finish
2. Microbial Drug Substance (DS)
3. Mammalian Drug Substance (DS)
4. Commercial supplies of integrated DS and DP

Outputs

₹ 457.52 Million

₹ (1648.11) Million Cash generated from operations

90% Water recycled and reused

72% Waste recycled

785 Trees planted

Outcomes

Maintained a strong order book.

Adopted various measures to optimise cost and significantly reduced operating cost.

Ensured access to essential facilities for people living in communities where we operate.

Reused the treated water from our processes to conserve freshwater resources.

Committed to reducing our water footprint and promoting sustainable manufacturing practices.

Creating value for stakeholders

Shareholders

We create value for our shareholders by developing and marketing innovative biologics and biosimilars which have the potential to yield significant returns. Our focus on research and development ensures a steady stream of new products, which can drive growth and enhance shareholder value.

Employees

We care for our employees by providing them with a positive, secure and rewarding work environment. We foster a culture of innovation and collaboration which encourages employees to develop new ideas and contribute to our long-term success.

Community

We provide healthcare assistance to our communities through health camps and public health centres. In addition to this, we construct sitting areas, conduct training sessions on hygiene and strive to make clean water accessible.

Corporate Overview
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Founder's message

> At Stelis, we are now in a sweet spot to establish ourselves as one of the leading biopharmaceutical companies with the potential to achieve excellent returns and substantial profit margins

Arun Kumar

Founder

Dear Shareholders,

At the close of an eventful fiscal year, I am content to share our business performance with you. Our perseverance and resilience were put to the test over the past two years due to several challenges. In addition to geopolitical unrest, supply chain disruptions and other headwinds, we have also seen a worldwide pandemic unfold.

While these difficulties have had varied degrees of impact on each of us, they have also compelled us to revaluate the safety and security aspects of our lives and adjust to the 'new normal.' The risks in the macroenvironment, especially those associated with COVID, are nonetheless present and are expected to persist for the foreseeable future.

However, I begin with the hope that all of you and your family members are safe and healthy. I would like to share with you that Stelis has continued to build upon the initial success of our Contract Development and Manufacturing Organisation (CDMO) business and has made great strides during the year under review. We managed to significantly increase the number of orders received, add new clients and keep our top line stable.

The CDMO market at a glance

While the global biologics CDMO market is valued at more than ₹ 80 billion in 2022 and is forecast to grow at 15% annually between 2022 and 2028, the global economy continues to manage the supply chain inefficiencies, caused by increasing instances of geo-political conflicts and sticky inflation. Despite these headwinds, the trend of outsourcing manufacturing to CDMOs is on the rise, driven by the need for reducing costs, enhancing efficiency and lowering time to market. Biotech companies are now prioritising quality and compliance with regulatory requirements, which CDMOs offer, to ensure the safety and efficacy of the drugs they manufacture.

Business overview

Since its inception in 2013 as a subsidiary of Strides, Stelis has evolved into a leading CDMO that provides end-to-end services to biopharma and biotech companies. Over the years, we have built a robust CDMO platform that spans the entire CDMO value chain, from clinical development to technology transfer to commercial manufacture and regulatory assistance.

Stelis today comprises two separate businesses: a global pure-play biological CDMO and a product division with a pipeline of biosimilars and vaccines. We now have three state-of-the-art biologics manufacturing facilities, offering microbial, mammalian and viral vector production for a range of drug modalities and different types of drug products. With more than 48,000L of bioreactor capacity, we have now established ourselves as one of the largest CDMOs in the Asia-Pacific (APAC) region. Quality is at the core of Stelis' culture. We always strive to meet global quality standards, ensure compliance and guide our clients through regulatory approval.

Performance highlights

While we managed to preserve our top line stability throughout FY23, we also gained considerable new orders for our products. Moving forward, as we strive to fulfil these orders, our top and bottom lines will reflect the strong industry position that Stelis is poised to occupy.

Additionally, through the Manufacturing Services Agreement (MSA), which is the pre-revenue component of the CDMO contract, typically includes the technology transfer, process development, process scale and execution of Performance Qualification (PPQ) batches. Our MSAs of INR 410.74 million in FY 2023 will drive a secured commercial services agreement (CSA) of INR 7,713 Million starting FY 2024. The CSA is the second part of the CDMO contract that includes the value of the business, which is secured through the commercial supply of the products developed for the partner under the MSA. Typically, the duration of CSA would be three to five years and is secured by capacity commitment, ensuring an annuity of revenues.

We firmly believe that as the number of MSAs translating into CSAs rises, Stelis could scale up its business considerably and achieve high profitability.

Strategies for sustained growth

Adequate capacity, agility and flexibility in customer interactions, as well as affordability, continue to be our key differentiators. We also rely on the collective expertise of our competent scientific and technical cross-functional teams, supplemented by visionary leadership and efficient regulatory teams, to deliver highly complex scientific programmes for our clients, who trust us to meet their commitments on time and in full. It is on the back of this combination and our unique end-to-end offerings that we meet the highest global quality standards, which is aligned with our philosophy of building and sustaining a Quality Culture.

Going forward, as we continue providing exceptional services to our clients through the existing platforms, we will also focus on widening our reach and increasing our revenue streams.

Future outlook

The shift to the CDMO business is playing out extremely well. We have added several new customers and we are greatly benefiting from the shortages of specific types of capacities that are still challenging the industry. The new customer list that we are bringing on board is also highly encouraging.

At Stelis, we are now in a sweet spot to establish ourselves as one of the leading biopharmaceutical companies with the potential to achieve excellent returns and substantial profit margins. Our several prudent measures of provisioning in Stelis as we move from a product company to a pure-play CDMO are expected to yield us significant dividends in the long-term. As we continue to steer the organisation towards sustainable growth, we will keep creating value for all our stakeholders and the communities residing in the regions where we operate.

Last but not least, I would like to extend my heartfelt gratitude to all my team members, partners and stakeholders for their unwavering trust and cooperation.

With best regards,

Arun Kumar
Founder

Q&A with CFO

Q

What were the key highlights and achievements of the year under review, including business performance, customer traction and manufacturing capabilities?

A

Although the first two quarters of FY23 were indeed challenging for us, we have made a remarkable turnaround in the last two quarters. Our business performance has significantly improved, and we have a strong order book. Additionally, we have secured several final contracts that are expected to materialise in FY24, indicating a positive trend for the future.

During the year, our focus was on strengthening our end-to-end manufacturing capabilities as a CDMO, starting from initial R&D to producing APIs. We prioritise quality excellence and have adopted various initiatives to improve our performance during the fiscal year. Despite the challenges, we have not incurred any additional capital expenditure for generating a revenue of up to $400 million. With the recent approval in the third quarter and the signing of significantly large contracts, we are confident that our initiatives will continue to yield positive results, and we are well positioned to grow sustainably.

We have achieved several significant milestones during the year. We were able to obtain an approval from the United States Food and Drug Administration (USFDA) for two of our plants and one from the European Union (EU) and Therapeutic Goods Administration (TGA) inspections. We have been successfully executing large-scale projects, which have enabled us to expand our operations and meet the demands of our growing customer base. We have gained significant traction from a large base of customers, which has contributed to our strong order book and revenue growth.

Q

What steps have you taken to ensure compliance with global quality standards and how has this impacted your manufacturing and commercial operations?

A

We are committed to upholding global quality standards, as evidenced by our recent achievements in obtaining approval from the European Union's Good Manufacturing Practice (EU GMP) and the United States Food and Drug Administration (USFDA). Our CDMO partner has received approval for a critical Abbreviated New Drug Application (ANDA) from the US FDA. This approval allows us to manufacture and market our drug product in the United States.

Our Unit 2 is a critical part of our operations and has the unique capability to produce both drug substances as well as drug products. With these capabilities, we are able to produce a wide range of products and meet the diverse needs of our customers. That unit is equipped with state-of-the-art equipment and supported by highly skilled professionals, who are committed to ensuring that our products are manufactured to the highest quality standards.

Q

What has been the cost optimisation initiatives undertaken by the Company to remain market competitive?

A

Our Company has been prioritising cost optimisation measures to become more cost competitive. We have identified that a significant portion of our total cost structure is attributed to fixed costs, which we have been actively managing.

In our pursuit to enhance cost competitiveness, we have made a concerted effort to avoid adding any additional costs to Unit 1 and Unit 2. This has required us to closely monitor our cost structure and implement leaner operational practices. At our Unit 3, we have been able to achieve significant cost reductions in our ongoing operational expenses. This has been achieved through careful analysis of our business operations and implementing targeted cost-reduction strategies.

By scrutinising our cost structure at a granular level, we have identified areas where cost savings can be achieved without compromising on the quality of our products or services.

Our commitment to cost optimisation is an ongoing process, and we continue to monitor and refine our operations to further increase cost efficiency across our organisation. We believe that these efforts will position us well in an increasingly competitive market, and help to enhance our long-term sustainability and growth prospects.

Q

How has the Company leveraged digital technologies to improve efficiency and innovation across the drug development and manufacturing processes?

A

We have made significant investments in implementing an automated system within our plant to streamline our operations and enhance efficiency. In this context I would like to highlight, we have implemented BIOVIA, which has enabled us to automate many of our key processes and reduce the risk of human error. In addition, we have also implemented an online batch records system, which has enabled us to improve our documentation and record-keeping processes. This system provides real-time visibility into our production processes and enables us to identify any potential issues quickly, ensuring that we can address them promptly.

We believe that our investment in automation and process optimisation will help us to maintain our competitive edge and continue to deliver high-quality products to our customers.

Q

What are your Company's strategic priorities for the future, and how do you plan to achieve them?

A

Focus on customer acquisition will be crucial for our business growth. We intend to gain traction from a large base of customers to expand our market share. With the recent approval, we are well-positioned to attract more clients and build stronger relationships with them. We have witnessed a strong order book in the last two quarters of the fiscal year 2023, indicating a positive trajectory for growth. We are confident that this trend will continue due to our recent approvals, which have positioned us to serve our global customers with confidence and ensure the highest quality standards. By leveraging our strong reputation for quality and reliability, we are well-positioned to capitalise on emerging market opportunities and build upon our existing relationships with customers worldwide.

Indicating significant potential for future growth as more MSAs translate into CSAs. This positions us well to scale our business and capture more opportunities in the market. Moreover, we have established ourselves as global leaders with an impressive bioreactor capacity of 56,000 litres. As we continue to build on this success, we are confident of our ability to create a sustainable business with sustainable margins and returns for the long term.

P R Kannan
CFO

Guided by a visionary leadership

Board of Directors

Arun Kumar

Founder and Non-Executive Director

A first-generation entrepreneur with an intellect of picking 'difficult to operate' domains with high scarcity value. Recipient of the E&Y Entrepreneur of the Year Award in the Healthcare sector in 2000, Business Today 'India Best CEO Award (Mid-Sized Companies Category)', and the 'Best CEO in the Pharma & Healthcare Industry' in 2014.

Ankur Thadani

Non-Executive Director

Partner at TPG Growth. He has worked on investments in multiple sectors, including healthcare, energy and consumer sectors across India and the broader outh-Asia region. He also serves on the Boards of Cancer Treatment Services International, Rhea Healthcare and Sutures India.

P R Kannan

CFO and Executive Director

With 20+ years of experience in the finance, strategy, taxation and M&A. He has been with the Group for over a decade and was earlier the CFO for SeQuent Scientific Limited. He is credited to have led SeQuent towards sustainable growth and deliver significant stakeholder value.

Mahadevan N

Non-Executive Director

A Senior Advisor to TPG Capital, a global private equity fund manager with > $100B assets under its management. Prior to TPG, Mahad spent over 15 years in the UK and India with Grant Thornton and PwC, on M&A, IPOs, capital raising and performance improvement/restructuring, with a focus on healthcare, pharma, logistics and other sectors.

Dr. Gopakumar Nair

Non Executive, Independent Director

With 40+ years of experience in Pharma Industry as Director, Managing Director & Chairman of various public limited pharma companies. Has also served Industry Associations for more than 35 years in various capacities, latest as President of Indian Drug Manufacturers' Association (IDMA), during 1999-2000.

He is currently IPR Committee Chairman of Indian Drug Manufacturers' Association (IDMA).

Ms. Rajashri Ojha

Non Executive, Independent Director

Ms. Rajashri Ojha is a Global RA GMP consultant and a Lead Auditor & Trainer with over 33+years of very versatile experience in pharma industry. Starting her career from Scientist in R & D, Analytical & Formulation, QA-QM, till handling GLOBAL regulatory Affairs and getting marketing approvals across the globe.

Ms. Yogita Hatangadi

Nominee Director

Ms. Hatangadi, a proud daughter of an ex-serviceman; is a post graduate in Business Management and started her career in 2004 in equity research. She joined Export-Import Bank of India (India EXIM Bank) in 2005 and has a rich business experience in corporate banking and industrial finance, treasury and fund raising, debt recovery.

Our leaders

With extensive industry expertise and a proven track record of delivering complex biologics programmes for top companies, our leadership team continues to guide Stelis to new heights of success.

P R Kannan

Executive Director and CFO

Frank Ternes

Chief Business Officer

Prateek Gupta

Head of Process Development and MSAT

Milan Doshi

Sr. Vice President (Business Development)

Embarking on a strategic roadmap for success

We have achieved impressive results by meeting customer needs and fostering cooperation among team members and departments.

Additionally, we have invested in building and enhancing our capabilities, focusing on identifying appropriate skill sets and developing a framework for programme capabilities. This has enabled us to meet evolving market requirements efficiently and strategically.

Focused on quality

The attainment of rigorous regulatory compliance in the biopharmaceutical industry serves as a testament to our unwavering dedication to producing exceptional-quality merchandise and expediting our ability to secure manufacturing service contracts that generate pre-commercial revenues. The issuance of an Establishment Inspection Report (EIR) by the US Food and Drug Administration (FDA) represents a momentous leap forward in guaranteeing our ongoing triumph in the global CDMO arena. Recently, we obtained an EIR for two of our facilities, which equips us to deliver top-tier commercial products with unparalleled standards of excellence. Additionally, our facility got EUGMP approval during the same period.

The recent approval of a key Abbreviated New Drug Application (ANDA) by one of our CDMO partners is a testament to our commitment to providing high-quality CDMO services and supporting our partners in bringing important pharmaceutical products to the market.

Execution of large projects

We recently received an EIR for our manufacturing facilities, which empowers us to deliver commercial products with the highest standards of quality. It also enhances our reputation and credibility in the biopharmaceutical industry, allowing us to expand our presence in the global market and improve revenue streams.

Fostering innovation and collaboration

One of the key growth drivers for Stelis remains our highly skilled scientific and technical cross-functional teams with diverse and deep experience in biopharmaceutical development and manufacturing. Resting on a culture of innovation and collaboration, we seek new avenues of growth and development. We have carved a niche in the industry by leveraging our technical expertise. This has enabled us to implement complicated scientific programmes while meeting stringent quality standards.

Expanding our reach

Our unique end-to-end offerings have strengthened our position in the industry. In addition to our scientific and technical capabilities, we expand our reach further.

While improving the capacity of existing products and technologies, we strongly emphasise meeting our customers' needs and delivering products through the most appropriate channels. Apart from pursuing new developments, we are also dedicated to providing exceptional customer service through existing platforms. It is anticipated that we will grow our customer base and increase revenue streams in the days ahead.

Meeting evolving customer requirements

We are committed to enhancing our customer base by offering innovative and high-quality services that meet the evolving needs of the industry. Based on market research and customer feedback, we identify the requirements of our target audience.

We have implemented a customer-centric approach to provide excellent service, build trust and foster long-term relationships. To enhance our customer outreach, we roll out several promotional offers.

Strengthening our team

Stelis Biopharma is focused on building a strong team to ensure long-term success. Hiring, training and retaining the best talent is one of our key focus areas. We endeavour to build a positive work culture that helps enhance productivity and operational efficiency. By implementing several people-centric initiatives and conducting numerous employee engagement programmes, we create a working environment that is conducive to the growth of our people and the organisation.

Key differentiators

Our offerings

Comprehensive offerings and strategic location in India set us apart from our competitors.

Customer support

Ability to provide support throughout the product development process and manage regulatory compliance

Partnering made easy

Cost advantages make us an attractive partner for businesses developing and scaling up their biological products.

Experienced team

Experienced commercial teams and established networks to reach customers

Securing new contracts

Continuous efforts to attract new customers and secure new contracts

Our commitment to building a sustainable and profitable biologics business is evident in our growth strategy. By focusing on expanding our team, establishing networks and providing comprehensive end-to-end support, we are poised for continued success in the biologics industry. Project management is a critical part of our strategy, as it facilitates interaction between the customer and us. Focusing on project management, we meet customer expectations by delivering high-quality information in a timely and cost-effective manner. This dedication to meeting customer needs is key to our success in the biologics industry.

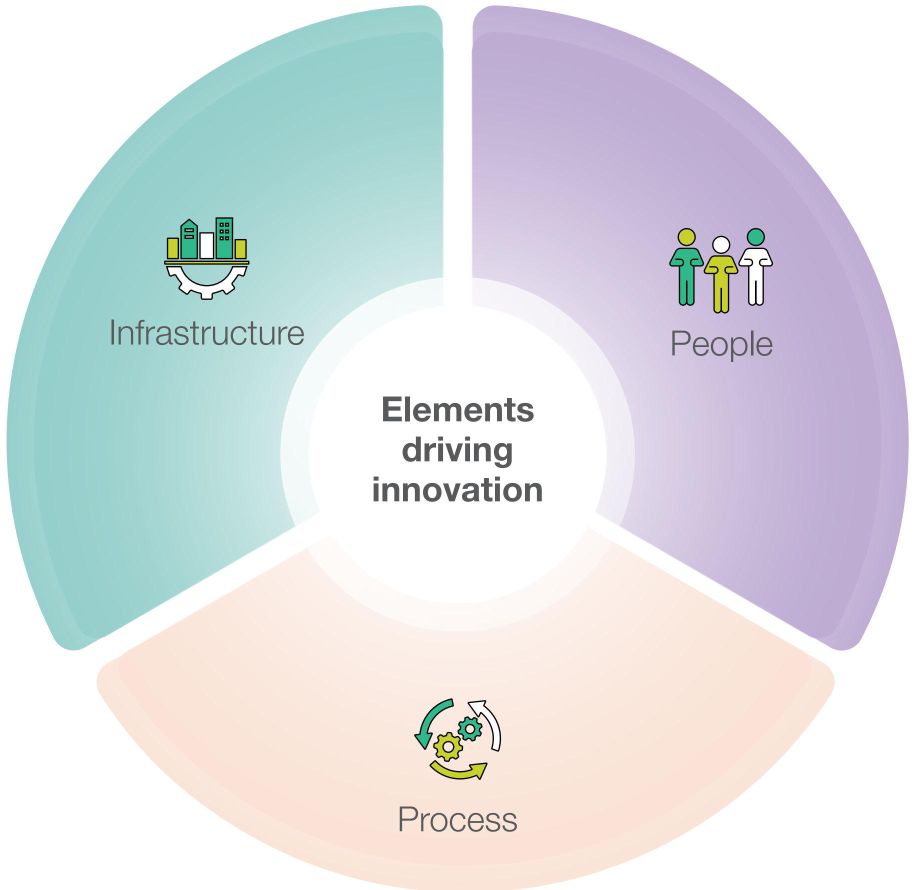
Driving customer retention and expansion

Stelis has teams across the US, UK, EU, India, and the Asia-Pacific. We offer higher yields and efficiency and have seen a significant improvement in customer retention. Notably, customers who previously sought only a single product have now demonstrated a propensity for acquiring multiple products from us. We attribute this shift in behaviour to our remarkable manufacturing capability and our advanced infrastructure that supports our endeavours to deliver superior-quality products. We have also received approval for our manufacturing base in Europe and are expected to become an efficient, agile and flexible bio-manufacturing organisation that produces high-quality drugs without extensive regulatory oversight, as expressed by the FDA.

Keeping innovation at the core

Our commitment to innovation remains at the core of our operations. We create products that exceed customer expectations. Through extensive research and development, we continue to introduce new and ground-breaking products to the market. It keeps us a step ahead of the competition and constantly provides us with opportunities for growth and expansion.

Our delivery models and integrated technologies are highly versatile, enabling us to effectively handle new compounds with diverse and challenging properties. Moreover, our manufacturing infrastructure is designed to deliver innovative solutions for leading pharmaceutical companies.



At Stelis, innovation comprises three essential elements - People, who introduce novel ideas, efficient processes that lower costs and third-party infrastructures that provide additional support to the innovation process.

To retain high-performing talent, we offer a conducive working environment that is ideal for attracting skilled professionals. Moreover, we are allocating a significant portion of our profits towards R&D, as it empowers us to introduce innovative products that meet the evolving needs of our customers.

Targeting niche products

How we do it

Stelis leverages new technology and efficient processes to create innovative products at a lower cost. We strive to improve efficiency and ensure cost competitiveness through a focus on innovation and sustainability, allowing us to deliver value to customers while maintaining profitability.

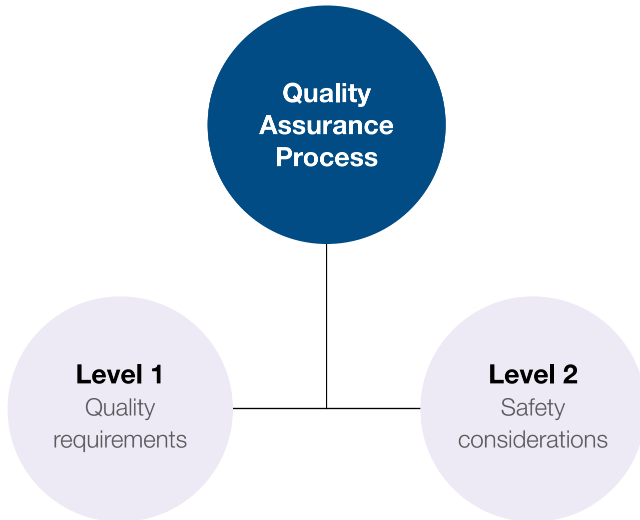
We recently received approval for our debut product and numerous other products are awaiting approval. Our focus is not limited to any particular therapeutic area. Instead, we intend to concentrate on developing and marketing niche products to improve our market share.

Strategies to conduct successful clinical trials

- Creation of a strong clinical team for effective and efficient clinical trial management
- A robust internal regulatory function for navigating the complex regulatory landscape and ensuring compliance
- Conducting extensive clinical studies to improve the success rate of clinical trials
- Gaining a thorough understanding of regulatory requirements to address concerns proactively
- Investing in key areas and taking a strategic approach to clinical trials to maximise the chances of success.
- Introduction of new and innovative products to the market with caution and care.

Assuring quality

To ensure product quality, it is essential to go beyond standard operating procedures and safety guidelines. It entails the creation of a product that eliminates the danger of being potentially harmful to patients. When product quality is concerned, we take a comprehensive approach that considers every aspect, ranging from product design to development.



To achieve a flawless end product, we continuously refine our process. It ensures adherence to regulatory guidelines and compliance standards while delivering high-quality products. Our focus on niche products helps us strengthen our foothold in the industry through stronger R&D efforts. With the development of a robust product development framework, we seek to introduce innovative products to the market and meet the evolving needs of customers.

Quality benchmarks

At Stelis, we are committed to delivering products that consistently meet our clients' expectations and comply with the most stringent global regulatory requirements.

Quality assurance is something we prioritise in all facets of our business. In both the design and production of our products, we place considerable emphasis on quality to guarantee the safety and satisfaction of our customers.

183

Members of the quality team

10

Inspection and Audits during FY23

EU-GMP[1]

Approval (June 2022)

USFDA[2]

Approval (January 2023)

[1] European Union Good Manufacturing Practice

[2] United States Food and Drug Administration

Our ability to meet the stringent regulatory norms of the biopharmaceutical industry demonstrates our commitment to delivering the best quality products and accelerates our ability to close manufacturing services agreements for pre-commercial revenues. Furthermore, the issuance of the Establishment Inspection Report (EIR) by the USFDA marks a significant step forward for us to ensure continued success in the global CDMO landscape.

Emphasis on quality control

Our quality control procedure entails sequential checks to ensure the consistency of orders. We also employ a digital monitoring system to oversee the process and maintain transparency.

At our facilities, cGMP Quality Control is a crucial aspect of our manufacturing process. Our Quality Control and Analytical Development teams collaborate to carry forward analytical methods from process development to cGMP manufacturing. We have fully equipped onsite laboratories to carry out a range of tests on raw materials, microbiology, environmental monitoring and stability management. Additionally, our microbiology laboratory conducts various tests, including sterilisation, endotoxin testing and microbial control. With a dedicated culture handling area and Bioburden testing areas, our facilities prioritise contamination control.

Embedding digitalisation

To ensure effectiveness of quality control systems, we utilise SAP Enterprise Resource Planning and Material Management, TrackWise QMS management, BIOVIA Document Management, Training Management and Laboratory Information Systems. These platforms efficiently perform quality assurance checks, providing us with greater control of our quality systems. By leveraging IT-enabled platforms, we strive to meet quality standards consistently, which enable us to provide our customers with the top-notch quality products and services.

Strong quality governance

At Stelis, we place great emphasis on strong quality governance, which is why our site leaders engage in joint reviews of site performance. Additionally, our Chief Quality Officer (CQO) reviews our site quality system regulation (QSR) and corporate QSR, which represent the highest level of review within our organisation.

Our steadfast dedication to ensuring the highest standards of quality for our products and services is reflected in our regular inspections, which are conducted by our department heads. The insights gleaned from these inspections are then shared across our various plants, fostering a culture of learning and continuous improvement.

Environmental, social and governance (ESG)

Stelis undertakes comprehensive environmental, social and governance (ESG) initiatives and has set ambitious ESG targets for itself. We focus on upholding the highest standards of ESG by implementing sustainable practices in all that we do. To minimise our environmental footprint, we incorporate several energy-efficient technologies and recycling and waste reduction programmes.

At Stelis, we remain steadfast in our commitment to ethical conduct across all our operations. To ensure that our operations are conducted with integrity and transparency, we have comprehensive policies and procedures in place. As we believe that responsible supply chain management is essential, we collaborate with our suppliers to make sure that they adhere to ethical and sustainable practices.

Environment

We are cognisant of the way our operations impact the environment. At Stelis, we have a dedicated Environment, Health and Safety (EHS) department that oversees the implementation and enforcement of ourEnvironment Health and Safety, Sustainability (EHSS) policy policy. Moreover, all our units are ISO 14001:2015 certified and we are in the process of implementing ISO 45001:2018 certification. These certifications demonstrate our adherence to internationally recognised environmental, health and safety standards. Through our concerted efforts, we have made remarkable strides in reducing emissions, minimising waste and lowering our environmental impact.

ISO 14001:2015

All three units are certified

Carbon sequestration

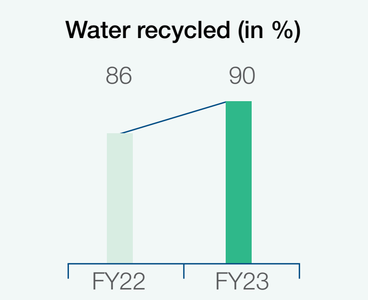
To lower our carbon footprint, we make sincere efforts to enhance air quality. To this end, we have pledged to plant trees equivalent to four times the total number of our employees every year. By doing so, we contribute to the sequestration of carbon from the atmosphere and the restoration of our planet's natural ecosystem.

785

Trees planted

Responsible water management

At Stelis, we prioritise responsible water management and have taken calibrated measures to lower our water consumption. Additionally, we have implemented zero liquid discharge (ZLD) in all our manufacturing facilities. To treat wastewater, these systems include a biological treatment plant, a recycling plant and a Multiple Effect Evaporator (MEE). This ensures that all our wastewater is processed and recycled, and that no liquid waste is released into the environment. We reuse the treated water in our operations, reducing our water footprint. Furthermore, we have installed a rooftop rainwater collection tank for rainwater harvesting, thereby lowering our reliance on freshwater resources.



70,548 KLD

Water consumed

64,899 KLD

Water recycled

15,000 cubic metres

Rooftop rainwater harvesting capacity

Effective waste management

We are committed to reducing our operational waste and are limiting it to 5%. Apart from this, we provide environmental training to our employees to encourage the adoption of eco-friendly practices. These initiatives reflect our focus on responsible waste disposal.

We strive diligently to ensure that the hazardous waste generated from our manufacturing operations is properly treated. By lowering the amount of waste produced and directing it to the authorised facilities for treatment, storage and disposal, we have consistently enhanced our waste management procedures. To reduce the quantity of waste to be disposed of, we have accelerated recycling and co-processing it.

72%

Waste recycled

Adopting renewable energy

Promoting sustainable development has become a business imperative now. Therefore, we are implementing sustainable practices and reducing our carbon footprint by adopting renewable energy sources. To reduce our dependence on petroleum-based fuels, we are intending to install our own solar energy panels in the upcoming years. This move will not only promote environment-friendly, responsible practices, but will also contribute to economic benefits, as it will assist us in reducing energy costs in the long run.

Social

Being a responsible organisation, we are committed to making a positive change in society and promoting social well-being. Also, we actively promote inclusive growth, diversity and equal opportunities for all. At Stelis, our approach to social responsibility is based on ethical business practices, transparency and accountability. We engage with our stakeholders regularly to understand their concerns and address them through several initiatives. Our social initiatives focus on education, healthcare, skill development and environmental conservation. We believe that our efforts to create a positive social impact will contribute to the sustainable growth of our business and the communities we serve.

Health and well-being

Committed to safeguarding the health of our employees and stakeholders, we have robust safety protocols and training programmes in place to ensure that our operations are conducted in a secure manner. Mentioned below are some of the initiatives that we undertake for the health and well-being of our employees.

Annual health assessments

Each year, we make sure that all our employees receive comprehensive health assessments to identify and address any potential health concerns.

Comprehensive safety training

We prioritise the safety of our people and have a comprehensive safety training programme in place. Also, our employees receive classroom instruction on personal and industrial safety practices as well as hands-on training in fire extinguishing and firefighting techniques.

49

Modules were covered in the training

4,042

Manhours training provides

Mental health support and a secure work environment

At Stelis, we firmly believe that mental health is just as vital as physical health. We have in-house health centres and doctors who organise monthly sessions to address any mental health concerns. Additionally, our manufacturing facilities are designed with safety measures in mind, which have resulted in no reportable incidents in the current fiscal year.

Zero

Fatalities

Prompt medical attention

Our in-house doctors, paramedical staff and ambulances offer immediate medical attention whenever required. We also seek external medical expertise whenever necessary.

Regular safety audits

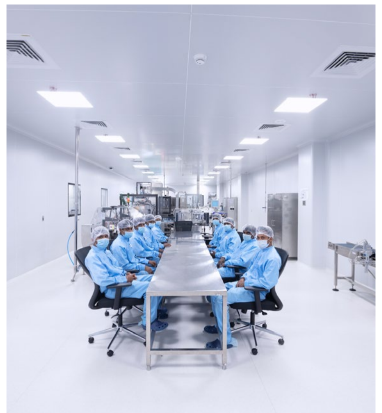
We conduct routine safety audits to assess the effectiveness of our safety measures and ensure a safe work environment for our employees.

3

Safety audits

Employee engagement

We encourage various employee engagement programmes, such as celebrating important events, participating in green initiatives, including planting and composting, and organising family functions. Occasions including Women's Day, ethnic and regional festivals, as well as potlucks and handicraft competitions, are also celebrated to foster employee engagement.



Embracing diversity

At Stelis, we promote gender diversity and inclusiveness. We actively recruit women through special drives. In addition, we adhere to government regulations to offer employee benefits to women.

15%

Women employees trained

Learning and development

We believe that learning and development are consistent processes. Therefore, we invest significant time and resources in training our people to hone their capabilities and facilitate their career advancement.

49

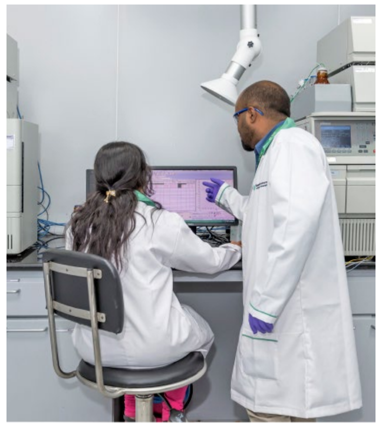
Training programmes conducted

4082

Training man hours

HR digitalisation

To make it easier for our employees to access and comprehend our HR policies, we have adopted the digitalisation of our HR modules and tools through a mobile application. This move has made it more convenient for the employees to stay informed of the latest policies and guidelines.



Rewards and recognition

At Stelis, we foster a culture of recognition. We have set up a reward system based on compliance with HR policies, wherein employees who adhere to the policies earn more points and are awarded at the end of the month. These initiatives are aimed at promoting transparency and efficiency in our HR processes while encouraging employees to excel in their roles and contribute to the organisation's growth.

Safety Skit Prize for Unit2: Stelis Biopharma Limited.

Giving back to the communities

Our unwavering focus remains on fulfilling our social responsibilities through various well-thought-out Corporate Social Responsibility (CSR) initiatives aimed at promoting education, healthcare and infrastructure in the communities in which we operate. We actively interact with the local communities to identify focus areas and work towards addressing them. We also encourage our people to volunteer in these CSR activities.

Making quality education accessible

Quality education forms the bedrock of a secure future. We firmly believe that education is a fundamental human right and our objective is to ensure that every child in our communities has access to quality education. To this end, we have enhanced the infrastructure of schools to provide quality education, with blackboards installed to ensure students have access to the necessary resources.

Access to clean drinking water

As clean drinking water is key to the health and well-being of our communities, we are making clean drinking water accessible to reduce the incidence of waterborne diseases.

Health and sanitation

At Stelis, we are stepping up with our health and sanitation initiatives to ascertain the holistic well-being of our communities. Our contributions include donating solid waste management trucks for proper waste collection and disposal, which help mitigate the risk of pollution and diseases. We have built washrooms in schools, promoted cleanliness and hygiene, as well as reduced the incidence of waterborne illnesses.

In addition to this, we organised health camps and assisted public health centres to make sure that our communities had access to medical care.

Governance

We prioritise upholding the highest standards of governance as it helps us make informed decisions. Also, we ensure effective and transparent communication with all our stakeholders, including shareholders, creditors, employees and the Government. To accomplish this, we have a robust governance structure in place that draws on global best practices and the expertise of our esteemed Board of Directors.

Ensuring transparency

Our Board offers invaluable guidance on several material topics, including creating sustainable value as well as ensuring ethical conduct, fair treatment and legal compliance. At Stelis, we believe transparency and accountability to be our guiding principles, which have helped us build enduring relationships with our stakeholders over the years.

Promoting diversity

We, at Stelis, promote workforce diversity, as we appreciate the diverse capabilities and perspectives that it offers. To enable an inclusive work environment, we have a team comprising individuals from various regions, educational backgrounds, age groups and experiences. We do not distinguish our team members based on characteristics such as religion, ethnicity, gender and so on. Our team members collaborate to overcome obstacles and drive organisational success.

6

Non-executive Directors

85-90%

Average Board meeting attendance

Corporate Information

Board of Directors:

Gopakumar Nair – Non-Executive Director and Independent Director

Rajashri Ojha - Non-Executive Director and Independent Director

Arun Kumar - Founder & Non-Executive Director

Ankur Thadani - Non-Executive Director

Mahadevan Narayanamoni - Non-Executive Director

Yogita Hatangadi – Non-Executive Director and Nominee Director

PR Kannan - Executive Director & CFO

Chief Financial Officer:

PR Kannan

Company Secretary:

Trisha A

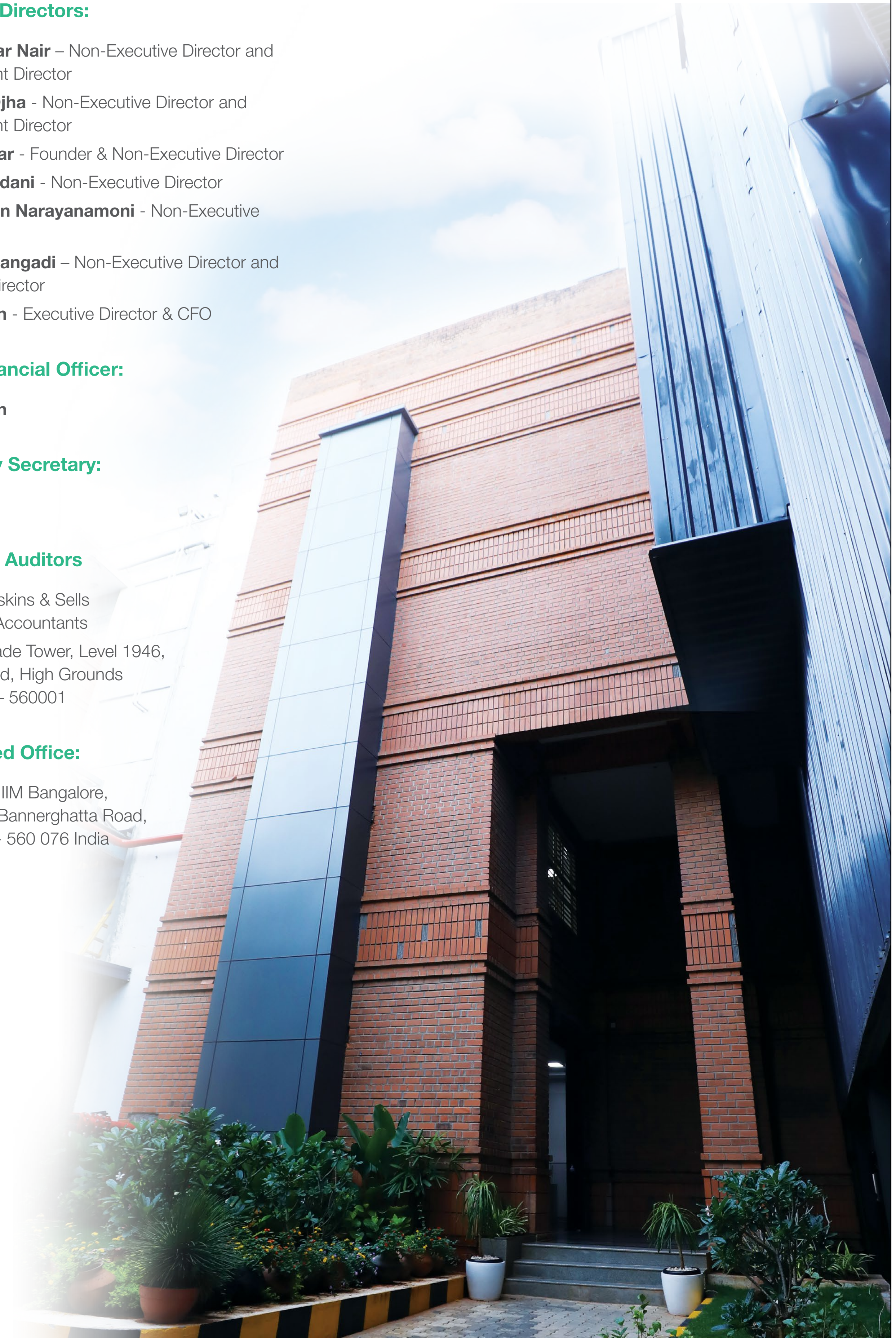
Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants

Prestige Trade Tower, Level 1946,
Palace Road, High Grounds
Bengaluru – 560001

Registered Office:

Star I, Opp IIM Bangalore,
Bilekahalli, Bannerghatta Road,
Bengaluru - 560 076 India



Management Discussion and Analysis

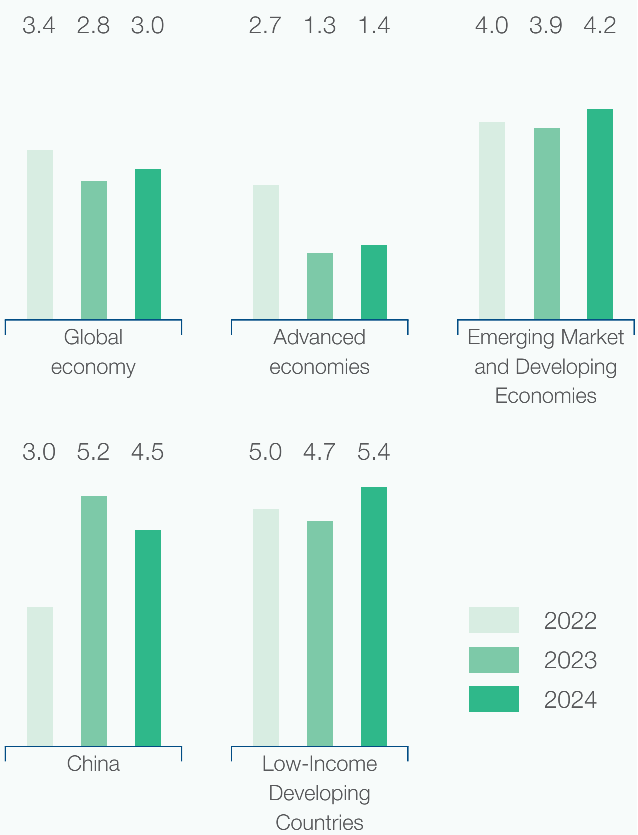
Global economy

In 2022-23, the global economy appeared to be recovering gradually from the adverse impact of the pandemic and the Russia-Ukraine conflict. Following the reopening of the economy, China is witnessing a strong rebound. Supply-chain constraints are unwinding, and the war's repercussions on energy and food markets are eventually receding. Central Banks worldwide have tightened money policy which is expected to rein in stubborn inflation. According to the IMF, global growth is projected to be 2.8% this year before gradually peaking at 3.0% in 2024. Global inflation will decline but considerably slower than anticipated, from 8.7% in 2022 to 7.0% this year and 4.9% in 2024.

The emerging markets and developing economies (EMDEs) have exhibited resilience despite global economic uncertainty, registering a growth rate (fourth quarter over fourth quarter) of 4.5% this year. The economic slowdown is concentrated mainly in advanced economies, especially the euro area and the UK, where growth (also fourth quarter over fourth quarter) is expected to decline to 0.7% and –0.4%, respectively, this year before reaching 1.8% and 2.0% in 2024.

[Source- IMF World Economic Outlook, April 2023]

Economic growth (%)



[Source- IMF World Economic Outlook, April 2023]

Industry Overview

By the end of 2023, the global pharmaceutical market is expected to reach USD 1.5 trillion, with the United States being the major consumer. Several variables, including new product uptake and brand pricing, primarily drive rising expenditure in the United States. The United States is estimated to spend over USD 600 billion on pharmaceuticals during the year.[1]

The global biotechnology industry was worth around USD 1,224.31 billion in 2022 and is expected to reach roughly USD 3,210.71 billion by 2030, growing at a compound annual growth rate (CAGR) of 12.8% from 2023 to 2030.[2] Biotechnology today encompasses multiple disciplines, including biochemistry, genetics, and molecular biology. New technologies and products in fields such as medicine, agriculture, and industrial biotechnology are developed yearly.

The global pharmaceutical CDMO market was projected to be USD 135.85 billion in 2022 and is expected to grow at a CAGR of 6.1% between 2023 and 2030[3]. The expansion is fuelled by several variables, including the surge in demand for biopharmaceuticals, improvements in manufacturing technology, and the tendency to outsource medication development and manufacture. In addition to being a crucial part of the pharmaceutical sector, the contract development and manufacturing organizations (CDMO) market is well-positioned to grow considerably, benefitting the entire healthcare sector.

Opportunities

Advancements in Research and Development (R&D)

The biopharma industry invests consistently in cutting-edge R&D, developing novel therapies and enhancing scientific understanding. Consequently, brand-new medications, biologics, and treatments are developed that can cater to unmet medical requirements and improve patient outcomes.

Emerging markets

Demand for better healthcare and access to better medications is rising as economies develop, especially in emerging nations. To widen their reach and improve patients' health worldwide, the biopharmaceutical industry can tap into the underserved markets in these developing economies.

Patient-centric approach

Biopharma players are recognizing the necessity of a patient-centric approach to healthcare. Companies can develop more effective treatments by involving patients in the drug development process, understanding their needs, and considering patients' perspectives.

[1] https://www.healtheconomics.com/industry-news/report-global-pharma-market-to-surpass-1-5-trillion-by-2023

[2] https://www.precedenceresearch.com/biotechnology-market

[3] https://www.grandviewresearch.com/industry-analysis/pharmaceutical-cdmo-market-report

Challenges

Talent acquisition and retention

Due to the highly specialized nature of the biopharmaceutical sector, attracting and retaining qualified and experienced workers in fields such as research, development, and clinical trials can be challenging.

Drug safety concerns

Throughout every stage of a drug's lifespan, safety must be guaranteed. Unexpected occurrences and unintended adverse effects can lead to recalls, legal action, and reputational harm to the company concerned.

Company Overview

Stelis Biopharma is a leading and fully integrated biopharmaceutical contract development and manufacturing organization (CDMO). As a vertically integrated biopharma and vaccines company, Stelis has extensive capabilities in developing and manufacturing complex biologics, biosimilars, and vaccines. From cell line technology transfer to clinical and commercial manufacturing, it offers a comprehensive range of services, including converting drug substances into stable formulations.

With a sharp focus on growth and innovation, the Company is positioned to emerge as one of the leading biologics CDMO players globally, owing to its impressive scale and capacity. The company's state-of-the-art cGMP manufacturing facilities in Bangalore, India, are a testament to its commitment to delivering high-quality services for its clients. Leveraging its expertise in various technology platforms, including microbial and mammalian systems, Stelis is dedicated to meeting the diverse needs of the biopharmaceutical industry.

Strengths

Technological enhancement

The Company employs Enterprise Resource Planning and Material Management, TrackWise QMS Management, BIOVIA Document Management, Training Management, and Laboratory Information Systems. By leveraging these advanced technological tools, Stelis aims to adhere to quality standards across all operational aspects consistently. The Company is poised to deliver quality products and services to its valued clientele by deploying these IT-enabled platforms.

Innovation and collaboration

Stelis Biopharma's technical expertise has been a key factor in its sustained growth. This technological prowess has enabled it to tackle intricate challenges in the biopharmaceutical field and deliver innovative solutions to its clients. With extensive biopharmaceutical development and manufacturing expertise, the Company has successfully carved a niche in the industry. Over the years, the Company has executed complex scientific programs while adhering to stringent quality standards.

Enhancing capabilities

The Company is in a sweet spot to grow and boost its profitability substantially. It has one of the largest CDMO capacities in the APAC region, including suites for mammalian bioreactors. Additionally, it can expand capacity at an industry-leading pace.

Compliance with standards

The Company has skilled quality and regulatory personnel that help meet the highest quality standards. Its workforce is equipped to handle inspections from the USFDA, EUGMP, MHRA, WHO, and many other renowned organizations. The Company ensures the quality of its offerings comprehensively and methodically.

Operational highlights

- USFDA issued Establishment Inspection Report (EIR) to the Stelis Flagship facility for GMP and drug-device combination products. EU-GMP also approved the facility during the year. The facility also cleared several customer inspections, including from large global companies.
- Stelis continues to attract new partners for its CDMO business as it expands its marketing footprint across the regions.
- Stelis has contracted business with five new partners this year, more than five long-term contracts have reached the definitive agreement stage, and agreements for manufacturing services will be executed in due time.
- The Company has 20+ partners, including some of the top 10 Global companies. As of the end of FY23, Stelis' manufacturing services agreement (MSA) translated to a cumulative commercial sales agreement (CSA) value of over $220 million over the next three to four years.
- Considering that the first partner product for Stelis received USFDA approval, the company will begin generating revenue from commercial supplies (CSAs) in the second half of FY24.
- Stelis anticipates positive EBITDA in FY24 and will be PAT positive in FY25

Human Resource

The safety and well-being of its personnel is the Company's foremost priority. It has implemented robust safety protocols and comprehensive training programs to ensure that all operations are carried out securely. At Stelis, its workforce undergoes classroom instruction and hands-on training that covers personal and industrial safety practices and fire extinguishing and firefighting techniques. The Company's human resources strategy promotes gender diversity and inclusiveness. Recognizing the significance of gender balance in the workforce, the Company undertakes initiatives to attract and recruit women through special drives. By encouraging gender diversity, the Company creates an inclusive and equal opportunity environment for all its team members.

525

Total number of employees

15%

Women employees trained

Internal control and the adequacy

Internal control mechanisms have been implemented to the operational size and company needs. The Internal Controls Framework was developed to assist the organization in enhancing operational effectiveness and efficiency, increasing the dependability of financial controls, ensuring accurate and timely reporting, meeting regulatory obligations, and maintaining SOP compliance. Risk identification, assessment, and mitigation methods are developed based on the dynamic business and economic environment to ensure sustained growth.

Outlook

The Company has established itself as a prominent player in the Asia-Pacific (APAC) region, emerging as one of the industry's largest Contract Development and Manufacturing Organisations (CDMOs). The company's remarkable growth has been fuelled by adding several new customers and capitalizing on the lack of specific capacities that continue to pose challenges for the biopharmaceutical sector. Stelis has taken prudent measures to ensure long-term success in its transition from a product company to a pure-play CDMO. The Company's strategic focus on provisioning and investment in cutting-edge capabilities are expected to yield significant dividends over time.

Cautionary statement

Certain statements in the MDA section concerning prospects may be forward-looking statements that involve several underlying identified and unidentified risks and uncertainties that could materially cause actual results to differ. In addition to the preceding changes in the macro-environment, a global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable, and constantly evolving risk(s), among other things, to the Company and the environment in which it operates. The results of these assumptions, relying on available internal and external information, are the basis for determining specific facts and figures stated in the report. Since the factors underlying these assumptions change over time, the estimates they are based on are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs, or expectations, and any forward-looking statement speaks only as of the date it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether due to new information, future events, or otherwise.

Board's Report

Dear Shareholders,

On behalf of the Board of Directors of the Company, it gives us pleasure in presenting the Sixteenth Board's Report and Audited Financial Statements for the financial year ended March 31, 2023.

1. Financial summary

The Company has prepared the Consolidated and Standalone Financial Statements for the financial year ended March 31, 2023, in accordance with the Indian Accounting Standards (Ind AS) as prescribed under the Companies Act, 2013.

Key highlights of financial performance of the Company for aforesaid period as compared to previous year is provided below:

(In ₹ Million except per share data)

Particulars	2022-23	2021-22
Revenue from Operations	410.74	1,321.27
Other Income	46.78	58.64
Total Income	**457.52**	**1,379.91**
Less: Expenses	4,997.14	3,677.31
Profit/ (Loss) Before Tax (PBT)	(4,539.62)	(2,297.40)
Exceptional items gain / (loss) (net)	(3,451.50)	-
Less: Tax Expense	-	-
Profit/ (Loss) After Tax (PAT)	(7,991.12)	(2,297.40)
Earnings per equity share		
- Basic	(200.69)	(64.85)
- Diluted	(200.69)	(64.85)

2. Company's Performance

The highlights of the Company's performance for the year ended March 31, 2023 are as under:

- Revenue from Operations has decreased by 68.91% to ₹ 410.74 Million
- Net profit has decreased by 71.25% to ₹ (7,991.12) Million

3. Nature of Business and Changes

The Company is a vertically integrated biopharma service company with the capabilities to develop and manufacture complex biologics, biosimilars and vaccines.

There has been no change in the nature of business of the Company during the year under review.

4. Dividend

The Company did not make any profits during the year under review therefore the Board of Directors did not recommended any dividend for the year ended March 31, 2023.

5. Transfer to Reserves

There are no appropriations to/from the general reserves of the Company during the year ended March 31, 2023.

6. Share Capital

The Authorised share capital during the year under review remains un-altered at:

₹ 5,00,00,000 divided into 5,00,00,000 equity shares of ₹ 1 each.

During FY 2022-23, equity shares have been issued to the following persons:

#	Name of Shareholder	Date of Allotment	No. of Shares	Premium (in ₹)	No. of Shares
1.	Medella Holdings Pte Ltd	November 02, 2022	12,25,115	652	Private Placement
2.	Karuna Business Solutions LLP	December 26, 2022	5,66,000	652	Private Placement
		December 28, 2022	30,630		
		December 30, 2022	76,570		
		March 06, 2013	5,51,915		

Consequently, the Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2023 is as under:

Particulars	Issued Capital	Subscribed Capital	Paid-up Capital
Number of equity shares	4,15,46,510	4,15,46,510	4,00,23,816
Nominal Amount per equity Share (₹)	1	1	1
Total amount of equity shares (₹)	4,15,46,510	4,15,46,510	4,00,23,816

Note: The difference in Issue and Subscribed Capital and Paid-up Capital is due to the call money due on 1,522,694 Partly Paid-up Equity Shares.

Share transfer

No share transfer was recorded during FY 2022-23.

7. Public Deposits

The Company has not accepted any public deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

8. Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 of the Companies Act, 2013, disclosure relating to loans, advances given, guarantees provided and investments made are provided as part of the financial statements.

9. Subsidiaries, Associate Companies or Joint Ventures

The Company has three wholly-owned subsidiaries as on March 31, 2023:

- Biolexis Pte. Ltd,Singapore
- Biolex Private Limited, India
- Stelis Biopharma UK Private Limited, UK

Stelis Biopharma UK Private Limited was incorporated on November 30, 2022 as the wholly-owned Subsidiary of the Company with the below mentioned list of Directors:

#	Name of Director	Nationality
1	Kannan PR	Indian
2	Stelis Biopharma Limited	Indian Body Corporate

Accounts of Subsidiaries

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared xConsolidated Financial Statement.

A statement containing salient features of the Financial Statements of the subsidiaries as required in Form AOC 1 is enclosed as **Annexure 1** to this Report.

10. Related Party Transaction

All the transactions with related parties were in the ordinary course of business and at arm's length basis. During the year, there are no materially significant related party transactions entered by the Company which may have potential conflict with the interests of the Company.

Information on transactions with related parties pursuant to section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is attached as **Annexure 2** to this Report.

All the transactions with related parties are disclosed in the Notes to the Standalone Financial Statements in the Annual Report.

11. Directors' Responsibility Statement

Pursuant to the requirement under section 134(3)(c) and 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors of the Company state that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period under review.

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) the Directors have prepared the annual accounts of the Company on a going concern basis.

e) they have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and

f) that Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12. Board of Directors and Key Managerial Personnel (KMP)

During the year under review, Board Composition underwent the following changes:

- Mr. Aditya Puri resigned as Non-Executive Director of the Company effective March 29, 2023, owing to pre-occuptation;
- Mr. Adayapalam Kumaraswamy Viswanathan resigned as Independent Director of the Company effective March 29, 2023, owing to pre-occuptation;
- Ms. Vineeta Rai resigned as Independent Director of the Company effective March 14, 2023, owing to pre-occuptation;
- Ms. Puja Aggarwal resigned as Company Secretary of the Company effective March 14, 2023.
- Ms. Trisha A was appointed as the Company Secretary of the Company effective March 14, 2023.

Composition of the Board of Directors as on March 31, 2023 is as under:

#	Name of the Director	DIN	Designation	Date of Appointment
1.	Mr. Arun Kumar	00084845	Non-Executive Director	April 07, 2021
2.	Mr. PR Kannan	03435209	Executive Director & CFO	July 09, 2021
3.	Mr. Ankur Nand Thadani	03566737	Non-Executive Director	March 26, 2021
4.	Mr. Mahadevan Narayanamoni	07128788	Non-Executive Director	March 26, 2021

Key Managerial Personnel (KMP):

In-terms of provisions of Section 203 of the Companies Act, 2013, the Company has the following Key Managerial Personnel:

#	Name	Designation	Date of Appointment
1.	Mr. P R Kanann	Chief Financial Officer	July 09, 2021
2.	Ms. Trsiha A	Company Secretary	March 14, 2023

Changes to the Board composition post March 31, 2023 is as below:

The Board at its meeting held on May 04, 2023 has appointed the below members as Independent Directors of the Company pursuant to Section 152 read with Rule 4 of The Companies (Appointment and Qualification of Directors) Rules, 2014 for a term of five years, effective May 04, 2023:

#	Name	Designation	Date of Appointment
1.	Dr. Gopakumar Nair	Independent Director	May 04, 2023
2.	Ms. Rajashri Ojha	Independent Director	May 04, 2023
3.	Ms. Yogita Hatangadi	Nominee Director – Representing India Exim Bank	May 04, 2023

13. Meetings of the Board and Committees

Eight Board meetings were convened during the year under review and the intervening gap between meetings was not more than 120 days. The dates on which the meetings were convened are as follows:

#	Date of Board Meeting
1.	April 15,2022
2.	June 07, 2022
3.	July 27, 2022
4.	October 21, 2022
5.	January 20, 2023
6.	January 23, 2023
7.	March 09, 2023
8.	March 21, 2023

- **Audit and Risk Management Committee**

  Five Audit and Risk Management Committee meetings were held during the year under review i.e., on:

#	Date of Committee Meeting
1.	May 23, 2022
2.	June 07, 2022
3.	July 27, 2022
4.	October 21, 2022
5.	January 20, 2023

Pursuant to the resignation of Ms. Vineeta Rai (DIN:)and Mr. AK Viswanathan (DIN:) as Independent Directors of the Company, the Audit and Risk Management Committee stands dissolved as on March 31, 2023.

However, post the appointment of Independent Directors on the Board, the management is in the process of re-composing the composition of the Committee at its upcoming Board meeting.

- **Nomination and Remuneration Committee (NRC)**

Four Committee meetings were held during the i.e., on:

#	Date of Committee Meeting
1.	June 07, 2022
2.	September 06, 2022
3.	October 21, 2022
4.	January 20, 2023

Pursuant to the resignation of Ms. Vineeta Rai (DIN:)and Mr. AK Viswanathan (DIN:) as Independent Directors of the Company, the Nomination & Remuneration Committee stands dissolved as on March 31, 2023.

However, post the appointment of Independent Directors on the Board, the management is in the process of re-composing the composition of the Committee at its upcoming Board meeting.

- **Management Committee**

Thirty Seven Committee meetings were held during the year i.e., on :

#	Date of Committee Meeting
1.	April 20,2022
2.	May 27, 2022
3.	June 22, 2022
4.	June 27, 2022
5.	June 30, 2022 at 09:45 HRS
6.	June 30, 2022 at 14:15 HRS
7.	June 30, 2022 17:30 HRS
8.	July 01, 2022
9.	July 11, 2022
10.	July 18, 2022
11.	July 20, 2022
12.	July 26, 2022
13.	July 28, 2022
14.	July 29, 2022
15.	August 18, 2022
16.	August 22, 2022
17.	August 24, 2022
18.	August 25, 2022
19.	August 30, 2022
20.	September 14, 2022
21.	September 21, 2022
22.	September 23, 2022
23.	September 27, 2022
24.	September 28, 2022
25.	October 08, 2022
26.	October 13, 2022
27.	October 19, 2022
28.	October 28, 2022
29.	November 02, 2022
30.	November 29, 2022
31.	December 09, 2022
32.	December 26, 2022
33.	December 28, 2022
34.	December 30, 2022
35.	February 14, 2023
36.	March 06, 2023
37.	March 16, 2023

The composition of the Management Committee as on March 31, 2023 is as under:

#	Name of Member	Category	Designation
1.	Mr. Arun Kumar	Non-Executive Director	Chairperson
2.	Mr.Mahadevan Narayanamoni	Non-Executive Director	Member
3.	Mr. PR Kannan	Executive Director &CFO	Member

- **Corporate Social Responsibility Committee (CSR)**

Two Committee meetings were held during the year i.e., on :

- June 07, 2022
- January 20, 2023

Pursuant to the resignation of Ms. Vineeta Rai (DIN:)and Mr. AK Viswanathan (DIN:) as Independent Directors of the Company, the Corporate Social Responsibility Committee stands dissolved as on March 31, 2023.

However, post the appointment of Independent Directors on the Board, the management is in the process of re-composing the composition of the Committee at its upcoming Board meeting.

Attendance of Members of Board and Committees at the meetings held during FY 2022-23 is as mentioned below:

Board & Committees	Board Meeting	Audit Committee	NRC Committee	Management Committee	CSR Committee
Number of Meetings held	8	5	4	37	2
Members' attendance					
Mr. Aditya Puri	7	4	4	-	-
Mr. Arun Kumar	8	-	-	0	2
Mr. PR Kannan	8	-	-	37	2
Mr. Ankur Nand Thadani	4	-	1	-	-
Mr. Mahadevan Narayanamoni	7	-	-	37	-
Ms. Vineeta Rai	7	5	4	-	2
Mr. AK Viswanathan	8	5	4	-	2

14. Compliance of applicable Secretarial Standards

The Company is in compliance with all applicable secretarial standards issued by the Institute of Company Secretaries of India and as required under Section 118(10) of the Companies Act, 2013 during the year under review.

15. Policy on Appointment and Remuneration of Directors and Senior Management Personnel

The Company's Rremuneration Policy is aimed at attracting, motivating and retaining quality talent by creating a high-performance culture.

During the financial year under review the Company paid sitting fees of ₹1,00,000 per sitting to the Non-Executive Directors for attending the meetings of Board and its Committees. The payment to said Directors are within the limits prescribed under the Companies Act, 2013. The Company also reimburses any out of pocket expenses incurred by the Directors for attending the meetings of the Company.

16. Particulars of Employees

Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is not applicable to the Company.

17. Internal Financial Control System and their adequacy

The Company has in place adequate internal financial controls with reference to financial reporting. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

18. Statement concerning development and implementation of Risk Management Policy of the Company

The Company adopted a Policy on Enterprise Risk Management (ERM) towards setting objectives and accountabilities for risk management such that it is structured, consistent and effective.

In line with the afore-mentioned Policy, Audit Committee is entrusted with additional responsibility of enterprise risk management and renamed as Audit and Risk Management Committee effective February 16, 2022.

Further, a Steering Committee of the Audit and Risk Management Committee has been constituted to coordinate and support the risk owners on the implementation of Risk Management Plan.

19. Vigil Mechanism

The Company believes in conducting its affairs in a transparent manner and adopts the highest standards of professionalism and ethical behaviour. Integrity is one of the key values of the Company that it strictly abides by. Keeping that in view, the Company has established a vigil mechanism for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics.

The Board of Directors have adopted a Whistle Blower

Policy vide their resolution passed on July 09, 2021. The policy was further strengthened by amending the same on November 15, 2021 and then on February 16, 2022.

The Company, as a policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against whistle-blowers and provides adequate safeguard measures. It also provides a direct access to the Chairman of the Audit and Risk Management Committee to raise their concerns.

In addition to this, the Company has also engaged an independent agency called 'Integrity Matters' that provides an electronic and digital platform to report any unethical practices or harassment or injustice at the workplace confidentially and, if desired, anonymously by any employees or vendors of the Company or any of its subsidiaries anywhere in the world to ensure fairness and transparency in the process.

20. Corporate Social Responsibility (CSR)

The Company is not required to spend on CSR activities pursuant to the provisions of Section 135 of the Companies Act, 2013.

However, as per the sanction condition under the KIADB guidelines for Unit 2 and Unit 3, the Company is required to spend atleast 1% of the project cost on CSR activities spread over the period of project.

Accordingly, the Board, has constituted a CSR Committee to monitor the aforesaid spend under KIADB guidelines.

21. Auditors and Audit Reports

A) Statutory Audit Report

The Auditors Report given by M/s Deloitte Haskins & Sells (Firm Registration Number 008072S) for the financial year ended March 31, 2023, is enclosed along with the financial statements. The Auditors Report for the year ended March 31, 2023, does not contain any qualifications, observations or adverse remarks.

M/s Deloitte Haskins & Sells, were appointed as Statutory Auditors of the Company at the Annual General Meeting (AGM) held on July 06, 2021 for a term of 5 years from the conclusion of the Fourteenth AGM till the conclusion of the Ninteeth AGM of the Company.

B) Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company is required to appoint a Secretarial Auditor for FY 2022-23.

Board at its meeting held on October 21, 2022 had appointed M/s. D V & Associates, firm of Company Secretaries in Practice as the Secretarial Auditor for the Company.

The Secretarial Audit for the FY 2022-23, inter-alia, included audit of compliance with the Companies Act, 2013 and the Rules made under thereunder.

The Secretarial Audit Report does not contain any qualifications, observations or adverse remarks and is enclosed as **Annexure 3** to this report.

C) Cost Audit Report

Mr. M. Ashok Kumar, Cost Accountant (Registration No. – 102240), Cost Auditors of the Company have audited the cost records maintained by the Company for the financial year ended 31st March 2023. The Cost Audit Report (CRA-3) will be furnished to the Central Government in Form CRA-4.

22. Disclosure on maintenance of Cost Records

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Audit) Rule 2014, the Company is required to appoint a Cost Auditor for FY 2022-23.

The Board members at their meeting held on May 04, 2023 have appointed Mr. M. Ashok Kumar, Cost Accountant (Registration No. – 102240), as Cost Auditor of the Company for FY 2022-23 for a fees of INR 200,000/- excluding out of pocket expenses and applicable taxes.

The Board members at their meeting held on May 24, 2023 have re-appointed Mr. M. Ashok Kumar, Cost Accountant (Registration No. – 102240), as Cost Auditors of the Company for the financial year 2023-2024 for a fees of INR 200,000/- excluding out of pocket expenses and applicable taxes, subject to the ratification by the Members of the Company in the ensuing Annual General Meeting, and accordingly, the same is placed for approval of the shareholders.

23. Reporting of Fraud by Auditors of the Company

No frauds were reported by the Auditors as specified under Section 143 of the Companies Act, 2013 for the year ended March 31, 2023.

24. Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statement relates and the date of this report.

25. Extract of Annual Return

As per the provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company has been placed on the website of the Company and can be accessed:

https://www.stelis.com/corporate-governance/

26. Proceedings under the Insolvency and Bankruptcy Code, 2016 (31 of 2016):

During the financial year, neither any application nor any proceeding is initiated against the Company under the Insolvency and Bankruptcy Code, 2016.

27. Significant and material orders passed by the Regulators or Courts

There were no significant and material orders passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

28. Conservation of Energy, R&D, Technology Absorption and Foreign Exchange Earnings and Outgo

Details of energy conversation, R&D, technology absorption and foreign exchange earnings/ outgo are enclosed as **Annexure 4** to this Report.

29. Disclosure under Sexual Harassment

The Company has in place a Policy on Prevention of Sexual Harassment at workplace framed under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

Internal Complaints Committee (ICC) has been constituted as per the said Act to redress the complaints with respect to sexual harassment.

During the year under review no cases were reported on sexual harassment.

30. Acknowledgement

Directors take this opportunity to thank the Company's stakeholders, customers, banks, financial institutions and well-wishers for their continued support during the year. Directors place on record their appreciation on the contribution made by the employees at all levels. The Company's consistent growth was made possible by their hard work, solidarity and co-operation.

The Board sincerely expresses its gratitude to Government of India, Ministry of Corporate Affairs, Reserve Bank of India and Governments of Karnataka for their support received.

For and on behalf of the Board of Directors

Date: July 28, 2023
Place: Bangalore

PR Kannan
Executive Director & CFO
DIN: 03435209

Arun Kumar
Non-executive Director
DIN: 00084845

Annexure 1

Form AOC 1

(Pursuant to first proviso to sub section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing sailent features of the financial statement of subsidiaries/ associate companies/ joint ventures)

PART A - SUBSIDIARIES

Information relating to Subsidiary of the Company as at March 31, 2023

Rs. in Mio

Sl No.	Name of the Subsidiary	Country of incorporation	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Exchange Rate as on last date of the relevant Financial year in the case of foreign subsidiaries.	(a) Share Capital (Includes Monies pending allotment)	(b) Reserves & Surplus	(c) Total Assets	(d) Total liabilities	(e) Investments	(f) Turnover	(g) Profit before taxation	(h) Provision for taxation	(i) Profit after taxation	(j) Proposed dividend	(k) % Shareholding
A	**Subsidiaries**															
1	Biolexis Pte. Ltd (Formerly Stelis Pte. Ltd)	Singapore	NA	USD	82.2087	520.31	(663.81)	1.00	144.50	-	-	(632.48)	-	(632.48)	-	100.00%
2	Biolexis Private Limited	India	NA	INR	1	0.10	(10.43)	1.94	12.27	-	-	(10.43)	-	(10.43)	-	100.00%
3	Stelis Biopharma UK Private Limited	UK	NA	Pound Sterling	-	-	-	-	-	-	-	-	-	-	-	100.00%
B	**Associates and Joint Ventures**								Nil							

* Note: Stelis Biopharma UK Private Limited was incorporated on November 30, 2022

For **Stelis Biopharma Limited**

Date : July 28, 2023
Place : Bangalore

PR Kannan
Executive Director & CFO
DIN: 03435209

Arun Kumar
Non-Executive Director
DIN: 00084845

Annexure 2

Form No. AOC - 2

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

1) Details of contracts or arrangements or transactions not at arm's length basis – All the contracts/ arrangements/ transactions entered into by the Company with related parties during the FY 2022-23 were at arm's length basis.

2) Details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2023 - Nil

For **Stelis Biopharma Limited**

Date : July 28, 2023
Place : Bangalore

PR Kannan
Executive Director & CFO
DIN: 03435209

Arun Kumar
Non-Executive Director
DIN: 00084845

Annexure 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

To,
The Members,
Stelis Biopharma Limited
(Formerly Stelis Biopharma Private Limited)
CIN: U74140KA2007PLC043095

Star 1, Opp IIM Bangalore Bilekahalli,
Bannerghatta Road Bangalore South
Karnataka 560076

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Stelis Biopharma Limited (Formerly Stelis Biopharma Private Limited) (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

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

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

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

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

(v) The laws, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company as the company is an unlisted Public Company.

We have also examined compliance with the applicable Secretarial Standards with regard to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);

We have not examined compliance by the company with respect to:

a) Applicable financial laws, like direct and indirect tax laws, maintenance of financial records, etc., since the same have been subject to review by statutory (financial) auditors, tax auditors and other designated professionals.

b) As informed by the company the Industry specific laws/ general laws as applicable to the company has been complied with. The management has also represented and confirmed that all the laws, rules, regulations, orders, standards and guidelines as are specifically applicable to the Company relating to Industry/Labour etc., have been complied with.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has:

i. vide Mortgage by deposit of title deeds by constructive delivery dated 22nd June, 2022 has modified charge ID 100467234 to create additional security on said charge;

ii. convened shareholders meeting on 15th September, 2022 and altered Articles of Association of the Company;

iii. convened shareholders meeting on 26th October, 2022 and passed special resolution for Preferential Allotment of Equity Shares on Private Placement Basis;

iv. allotted 12,25,115 (Twelve lakh twenty five thousand one hundred and fifteen) equity shares of Rs. 1.00 (Rupee one only) each at a premium of Rs. 652.00 (Rupees six hundred and fifty two only) per share on 02nd November, 2022;

v. allotted 566,000 (Five lakh sixty six thousand) equity shares of Rs. 1.00 (Rupee one only) each at a premium of Rs. 652.00 (Rupees six hundred and fifty two only) per share on 26th December, 2022;

vi. convened Board meeting on 20th January, 2023 and passed resolution for ratification of incorporation of wholly owned subsidiary in UK and approval of investment in the subsidiary, Incorporation of wholly owned subsidiary in USA and Investment in Biolexis Pte Ltd;

vii. convened Board meeting on 20th January, 2023 and passed resolution for shifting registered office address within the local limits of Bangalore City;

viii. convened Board meeting on 23rd January, 2023 and passed resolution for issue of up to 80,000 (Eighty Thousand) Unsecured Non-Convertible Debentures with nominal value of INR 10,000 (Rupees Ten Thousand) each on a private placement basis;

ix. allotted 50,000 (Fifty thousand) Unsecured non-convertible Debentures of Rs. 10,000.00 (Rupee ten thousand only) each at par on 14th February, 2023;

x. allotted 551,915 (Five lakh fifty one thousand nine hundred and fifteen) equity shares of Rs. 1.00 (Rupee one only) each at a premium of Rs. 652.00 (Rupees six hundred and fifty two only) per share on 06th March, 2023;

xi. vide (i) Mortgage By Deposit of Title Deeds - Constructive Delivery dated June 30, 2022 executed between IDBI Trusteeship Services Limited ("Security Trustee") and Stelis Biopharma Limited ("Company") ("MOE"); (ii) Deed Of Hypothecation dated March 30, 2022 executed between Company and Security Trustee ("DOH"); (iii) Declaration dated June 30, 2022 executed between Company and Security Trustee ("Declaration") has modified charge ID 100552504 to create additional security on said charge;

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

For **DV & Associates**
Company Secretaries

CS Vivek Kumar
Partner
M. No. F9353, CoP: 11036

Place: Ernakulam — Peer Review Certificate no. 2876/2023
Date: 24th May, 2023 — UDIN: F009353E000364323

Annexure to Secretarial Audit

To,
The Members,
Stelis Biopharma Limited
(Formerly Stelis Biopharma Private Limited)
CIN: U74140KA2007PLC043095
Star 1, Opp IIM Bangalore Bilekahalli,
Bannerghatta Road Bangalore South
Karnataka 560076

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, GST, Customs, etc.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

7. The audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by them or obtained from the Company electronically and also the information provided by the company and its officers by online and/or offline means.

For **DV & Associates**
Company Secretaries

CS Vivek Kumar
Partner
M. No. F9353, CoP: 11036
Peer Review Certificate no. 2876/2023
UDIN: F009353E000364323

Place: Ernakulam
Date: 24th May, 2023

Annexure 4

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

(A) Conservation of energy:

(i) The steps taken and impact on conservation of energy:

The Company has initiated a project under which a Heat Pump is being installed as an alternate to Hot Water Generation System, which runs on electricity, in order to maintain the clean room temperature. Earlier, black steam was produced by utilizing furnace oil for generation of hot water. With installation of Heat Pump, the Company will be able to reduce the carbon foot print and support in the adoption of green energy initiative.

Further, the Company has installed low energy consumption lights in Stelis R&D facility so that energy consumption could be minimized.

(ii) The steps taken by the company for utilizing alternative sources of energy:

The Company has factored energy saving methods in the design of its manufacturing facilities. Further, the Company has entered into a third-party power purchase agreement for use of Solar power. This has resulted in considerable reduction in the energy consumption translating to savings of around INR 0.75 Mn per month.

Also, implemented third party wheeling energy and achieved total saving of around INR 0.78 per month.

(iii) The capital investment on energy conservation equipment

a) Installed motion detectors to switch off lights whenever not required

b) Installed temperature monitoring system along with auto shut off to save energy when the temperature in the labs reached 24 degree Celsius

c) Variable Frequency Drive (VFD) system is installed for Air Handling Units (AHU) to reduce the CFP/ Temperature whenever the room is not fully operational

(B) Technology Absorption

(i) The efforts made towards technology absorption and the benefits derived:

a) **DS MCM:** In DS MCM facility, continuous centrifuge capacity is enhanced with 18L total bowl volume which will reduce the total centrifuge operation from 20 hours to 6 hours, resulting in significant reduction of loss of product in DS MCM facility

b) **DS MCM:** Filter make and design has been changed in microfilteration-1 in DS MCM to reduce product loss and improve productivity

c) **DS CCM:** During the year, capacity expansion was under progress for DS CCM facility. Adding 2 reactors of 2KL, 500 L & 50 L train for single use mAbs capacity. This will enhance the production capacity significantly at Unit-2 with high-reliability and high-quality output

d) **Stability Testing and storage capacity:** Increased stability testing and storage capacity of Unit-2 by adding 8 stability chambers and 1 photo stability chamber. This has increased the stability chambers' capacity by 180 KL.

e) **HSV:** Replacing the existing HSV line of 300 VPM capacity with 600 VPM capacity line of isolator based technology. This will enhance the production capacity to double and ensure the sterility. This is under progress and planned to be completed in FY-24

f) **Cartridge line:** Installed the modified heating and cooling system for a client to prevent the fibrinogenation in the product and helping in filing the product with regulatory authorities

g) **Vial Label & Cartonating:** Automated the vial labelling and cartonating set up in DP manufacturing

(ii) In case of imported technology (imported during the last 3 years), details of technology imported, the year of Import and whether the Technology is fully absorbed: NIL

(C) Foreign Exchange Earned and Outgo: Foreign Exchange Earned in terms of Actual Inflows: ₹ 237,655,787 and Foreign Exchange outgo in terms of Actual Outflows: ₹ 672,264,641

For and on behalf of the Board of Directors

	PR Kannan	**Arun Kumar**
Date : July 28, 2023	Executive Director & CFO	Non-Executive Director
Place : Bangalore	DIN: 03435209	DIN: 00084845

Financial Statements

Independent Auditor's Report

To
The Members of
Stelis Biopharma Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Stelis Biopharma Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash flow statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the 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, 2023, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditors response
1	**Going concern assessment** The Company has recorded a loss amounting to 7,991.12 million for the year ended March 31, 2023. Note 2.2(b) to the standalone financial statements explain that Management has concluded that the going concern basis is appropriate in preparing the standalone financial statements of the Company. The Company evaluated its ability to continue as a going concern based upon an assessment of the following: - monetizing the value of the intangibles/intangibles under development by way of obtaining marketing rights from regulatory authorities and licensing them; - generating increased revenues from CDMO operations; - divestment of one of the Multimodal facility to Syngene International Limited on a slump sale basis;	Our audit procedures to assess the going concern assumption and whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Company's ability to continue as a going concern included the following audit procedures to obtain sufficient appropriate audit evidence: • Gaining an understanding and assessing the design, implementation and operating effectiveness of Company's key internal controls over preparation of cash flow forecasts to assess its liquidity; • Compared the forecasted cash flows with the Company's business plan approved by the board of directors; • Evaluating the key assumptions in the cash flow forecasts with reference to historical information, current performance, future plans, and market and other external available information;

<table>
<tr><th>Sl. No.</th><th>Key Audit Matter</th><th>Auditors response</th></tr>
<tr><td></td><td>- infusion of capital by current shareholders to the extent of partly paid shares;
- continuing financial support from promoter shareholders.

This required the exercise of significant judgement, particularly in forecasting the Company's ability to meet all its obligations as on when it falls due. The management has also considered that the majority of the Company's borrowings are backed by the corporate guarantees of Strides Pharma Science Limited ('Strides'), an entity having significant influence over the Company.

Based on their assessment, the management concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.

Considering the significance of the area to the overall standalone financial statements this was significant for our audit.</td><td>• Performing a retrospective review to assess the reasonableness of Company's past projections by comparing historical forecasts to actual results;
• Assessing the underlying supporting documents including corporate guarantee agreements provided by Strides on behalf of the Company to its lenders and confirmation received from Strides to extend necessary support, contracted licensing and manufacturing service agreements, proposed debt refinancing agreements (as may be required) and non-binding agreement with one of the potential customer for divestment of one of the manufacturing facilities;
• Assessing the pending infusion by the current shareholders towards partly paid-up shares and financial support from the promoters and a promoter group company;
• Performing sensitivity analysis on the forecasted cash flows by considering plausible changes to the key assumptions adopted by the Company;
• Assessing the adequacy of the disclosures related to application of the going concern assumption.</td></tr>
<tr><td>2</td><td>Impairment assessment in respect of carrying value of the assets of the Cash Generating Unit (CGU) (which includes intangible assets under development and assets relating to Unit 1 – Research and Development Unit and Unit 2 - Contract Development and Manufacturing Organization (CDMO) as at March 31, 2023:

As stated in note 4F of the standalone financial statements, the management of the Company has assessed the annual impairment of CGU (which includes intangible assets under development and assets relating to Unit 1 – Research and Development Unit and Unit 2 - Contract Development and Manufacturing Organization (CDMO) as at March 31, 2023.

The carrying value of the CGU is tested by the Management atleast annually for impairment, or more frequently if the events or changes in circumstances indicate that the asset might be impaired. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. The Management has involved external specialist to carry out impairment assessment.

We have considered this to be a key focus area because of the significance of the balance and the significant estimates, judgements and assumptions involved in impairment assessment by the Management, such as:</td><td>Our principal audit procedures performed, among other procedures included:

• We obtained an understanding of the Management's process for impairment assessment of the carrying value of assets of the CGU.
• Evaluated the design and implementation of the relevant controls and carried out testing of the management's control around the impairment assessment.
• We inquired with management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion.
• Evaluated the competence of the management's expert and the key assumptions considered in the management's estimates of future cash flows.
• Involved our independent valuation specialist to assist in evaluating methodologies, terminal growth rate, the discount rate applied, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Company specific factors and other key assumptions considered in the calculations.</td></tr>
</table>

Sl. No.	Key Audit Matter	Auditors response
	• Obtaining adequate financing to fulfil the Company's development and commercial activities, • the risks associated with development and obtaining regulatory approvals of the Company's products, • generation of revenues in due course from the product portfolio and contract manufacturing, • attainment of profitable operations, • discount rate • probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals.	• Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We tested the arithmetical accuracy of the computations. • We assessed the accounting principles applied by the Company and adequacy of disclosures in accordance with the Indian Accounting Standards, applicable regulatory financial reporting framework and other accounting principles generally accepted in India.
3	**Impairment assessment in respect of carrying value of the assets relating to Unit 3 – Multimodal facility as at March 31, 2023:** As stated in note 4G of the standalone financial statements and for the reasons stated in the said note which includes the geopolitical conflict between Russia and Ukraine and the subsequent sanctions enforced on Russia, the management of the Company has assessed the impairment of carrying value of assets relating to Unit 3 - Multimodal facility as at March 31, 2023. The Management has involved external specialist to carry out impairment assessment. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. We have considered this to be a key focus area because of the significance of the balance and the significant estimates, judgements and assumptions involved in impairment assessment by the Management, such as:	**Our principal audit procedures performed, among other procedures included:** • We obtained an understanding of the Management's process for impairment assessment of the carrying value of assets of the CGU. • Evaluated the design and implementation of the relevant controls and carried out testing of the management's control around the impairment assessment. • We inquired with management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion. • Evaluated the competence of the management's expert and the key assumptions considered in the management's estimates of future cash flows. • Involved our independent valuation specialist to assist in evaluating methodologies, terminal growth rate, the discount rate applied, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Company specific factors and other key assumptions considered in the calculations.

Sl. No.	Key Audit Matter	Auditors response
	• Generation of revenues in due course from the multimodal facility, • attainment of profitable operations, • discount rate • terminal growth rate	• Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as revenue growth during the forecast period, the discount rate applied to the future cash flows and terminal growth rate. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We tested the arithmetical accuracy of the computations. • We assessed the accounting principles applied by the Company and adequacy of disclosures in accordance with the Indian Accounting Standards, applicable regulatory financial reporting framework and other accounting principles generally accepted in India.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the consolidated financial statements, 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books .

    c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash flow statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act .

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in note 30 of 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.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 39 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that causes us to believe that the representation given by the Management under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 23206920BGYMGH5064)

Place: Bengaluru
Date: July 28, 2023

Annexure "A" to the Independent Auditor's Report

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

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to standalone financial statements issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN:23206920BGYMGH5064)

Place: Bengaluru
Date: July 28, 2023

Annexure B to the Independent Auditor's Report

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in-progress and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Some of the Property, Plant and Equipment, capital work-in-progress and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. No material discrepancies were noted on such verification.

(c) The Company do not have any immovable properties of freehold land. In respect of immovable properties of buildings that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, quarterly returns or statements comprising stock statements filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the quarter ended June 30, 2022, September 30, 2022 and December 31, 2022.

(iii) The Company has made investments in, provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause (iii)(a) of the Order is not applicable.

(b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted and advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations except for the following:

Nature of entity	Nature	Amount	Due Date	Extent of Delay	Remarks, if any
Biolexis Pte Ltd	Interest on Loan	Rs. 0.05 Million	March 31, 2022	365 days	None
Biolexis Pte Ltd	Interest on Loan	Rs. 0.12 Million	March 31, 2023	1 day	None

During the current year, the Company has converted loan of USD 50,000/- granted to Biolexis Pte Ltd to Redeemable Preference Shares with effect from November 1, 2022 with a face value and issue price of USD 1 per redeemable preference share.

(d) In respect of following loans granted and advances in the nature of loans provided by the Company, which have been overdue for more than 90 days at the balance sheet date, as explained to us, the Management has taken reasonable steps for recovery of the interest amount:

No. of Cases	Principal amount overdue	Interest overdue	Total overdue	Remarks, if any
1	NIL	Rs. 0.05 Million	Rs. 0.05 Million	None

(e) None of the loans or advances in the nature of loans granted by the Company have fallen due during the year.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans or provided guarantees or securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year ended March 31, 2023.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, Duty of custom, Duty of excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there have been slights delays in respect of remittance of Income-tax dues. We have been informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to bank except towards working capital facilities provided by one of the bankers where the Company is negotiating with bank for extending timelines for repayment.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year ended March 31, 2023.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31 December 2022 and the draft of the internal audit reports issued after the balance sheet date covering the period 01 January 2023 to 31 March 2023 for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, during the year ended March 31, 2023 the Company has not entered into any non-cash transactions with its directors or directors of its subsidiaries companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has incurred cash losses amounting to Rs. 3,168 million during the financial year covered by our audit (excluding write off of inventories amounting to Rs. Rs. 1,716 million and intangibles under development of Rs. 633 million which were acquired/spent in earlier years) and Rs. 1,507 million in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date (refer note 2.2(b) of the standalone financial statements regarding preparation of financial statements on going concern basis and the rationale for the same) We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company is having net worth of rupees five hundred crore or more during the immediately preceding financial year. Hence, provisions of Section 135 of the Act are applicable to the Company during the year. However, considering that the Company has been incurring losses in the preceding three financial years, no amount is required to be spent by the Company.

(b) The Company do not have amount remaining unspent under subsection (5) of section 135 of the Companies Act, pursuant to any ongoing project, which needs to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN:23206920BGYMGH5064)

Place: Bengaluru
Date: 28 July 2023

Standalone Balance Sheet

as at March 31, 2023

(₹ in Million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
A. ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	4A	11,269.51	11,856.61
(b) Right of use assets	4B	399.08	412.09
(c) Capital work in progress	4C	1,912.31	677.56
(d) Other intangible assets	4D	1,944.68	42.83
(e) Intangible assets under development	4E	1,432.38	3,719.49
(f) Financial assets			
(i) Investments	5	0.10	516.69
(ii) Loans	6	–	3.79
(iii) Security deposits	7	100.30	110.73
(g) Other non-current assets	8	743.95	1,993.48
Total non-current assets		**17,802.31**	**19,333.27**
II Current assets			
(a) Inventories	9	1,331.57	2,625.45
(b) Financial assets			
(i) Investments	5	45.00	–
(ii) Trade receivables	10	37.37	366.01
(iii) Cash and cash equivalents	11A	49.10	1,214.69
(iv) Bank balances other than (ii) above	11B	748.53	479.82
(c) Other current assets	8	70.53	422.00
Total current assets		**2,282.10**	**5,107.97**
Total assets (I+II)		**20,084.41**	**24,441.24**
B. EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	12A	40.10	30.36
(b) Other equity	12B	7,827.04	10,115.98
Total Equity		**7,867.14**	**10,146.34**
II Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings - LT	13	3,348.75	5,972.53
(ii) Lease liabilities	14	211.15	218.14
(b) Provisions	15	21.50	21.14
Total Non-current liabilities		**3,581.40**	**6,211.81**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	5,018.16	5,570.18
(ii) Lease liabilities	14	64.14	54.06
(iii) Trade payables	17		
(A) total outstanding dues of micro enterprises and small enterprises		170.99	135.65
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		777.03	486.87
(iv) Other financial liabilities	18	1,950.46	1,526.47
(b) Other current liabilities	19	619.26	276.54
(c) Provisions	15	35.83	33.32
Total Current liabilities		**8,635.87**	**8,083.09**
Total Equity and liabilities (I+II)		**20,084.41**	**24,441.24**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Million)

Sl No	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Revenue from operations	20	410.74	1,321.27
2	Other income	21	46.78	58.64
3	**Total income (1+2)**		**457.52**	**1,379.91**
4	**Expenses**			
	(a) Consumables	22	355.13	1,603.40
	(b) Changes in inventories of finished goods and work-in-progress	23	(11.40)	(1,046.37)
	(c) Employee benefits expenses	24	870.83	569.65
	(d) Finance costs	25	1,207.63	680.20
	(e) Depreciation and amortisation expenses	26	1,141.01	703.49
	(f) Other expenses	27	1,433.94	1,166.94
	Total expenses (4)		**4,997.14**	**3,677.31**
5	**Loss before exceptional items and tax (3-4)**		**(4,539.62)**	**(2,297.40)**
6	Exceptional items gain / (loss) (net)	28	(3,451.50)	–
7	**Loss before tax (5+6)**		**(7,991.12)**	**(2,297.40)**
8	Tax expense		–	–
9	**Loss for the year (7-8)**		**(7,991.12)**	**(2,297.40)**
10	Other Comprehensive Income			
	Items that will not be reclassified to statement of profit and loss			
	– Remeasurements of post employment benefit obligations-gain / (loss)		4.75	2.75
	– Income tax relating to these items		–	–
	Total other comprehensive income		**4.75**	**2.75**
11	**Total comprehensive loss for the year (9+10)**		**(7,986.37)**	**(2,294.65)**
12	**Earnings per equity share (of ₹ 1/- each)**	33		
	– Basic		(200.69)	(64.85)
	– Diluted		(200.69)	(64.85)

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Standalone Cash Flow Statement

for the year ended March 31, 2023

(₹ in Million)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
A. Cash flow from operating activities				
Profit / (Loss) for the year		(7,991.12)		(2,297.40)
Adjustments for:				
Depreciation and amortisation (Refer Note 21)	1,141.01		703.49	
Finance costs (Refer Note 20)	1,207.63		680.20	
Interest income (Refer Note 18)	(30.32)		(10.44)	
Other income (Refer Note 18)	–		(0.36)	
Write-off of Property, Plant and Equipment	7.11		–	
Share based payment expenses (refer note 40)	59.59		–	
Profit on sale of investments	(1.15)		–	
Gain on sale of property, plant and equipment	–		(0.06)	
Insurance claim against property, plant and equipment	(9.03)		–	
Sundry Creditors written off	(0.06)		(29.54)	
Exceptional Items (refer note 28)	3,451.50		–	
Investment written off	–		15.15	
Unrealised exchange (gain)/loss (net)	221.92		109.01	
		6,048.20		1,467.45
Operating profit / (loss) before working capital changes		**(1,942.92)**		**(829.95)**
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivable	187.86		(343.59)	
Other assets (financial & non-financial)	14.15		(786.59)	
Decrease / (increase) in inventories	(573.49)		(2,576.51)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	150.94		121.38	
Other liabilities (financial & non-financial)	406.04		218.62	
		185.50		(3,366.69)
Net cash used for operating activities				
Income taxes (paid)/refund		109.31		–
Net cash flow from / (used in) operating activities (A)		**(1,648.11)**		**(4,196.64)**
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipments including capital advances	(418.42)		(6,496.07)	
Investments in mutual funds	(771.46)		–	
Proceeds from redemption of mutual funds	772.61			
Investments in subsidiaries	–		15.24	
(Increase)/decrease in balance held as margin money	(268.71)		(374.98)	
Interest received	30.32		10.44	
Net cash flow from / (used in) investing activities (B)		**(655.66)**		**(6,845.37)**

Standalone Cash Flow Statement

for the year ended March 31, 2023

(₹ in Million)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	5,647.58		4,655.47	
Proceeds from issue of non-convertible debentures	500.00		–	
Proceeds of short term borrowings - Related party	955.00		1,838.63	
Proceeds of short term borrowings - Banks	78.73		–	
Proceeds of long-term borrowings	28.52		7,654.75	
Repayment of long-term borrowings	(3,962.59)		(1,840.84)	
Repayment of short term borrowings	(926.05)		–	
Lease Payments	(85.10)		(32.20)	
Interest paid	(1,052.91)		(688.35)	
Net cash flow from / (used in) financing activities (C)		**1,183.18**		**11,587.46**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(1,120.59)**		**545.45**
Cash and cash equivalents at the beginning of the year		1,214.69		669.24
Cash and cash equivalents at the end of the year		**94.10**		**1,214.69**
Reconciliation of cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 11A)		49.10		1,214.69
Liquid Mutual Funds (Refer Note 11A)		45.00		–
Cash and cash equivalents at the end of the year *		**94.10**		**1,214.69**
* Cash and cash equivalents comprises:				
Cash on hand		0.66		0.57
Balances with banks				
– in current accounts		48.44		1,214.12
Liquid Mutual Funds		45.00		–
Total		**94.10**		**1,214.69**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity Share Capital

(1) Current reporting period

(₹ in Million)

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
30.36	9.74	40.10

(2) Previous reporting period

(₹ in Million)

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
15.43	14.93	30.36

B. Other equity

(₹ in Million)

Particulars	Share application money pending allotment	Reserves and Surplus			Total equity attributable to equity holders of the Company
		Securities premium account	Share based payment reserve	Retained earnings	
Balance as at April 01, 2021	0.02	11,761.24	–	(3,991.15)	7,770.11
Loss for the year	–	–	–	(2,297.40)	(2,297.40)
Issue of shares pursuant to exercise of share warrants	(0.02)	–	–	–	(0.02)
Utilisation against the Bonus Issues	–	(9.97)	–	–	(9.97)
Premium received on shares issued during the year	–	4,650.51	–	–	4,650.51
Remeasurements of post employment benefit obligations - Recognised as OCI	–	–	–	2.75	2.75
Balance as at March 31, 2022	**–**	**16,401.78**	**–**	**(6,285.80)**	**10,115.98**
Loss for the year	–	–	–	(7,991.12)	(7,991.12)
Premium received on shares issued during the year	–	5,637.84	–	–	5,637.84
Charge for the year	–	–	59.59		59.59
Remeasurements of post employment benefit obligations - Recognised as other comprehensive income	–	–	–	4.75	4.75
Balance as at March 31, 2023	**–**	**22,039.62**	**59.59**	**(14,272.17)**	**7,827.04**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 1 - General Information

Stelis Biopharma Limited (the `Company' or `Stelis') was incorporated in the state of Karnataka on June 12, 2007 and engaged in the research, development, manufacture and commercialisation of biological drug products in various injectable formats. Stelis also offers end-to-end CDMO services across all phases of pre-clinical and clinical development and commercial supply of biologics

These financial statements comprise the Standalone Balance sheet of the Company, Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Cash flow statement, Standalone statement of changes in equity, significant accounting policies and other explanatory information (together referred as the "standalone financial statements"").

Note No 2 - Significant accounting policies

2.1 Statement of compliance

These standalone financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act.

2.2 Basis of preparation and presentation

(a) The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange of assets.

(b) During the year ended March 31, 2023, the Company has incurred loss of Rs. 7,991.12 million (Previous year Rs. 2,297.40 million). The Company's current liabilities (including current maturities of long-term debt of Rs. 3,079.20 million) exceeded its current assets by Rs. 6,353.77 million as at March 31, 2023.

The Company also requires additional funds to continue its product development activities and day to day operations and completion of capital projects in progress.

The Company has requested temporary relaxations for compliance with the financial covenants from the lenders for the year ended March 31, 2022 and 2023 as these have not been met and is hopeful of receiving the necessary waivers. The Company does not expect any penalty/call back of loans and accordingly, the Company has considered the pre-existing repayment terms in classifying the current and non-current portion of the borrowings.

Further during the year, the Company has received claims or notices from various vendors towards overdue balances amounting to Rs. 233.14 million which has not been acknowledged as debt owed by the Company.(refer note 30)"

Subsequent to the year end, on July 4, 2023, the Company has signed up a binding offer with Syngene International Limited (Syngene) for sale of its Unit 3 Multimodal Facility in Bangalore. The transaction will be on a slump sale basis for a cash consideration subject to certain defined conditions precedents. Parties have agreed for a long stop date of December 31, 2023 to complete the transaction.

The Company is expected to grow the business of Contract Development and Manufacturing Operations (CDMO). During the current financial year, Company's facility in Bengaluru has successfully completed inspection by several regulators including EMA and USFDA and one of the Company's customers has also recently received approval from USFDA for a product filed from the site.

The Company has also signed several Manufacturing Services Agreements (MSA) for its CDMO business which is expected to convert into Commercial supplies under a Commercial Sales Agreement (CSA) on approval for the customer in future.

The Company received marketing authorization for one its products during the year which it expects to monetise through licensing and supply arrangements.

During the year, the promoter group companies and other Investors have infused equity into the Company aggregating to Rs. 5,647.58 million (including Rs. 4,847 million from the promoter group companies and Rs. 800 million from TPG group, (Investors)). The promoters are committed to continue to provide the requisite financial support to the Company as it requires in the normal course of business.

Majority of the Company's borrowings are backed by the corporate guarantees provided by Strides Pharma Science Limited (Strides), an entity having significant influence on the Company. The Company has received a confirmation from Strides affirming that in case of any guarantees devolving on Strides, they will provide 15 months time for repayment.

Notes forming part of the Standalone Financial Statements
for the year ended March 31, 2023

The management is confident of executing its mitigation plans to ensure that the Company meets all its obligations in the normal course of business.

The Board of Directors have approved preparation of financial statements on a going concern basis considering aforesaid mitigation plans of the management.

2.3 Revenue recognition

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

2.3.1 Sale of Services

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on achievement of agreed milestones and are net of indirect taxes, wherever applicable.

Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods and services by the Company on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product sold.

The Company recognises a deferred income (contract liability) if consideration has been received before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, noncancellable or otherwise enforceable contracts.

2.3.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Functional Currency

The financial statements are presented in Indian rupees, which is the functional currency of Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited). Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.5 Foreign currencies transactions and translation

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in statement profit and loss in the period in which they arise.

2.6 Leases

2.6.1 The Company as lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

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

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

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

2.6.2 The Company as lessee

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company has entered into lease arrangements for its factory land and office premises. The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term."

2.7 Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Employee benefits

2.8.1 Short term obligations

Liabilities for wages and salaries, including other benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

2.8.2 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.8.3 Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

2.8.4 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.8.5 Share based compensations

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.9 Taxation

The income tax expense or credit for the year is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Dies and punches	:	4 years
Certain factory buildings	:	Lease period of the asset

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

When an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of that item is measured at fair value (even if the entity cannot immediately derecognise the asset given up) unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in statement of profit or loss in the period in which it is incurred.

Expenses capitalised includes directly attributable cost of preparing intangible asset for its intended use and borrowing costs capitalised in accordance with the Company's accounting policy.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.11.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit or loss when the asset is derecognised.

2.11.4 Useful lives of intangible assets

Intangible assets are amortised over their estimated useful life on straight line method.

Software Licenses	:	3 - 5 years
Marketing and manufacturing rights	:	15 years

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.13 Financial instruments

Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost less impairment.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Other financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Derecognition of financial assets and liabilities:

The Company derecognises the financial asset only when the contractual rights to the cashflows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Company neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Company recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Company retains substantially all risks and rewards of the ownership of a transferred financial asset , the Company continues to recognize the financial asset and also recognizes a collaterized borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished , that is when the obligation is discharged, cancelled or has expired.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

2.14 Impairment of assets

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Impairment of financial assets:

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

Impairment of investment in subsidiaries:

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

2.15 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials and consumables	Weighted average basis
Finished Goods and WIP	Weighted average basis - Includes appropriate proportion of overheads

2.16 Goods and Service Tax Input credit

Goods and Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.17 Operating Cycle

As mentioned in para 1 above under `General information', the Company is into development and manufacture of pharmaceutical products. Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 3 years to 5 years and 12 months relating to research and development activities and manufacturing of pharmaceutical products respectively. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

2.18 Government Grants

Grants from the Government are recognised when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Government grants related to assets, including nonmonetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset."

2.19 Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company."

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, where by Profit / (Loss) for the year is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated."

Note No. 3 : Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the management to make estimates and assumptions that affect the amounts reported for assets and liabilities including the recoverability of tangible and intangible assets, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses during the reported period. Estimates and judgments are continually evaluated by the management.

3.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

3.1.2 Recoverability of non-current assets

Annually, the Company reviews the carrying amount of carrying value of the assets of the Cash Generating Unit (CGU) (which included the property, plant and equipment, capital work-in progress, right-of use asset, intangible asset and intangible assets under development) for impairment. The recoverability of non-current assets is based on the estimated future cash flows, using the Company's current business plan. The value in use of the assets were determined using a discounted cash flow methodology based primarily on unobservable inputs, including estimated pre-tax future cash flows attributable to the assets and a pre-tax discount rate reflecting a current market assessment of the time value of money and the risks specific to the assets. The changes in current estimates due to unanticipated events could have significant impact on the financial statements.

3.1.3 Taxes

Deferred tax assets is recognised to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.1.4 Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 28

3.1.5 Going Concern

The Company has mitigating plans due to which there is a reasonable expectation that the Company will be able to generate/raise adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements remains appropriate. Also see Note 2.2(b).

3.1.6 Leases under Ind AS 116

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

3.1.7 Estimation of uncertainties relating to the geopolitical situation in Russia and Ukraine:

As at March 31, 2023, the Company has considered possible effects that may result from geopolitical situation in Russia and Ukraine, in preparation of the financial statements including assessing the recoverability of property, plant and equipment, intangible assets, capital work in progress, intangible assets under development, right of use assets,

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

inventories and other assets. The Company has considered both internal and external information up to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Management expects to recover the carrying amount of these assets. However, the impact of this geopolitical situation may be different from that estimated as at the date of approval of these financial statements given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 4A - Property, Plant and Equipment

(₹ in Million)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at Mar 31, 2023	As at April 01, 2022	Depreciation expense for the year	Eliminated on disposal of assets	As at Mar 31, 2023	As at Mar 31, 2023	As at Mar 31, 2022
Leasehold Improvements	1,428.83	12.31	0.25	1,440.89	168.26	86.53	0.24	254.55	1,186.34	1,260.57
	(1,166.80)	*(262.03)*	–	*(1,428.83)*	*(105.93)*	*(62.33)*	–	*(168.26)*	*(1,260.57)*	*(1,060.87)*
Plant and Machinery	11,568.60	401.90	38.18	11,932.32	1,223.00	875.50	25.20	2,073.30	9,859.02	10,345.60
	(5,468.61)	*(6,100.19)*	*(0.20)*	*(11,568.60)*	*(659.49)*	*(563.53)*	*(0.02)*	*(1,223.00)*	*(10,345.60)*	*(4,809.12)*
Office equipments	116.98	7.45	0.22	124.21	50.09	23.66	0.21	73.54	50.67	66.89
	(82.29)	*(34.69)*	–	*(116.98)*	*(32.18)*	*(17.91)*	–	*(50.09)*	*(66.89)*	*(50.11)*
Computers	156.41	12.37	3.81	164.97	55.48	28.33	3.55	80.26	84.71	100.93
	(75.44)	*(80.97)*	–	*(156.41)*	*(33.99)*	*(21.49)*	–	*(55.48)*	*(100.93)*	*(41.45)*
Furniture and fixtures	96.44	17.95	3.47	110.92	15.11	10.99	2.87	23.23	87.69	81.33
	(56.31)	*(40.13)*	–	*(96.44)*	*(7.81)*	*(7.30)*	–	*(15.11)*	*(81.33)*	*(48.50)*
Vehicles	1.72	–	–	1.72	0.43	0.21	–	0.64	1.08	1.29
	(1.72)	–	–	*(1.72)*	*(0.22)*	*(0.21)*	–	*(0.43)*	*(1.29)*	*(1.50)*
Total	13,368.98	**451.98**	**45.93**	**13,775.03**	**1,512.37**	**1,025.22**	**32.07**	**2,505.52**	**11,269.51**	**11,856.61**
Previous year	*(6,851.17)*	***(6,518.01)***	***(0.20)***	***(13,368.98)***	***(839.62)***	***(672.77)***	***(0.02)***	***(1,512.37)***	***(11,856.61)***	***(6,011.55)***

Notes:-

(i) Figures in bracket relates to previous year

(ii) Properties, plant and equipment are pledged as security - towards term loan and working capital borrowings by the Company.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 4B - Right of Use Assets

(₹ in Million)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at Mar 31, 2023	As at April 01, 2022	Depreciation expense for the year	Eliminated on disposal of assets	As at Mar 31, 2023	As at Mar 31, 2023	As at Mar 31, 2022
Land	157.35	–	–	157.35	6.45	1.63	–	8.08	149.27	150.90
	(157.35)	–	–	*(157.35)*	*(4.82)*	*(1.63)*	–	*(6.45)*	*(150.90)*	*(152.53)*
Building	321.74	60.97	–	382.71	63.26	71.49	–	134.75	247.96	258.48
	(132.89)	*(188.85)*	–	*(321.74)*	*(2.86)*	*(60.40)*	–	*(63.26)*	*(258.48)*	*(130.03)*
Plant and Machinery	4.31	–	–	4.31	1.60	0.86	–	2.46	1.85	2.71
	(4.31)	–	–	*(4.31)*	*(0.74)*	*(0.86)*	–	*(1.60)*	*(2.71)*	*(3.57)*
Total	483.40	**60.97**	**–**	**544.37**	**71.31**	**73.98**	**–**	**145.29**	**399.08**	**412.09**
Previous year	*(294.55)*	***(188.85)***	**–**	***(483.40)***	***(8.42)***	***(62.89)***	**–**	***(71.31)***	***(412.09)***	***(286.13)***

Notes:-

(i) Figures in bracket relates to previous year

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 4C - Capital Work in Progress

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Opening Balance	677.56	776.96
Add: Additions during the year	1,699.67	6,442.21
Less: Capitalised during the year	(464.92)	(6,541.61)
Closing Balance	**1,912.31**	**677.56**

(₹ in Million)

Capital Work in Progress	Amount in CWIP for a period of				As at Mar 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,393.01	259.79	18.90	240.61	1,912.31
Projects temporarily suspended	–	–	–	–	–
	1,393.01	**259.79**	**18.90**	**240.61**	**1,912.31**

(₹ in Million)

Capital Work in Progress	Amount in CWIP for a period of				As at Mar 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	417.98	18.97	91.42	149.19	677.56
Projects temporarily suspended	–	–	–	–	–
	417.98	**18.97**	**91.42**	**149.19**	**677.56**

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 4D - Other Intangible Assets

(₹ in Million)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at Mar 31, 2023	As at April 01, 2022	Depreciation expense for the year	Eliminated on disposal of assets	As at Mar 31, 2023	As at Mar 31, 2023	As at Mar 31, 2022
Software licences	62.80	12.94	–	75.74	19.97	13.95	–	33.92	41.82	42.83
	(39.20)	*(23.60)*	–	*(62.80)*	*(10.73)*	*(9.24)*	–	*(19.97)*	*(42.83)*	*(28.47)*
Marketing and manufacturing rights	–	1,930.72	–	1,930.72	–	27.86	–	27.86	1,902.86	–
	–	–	–	–	–	–	–	–	–	–
Total	62.80	**1,943.66**	**–**	**2,006.46**	**19.97**	**41.81**	**–**	**61.78**	**1,944.68**	**42.83**
Previous year	*(39.20)*	***(23.60)***	**–**	***(62.80)***	***(10.73)***	***(9.24)***	**–**	***(19.97)***	***(42.83)***	***(28.47)***

Notes:-

(i) Figures in bracket relates to previous year

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 4E - Intangible assets under development

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Intangible assets under development	1,432.38	3,719.49
Total	**1,432.38**	**3,719.49**

(₹ in Million)

Intangible assets under development	Amount for a period of				As at Mar 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	187.70	234.10	239.69	770.89	1,432.38
Projects temporarily suspended	-	-	-	-	-
	187.70	**234.10**	**239.69**	**770.89**	**1,432.38**

(₹ in Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				As at Mar 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	673.52	531.31	547.88	1,966.78	3,719.49
Projects temporarily suspended	–	–	–	–	–
	673.52	**531.31**	**547.88**	**1,966.78**	**3,719.49**

As on the date of the balance sheet, there are no intangibles under development projects whose completion is overdue or has exceeded the cost, based on approved plan.

Note No 4F - Annual Impairment assessment (CDMO business and intangible assets under development):

The Management of the Company have performed annual impairment assessment of the carrying value of the assets of the Cash Generating Unit (CGU) (which included the CDMO business and intangible assets under development) amounting to ₹ 10,332 Million Mio. as at March 31, 2023 (March 31, 2022: ₹ 10,539). The ""value in use"" of the CGU has been determined by the external valuation experts using discounted cash flow approach. Based on such valuation, the Company has assessed that there is no impairment.

Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and assumptions, primarily include, but are not limited to:

- obtaining adequate financing to fulfil the Company's development and commercial activities,
- the risks associated with development and obtaining regulatory approvals of the Company's products,
- generation of revenues in due course from the product portfolio and contract manufacturing,
- attainment of profitable operations and
- discount factors

The expected cash flows used in computation of value in use are based on the probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals and are discounted using a post tax discount rate of 22.5% (March 31, 2022: 22%). The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate of 5% (March 31, 2022: 5%) p.a. which is consistent with the industry forecasts for the biosimilar market.

Further, the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value is given below:

- Increase in discount rate by 17.05% (March 31, 2022: 8.75%)
- Increase in discount rate by 15.05% and nil terminal growth rate (March 31, 2022: 6.92%)

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No 4G - Annual Impairment assessment (Unit - 3 Multimodal facility):

The Management of the Company have performed impairment assessment of the carrying value of the assets of the Unit - 3 Multimodal facility amounting to Rs. 6,182 Mio. as at (March 31, 2022: Rs. 6,170). The “”value in use”” of the CGU has been determined by the external valuation experts using discounted cash flow approach. Based on such valuation, the Company has assessed that there is no impairment.

Determination of value in use involves significant estimates and assumptions that affect the Unit 3- Multimodal facility’s expected future cash flows. These estimates and assumptions, primarily include, but are not limited to:

- Generation of revenues in due course from the multimodal facility,
- attainment of profitable operations,
- discount rate and
- terminal growth rate

The expected cash flows used in computation of value in use are based on post tax discount rate of 26% (March 31, 2022: 25%). The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate of 5% (March 31, 2022: 5%) p.a. which is consistent with the industry forecasts for the biosimilar market.

Further, the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value is given below:

- Increase in discount rate by 12.70% (March 31, 2022: 8.20%)
- Increase in discount rate by 10.50% and nil terminal growth rate (March 31, 2022: 7.70%)

Note No. 5 - Investments

(₹ in Million)

Particulars	As at Mar 31, 2023			As at Mar 31, 2022		
	Qty	Amount		Qty	Amount	
		Current	Non Current		Current	Non Current
Investments in subsidiaries (carried at cost less provision for impairment):						
Equity shares, unquoted						
“Biolexis Pte Ltd , Singapore (formally known as Stelis Pte Ltd)”	45,90,001	–	516.59	45,90,001	–	516.59
Biolexis Private Ltd	10,000	–	0.10	10,000	–	0.10
Less : Provision for Impairment**	–	–	(516.59)	–	–	
Preference shares, unquoted						
Biolexis Pte Ltd [(31-Mar-2023: 50,000) (31-Mar-2022: Nil) Redeemable Preference shares of USD 1 each fully paid up]*	50,000	–	3.72	–	–	–
Less : Provision for Impairment**	–	–	(3.72)			
Total [A]	**46,50,001**	**–**	**0.10**	**46,00,001**	**–**	**516.69**
Investments carried at fair value:						
Mutual Funds, quoted						
SBI overnight fund direct growth	12,333	45.00	–	–	–	–
Total [B]	**12,333**	**45.00**	**–**	**–**	**–**	**–**
Total [A+B]	**46,62,334**	**45.00**	**0.10**	**46,00,001**	**–**	**516.69**
Aggregate amount of quoted investments	12,333	45.00	–	–	–	–
Aggregate amount of market value of investments	12,333	45.00	–	–	–	–
Aggregate amount of unquoted investments	46,50,001	–	0.10	46,00,001	–	516.59

*The Company has converted loan of USD 50,000/- granted to Biolexis Pte Ltd to Redeemable Preference Shares with effect from November 1, 2022 with a face value and issue price of USD 1/- per redeemable preference share

**Based on the impairment assessment carried out by the management of the Company, the investments in Biolexis Pte Ltd, Singapore is impaired during the year and disclosed as exceptional items in the Statement of profit and loss for the year ended March31, 2023.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 6 - Loans

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Unsecured, Considered good:				
Loans to Related parties (refer note 34)	–	–	–	3.79
Total	**–**	**–**	**–**	**3.79**

Note No. 7 - Security deposits

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Unsecured, Considered good:				
– Security deposits*	–	100.30	–	110.73
Total	**–**	**100.30**	**–**	**110.73**

* Includes security deposit given to related parties (refer note 34)

Note No. 8 - Other assets

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Unsecured, considered good:				
– Capital advances	–	112.85	–	1,122.78
– Balances with government authorities				
– VAT/CST refund receivable	–	12.74	–	12.74
– GST credit & other receivable	–	594.15	–	799.08
– TDS receivable	25.29	–	–	58.88
– Advances to vendors	33.13	–	110.92	–
– Advances to employees	1.75	–	2.16	–
– Prepaid expenses	10.36	24.21	308.92	–
Unsecured, considered doubtful:				
– Advances to vendors	144.01	–	–	–
– Less : Allowance for doubtful advances	(144.01)	–	–	–
Total	**70.53**	**743.95**	**422.00**	**1,993.48**

Note No. 9 - Inventories

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Raw materials	731.77	952.85
Work-in-progress	–	476.30
Finished goods	–	570.07
Consumables	658.00	626.23
Less : Provision for Inventory Obsolescence	(58.20)	–
Total	**1,331.57**	**2,625.45**

Inventories relating to Sputnik Light Vaccine

The Company and the Russian Direct Investment Fund (RDIF, Russia's sovereign wealth fund) had entered into a manufacturing and supply agreement to produce Russian Sputnik Vaccines during FY 2020-21. The agreement between RDIF and the Company was reached under the aegis of Enso Healthcare LLP, RDIF's coordination partner for sourcing Sputnik vaccines in India.

The Company had received an order for 50 million doses of the Sputnik light vaccine to be exported to Russia, Iran and other countries. The Company had also received the Government of India's No Objection Certificate (NOC) to export to the said countries.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 9 - Inventories (Cond..)

The above tactical opportunity with Sputnik Light's take or pay contract with RDIF did not fructify due to geopolitical conflicts between Russia and Ukraine and subsequent sanctions on Russia. The Company has issued a notice to RDIF and Enso to offtake undelivered vaccines and also pay amount of ₹ 10,498.40 Million towards cost, expenses and damages incurred by the Company.

Due to geopolitical situation between Russia and Ukraine and sanctions on Russia, the Company was not able to liquidate these inventories within its shelf life. Accordingly, the Company has written off Sputnik vaccine inventories and other related balances of ₹ 1,867.37 as exceptional items for the year ended March 31, 2023 (refer note 28).

Note No. 10 - Trade receivables

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Trade receivables (unsecured) consist of following				
Considered good*	37.37	–	366.01	–
Considered doubtful	140.78	–	–	–
	178.15	**–**	**366.01**	**–**
Allowance for doubtful debts	(140.78)	–	–	–
Total	**37.37**	**–**	**366.01**	**–**

*Includes receivables from related parties (refer note 34)

Movement in allowance for doubtful debts is as follows:

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Opening Balance	–	–
Allowance for doubtful debts	147.56	–
Written off during the year	6.78	–
Closing Balance	**140.78**	**–**

(₹ in Million)

Particulars	Not Due	Outstanding for following periods from due date of payment					As at Mar 31, 2023
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	22.87	14.10	0.18	0.19	–	0.03	37.37
(ii) Undisputed Trade Receivables – considered doubtful	–	0.12	–	140.66	–	–	140.78
	22.87	**14.22**	**0.18**	**140.85**	**–**	**0.03**	**178.15**

(₹ in Million)

Particulars	Not Due	Outstanding for following periods from due date of payment					As at Mar 31, 2022
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	265.12	100.67	0.19	–	0.01	0.02	366.01
(ii) Undisputed Trade Receivables – considered doubtful	–	–	–	–	–	–	–
	265.12	**100.67**	**0.19**	**–**	**0.01**	**0.02**	**366.01**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note 11A - Cash and cash equivalents

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Cash on hand	0.66	0.57
Balances with banks		
– in current accounts	48.44	1,214.12
Total	**49.10**	**1,214.69**
The balances that meet the definition of cash and cash equivalents as per IndAS 7 Cash flow statement is (including liquid mutual funds of ₹, 45 million)	94.10	1,214.69

Note No. 11B - Other balances with banks

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Balance held as margin money:		
- against borrowing facilities with banks	748.53	479.82
Total	**748.53**	**479.82**

Note No. 12A - Equity Share Capital

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Authorised		
50,000,000 Equity shares of ₹ 1/- each with voting rights	50.00	50.00
(50,000,000 Equity shares of ₹ 1/- each with voting rights as on March 31, 2022)		
	50.00	**50.00**
Issued, subscribed and fully paid up		
40,023,816 Fully paid equity share of ₹ 1/- (39,096,280 Equity shares of ₹ 1/- each with voting rights as on March 31,2022)	40.02	29.90
Issued, subscribed and partly paid up		
1,522,694 Partly paid equity share of ₹ 0.05/- (9,199,470 Partly paid equity share of ₹ 0.05/-)	0.08	0.46
Total	**40.10**	**30.36**

(i) Reconciliation of the number of shares and amount outstanding

Particulars	Opening Balance	Issue of shares during the year	Closing Balance
Equity shares of ₹ 1/- each with voting rights, fully paid			
Year Ended 31st Mar 2023			
No. of Shares	2,98,96,810	1,01,27,006	4,00,23,816
Amount ₹ in Million	29.90	10.12	40.02
Partly paid equity shares of ₹ 0.05/- each			
Year Ended 31st Mar 2023			
No. of Shares	91,99,470	(76,76,776)	15,22,694
Amount ₹ in Million	0.46	(0.38)	0.08
Year Ended 31 March 2022			
No. of Shares	15,43,309	2,83,53,501	2,98,96,810
Amount ₹ in Million	15.43	14.47	29.90
Partly paid equity shares of ₹ 0.05/- each			
Year Ended 31 Mar 2022			
No. of Shares	–	91,99,470.00	91,99,470.00
Amount ₹ in Million	–	0.46	0.46

The Company has only once class of equity shares having a par value of ₹ 1/- each. The holder of equity shares is entitled to one vote per share.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 12A - Equity Share Capital (Cond..)

On July 14, 2021, pursuant to the shareholders approval, the Company had made a bonus issue of equity shares in the ratio of 1:2 for all its shareholders. Further, the Company had sub-divided the equity shares in the ratio of 10:1 i.e., sub-dividing the equity shares of face value of ₹ 10/- each into equity shares of face value ₹ 1/- each.

(ii) Shares held by promoters at the end of the year:

Name of shareholder	No. of shares at the beginning of the year			Change during the year	As at Mar 31, 2023				% Change during the Year
	Fully paid Equity Shares	Partly paid equity shares	Number of shares		Fully paid Equity Shares	Partly paid equity shares	Number of shares	%	
"Tenshi Pharmaceuticals Private Limited (Formally known as Tenshi Life Sciences Private Ltd)"	40,01,400	19,71,315	59,72,715	-	44,50,021	15,22,694	59,72,715	14.38%	0.00%
Karuna Business Solutions LLP	-	53,88,255	53,88,255	12,25,115	66,13,370	-	66,13,370	15.92%	2.95%

Name of shareholder	No. of shares at the beginning of the year			Change during the year	As at Mar 31, 2022				% Change during the Year
	Fully paid Equity Shares	Partly paid equity shares	Number of shares		Fully paid Equity Shares	Partly paid equity shares	Number of shares	%	
"Tenshi Pharmaceuticals Private Limited (Formally known as Tenshi Life Sciences Private Ltd)"	2,66,760	–	2,66,760	57,05,955	40,01,400	19,71,315	59,72,715	15.28%	14.59%
Karuna Business Solutions LLP	-	–	-	53,88,255	-	53,88,255	53,88,255	13.78%	13.78%

(iii) Details of equity shares held by each shareholder holding more than 5% of shares:

(₹ in Million)

Name of shareholder	As at Mar 31, 2023		As at Mar 31, 2022	
	Number of shares	%	Number of shares	%
Strides Pharma Science Limited	1,10,89,320	26.69%	1,10,89,320	28.36%
Tenshi Life Sciences Private Ltd	59,72,715	14.38%	59,72,715	15.28%
Karuna Business Solutions LLP	66,13,370	15.92%	53,88,255	13.78%
Medella Holdings Pte Ltd	64,11,305	15.43%	51,86,190	13.27%
Route One Fund I, L.P	26,87,200	6.47%	26,87,200	6.87%
TIMF Holdings	25,16,700	6.06%	25,16,700	6.44%

Note No. 12B - Other equity

(₹ in Million)

Particulars	Note no.	As at Mar 31, 2023	As at Mar 31, 2022
Reserves and Surplus	A	7,827.04	10,115.98
Total		**7,827.04**	**10,115.98**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 12B - Other equity (Cond..)

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(A) Reserves and surplus		
(i) Security premium account		
Opening balance	16,401.78	11,761.24
Add: Premium on equity shares issued during the year	5,637.84	4,650.51
Less: Utilization against issue of bonus shares	–	(9.97)
Closing balance	**22,039.62**	**16,401.78**
(ii) Retained earnings		
Opening balance	(6,285.80)	(3,991.15)
Add: Profit/(Loss) for the year	(7,991.12)	(2,297.40)
Add: Remeasurements of post employment benefit obligations - Recognised as other comprehensive income	4.75	2.75
Closing balance	**(14,272.17)**	**(6,285.80)**
(iii) Share based payment reserve		
Opening balance	–	–
Add: Charge for the year	59.59	–
Less: Transfer to securities premium on account of exercise	–	–
Closing balance	**59.59**	**–**
(iv) Share application money pending allotment		
Opening balance	–	0.02
Add: Addition during the year	–	–
Less: Issue of shares pursuant to exercise of share warrants	–	(0.02)
Closing balance	**–**	**–**
Total Reserves and Surplus (A)	**7,827.04**	**10,115.98**

Nature and purpose of reserves

(a) **Securities Premium:** Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

(b) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to other reserves, dividends or other distributions paid to its equity shareholders.

(c) **Share based payment reserve:** The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

(d) **Share application money pending allotment :** Share application money pending allotment account represents the share allotment monies received by the company but pending allotment as on the reporting date.

Note No. 13 - Non-current borrowings

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Secured:		
– Term loan from banks (refer note 1 below)	2,848.75	5,972.53
Un-secured:		
– Non convertible debentures	500.00	–
Total	**3,348.75**	**5,972.53**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 13 - Non-current borrowings (Cond..)

Note 1

Details of security and terms of repayment of non-current borrowings

(₹ in Million)

Terms of repayment and security - Loan 1	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	434.60	667.11
Current maturities of non-current borrowings	288.77	265.53
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets and pledge of 30% shares in the Company held by Strides Pharma Science Ltd.		
Rate of interest: 3 month LIBOR + 3.65%		
Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2023 are 10 installments.		
(March 31, 2022: 14 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

(₹ in Million)

Terms of repayment and security - Loan 2	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	194.49	304.70
Current maturities of non-current borrowings	110.21	109.61
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets and pledge of 30% shares in the Company held by Strides Pharma Science Ltd.		
Rate of interest: I Base rate + spread of 0.8%		
Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2023 are 11 instalments. (March 31, 2022: 15 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

(₹ in Million)

Terms of repayment and security - Loan 3	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	878.97	1,259.85
Current maturities of non-current borrowings	380.60	374.99
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets.		
Rate of interest: 9.55% linked to 3M IBL MCLR		
Repayment to be made over 20 equal quarterly instalments. The outstanding term as at March 31, 2023 are 13 instalments. (March 31, 2022: 17 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

(₹ in Million)

Terms of repayment and security - Loan 4	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	–	512.68
Current maturities of non-current borrowings	512.73	2,008.70
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 7.30% and Spread 1%		
Repayment to be made over 16 equal monthly instalments.		
The outstanding term as at March 31, 2023 are 3 instalments. (March 31, 2022: 15 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 13 - Non-current borrowings (Cond..)

(₹ in Million)

Terms of repayment and security - Loan 5	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	52.71	80.21
Current maturities of non-current borrowings	27.50	27.50
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 7.30% and Spread 1%		
Repayment to be made over 48 equal monthly instalments. The outstanding term as at March 31, 2023 are 35 instalments. (March 31, 2022: 47 installments)		

(₹ in Million)

Terms of repayment and security - Loan 6	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	409.52	680.43
Current maturities of non-current borrowings	270.91	269.40
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 8.75%		
Repayment to be made over 16 equal quarterly instalments. The outstanding term as at March 31, 2023 are 10 instalments. (March 31, 2022: 14 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

(₹ in Million)

Terms of repayment and security - Loan 7	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	546.84	2,022.23
Current maturities of non-current borrowings	1,374.78	666.34
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 7.50% and 0.55% above 6 M MCLR		
Repayment to be made over 24 equal monthly instalments. The outstanding term as at March 31, 2023 are 17 instalments. (March 31, 2022: 24 installments)		
Strides Pharma Science Limited has provided corporate guarantee for the said loan.		

(₹ in Million)

Terms of repayment and security - Loan 8	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	185.79	249.49
Current maturities of non-current borrowings	63.70	5.31
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company and pledge of 30% shares in the Company held by Strides Pharma Science Ltd.		
Rate of interest: 9.25%		
Repayment to be made over 48 equal monthly instalments. The outstanding term as at March 31, 2023 are 47 instalments. (March 31, 2022: 48 installments)		

(₹ in Million)

Terms of repayment and security - Loan 9	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	145.83	195.83
Current maturities of non-current borrowings	50.00	4.17
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		5,972.53
Rate of interest: 7.25% and Spread 1%		
Repayment to be made over 48 equal monthly instalments.The outstanding term as at March 31, 2023 are 47 instalments. (March 31, 2022: 48 installments)		

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 13 - Non-current borrowings (Cond..)

(₹ in Million)

Terms of repayment and security - Non-convertible debentures(NCD)	As at Mar 31, 2023	As at Mar 31, 2022
Non-current borrowings	500.00	–
Current maturities of non-current borrowings	–	–
Security: Debentures are unsecured in nature. The debentures are backed by the personal guarantee of Mr. Arun Kumar Pillai.		
Rate of interest: 2.5% p.a with a maturity premium payable at the time of redemption such that IRR to the lender is 7% p.a inclusive of coupon payments made.		
Repayment on 40th month from the date of allotment		

(₹ in Million)

Loan from Related Party	As at Mar 31, 2023	As at Mar 31, 2022
Loan from Related Party	955.00	–
Security: The loan from related party is unsecured in nature.		
Rate of interest: 16.75% p.a.		
Repayment : Repayable within 6 months from the date of first drawn and at any time prior to the full repayment, the Lender may at its sole option and discretion, request the Borrower to convert all of the outstanding Loan Amount into non-convertible debentures ("NCD") and the tenure of the NCD is 6 months from the subscription date.		

(₹ in Million)

Working capital Loan	As at Mar 31, 2023	As at Mar 31, 2022
Working capital loan (refer note 2 below)	983.96	1,838.63
Total Borrowings (refer note 1 below)	**8,366.91**	**11,542.71**

Note -1

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Disclosed under non-current borrowings	3,348.75	5,972.53
Disclosed under current borrowings		
-Current maturities of non-current borrowings	3,079.20	3,731.55
-Working capital loan	983.96	1,838.63
-Loan form related parties	955.00	–
Total	**8,366.91**	**11,542.71**

Note 2:

During the year, the lender had requested the Company vide their letter dated 12 October 2022 to liquidate its working capital facility by 15 November 2022. The Management had exchanged correspondences and discussed with the lenders for extension of time to liquidate working capital facility. The Company has received further communication dated 16 January 2023 from the said lender to liquidate the working capital loan immediately. The Management had further requested the bank to extend the time to liquidate the working capital and no confirmation received from the lender for the same as on the date. However, as on date the Company has already liquidated ₹ 925 million and thus bringing the balance to ₹ 983.96 million as at March 31, 2023.

Note 3

The above loan includes borrowings repayable in USD of ₹ 723.37 Million (including current maturities of ₹ 288.77) on which interest is payable at 3 month Libor plus margin of 3.65% p.a. However, as the Company has taken interest rate swap with the same party from whom the loan is availed, and thereby converting the interest rate on the loan to a specified fixed interest rate of 5.88% p.a. Pursuant to the above arrangement, the Company has accrued interest at the rate of 5.88% p.a. on the said loan.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 14 - Lease liabilities

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Lease liabilities (refer note 32)	64.14	211.15	54.06	218.14
Total	**64.14**	**211.15**	**54.06**	**218.14**

Note No 15 - Provisions

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Provision for employee benefits:				
- Gratuity (refer note 31)	2.61	21.50	1.81	21.14
- Compensated absences	33.22	–	31.51	–
Total	**35.83**	**21.50**	**33.32**	**21.14**

Note No. 16 - Current Borrowings

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
Term loan from Banks :				
– Current maturities of non-current borrowings (Refer note 11)	3,079.20	–	3,731.55	–
– Working capital loans	983.96	–	1,838.63	–
Term loan from Others :				
– Loans from related parties (Refer Note 28)	955.00	–	–	–
Total	**5,018.16**	**–**	**5,570.18**	**–**

Note No. 17 - Trade payables

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
– Total outstanding dues of micro enterprises and small enterprises	170.99	–	135.65	–
– Total outstanding dues of creditors other than micro and small enterprises	777.03	–	486.87	–
Total	**948.02**	**–**	**622.52**	**–**

(₹ in Million)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				As at Mar 31, 2023
			Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	–	8.57	143.30	19.12	–	–	170.99
(ii) Others	181.55	56.02	469.81	68.95	0.07	0.63	777.03
	181.55	**64.59**	**613.11**	**88.07**	**0.07**	**0.63**	**948.02**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 17 - Trade payables (Cond..)

(₹ in Million)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				As at Mar 31, 2022
			Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	–	65.39	70.26	–	–	–	135.65
(ii) Others	119.93	95.97	269.35	0.99	0.07	0.56	486.87
	119.93	**161.36**	**339.61**	**0.99**	**0.07**	**0.56**	**622.52**

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act,2006

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year*	420.99	135.65
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	42.02	0.26
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	13.47	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	60.09	4.60
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	–	–

*Principal amount remaining unpaid to suppliers include ₹ 250 million towards capital creditors

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 18 - Other financial liabilities

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
– Interest accrued but not due on borrowings	28.07	–	32.20	–
– Interest accrued on delayed payments to MSME vendors	60.09	–	4.60	–
– Creditors for capital supplies/services	1,677.15	–	1,360.22	–
– Payable to related parties (refer note 34)	185.15	–	129.45	–
Total	**1,950.46**	**–**	**1,526.47**	**–**

Note No. 19 - Other liabilities

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Current	Non Current	Current	Non Current
– Advance from customers	541.76	–	190.64	–
– Statutory dues	17.95	–	26.35	–
– Grant from Biotechnology Industry Research Assistance Council	59.55	–	59.55	–
Total	**619.26**	**–**	**276.54**	**–**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 20 - Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Material	23.60	28.57
Sale of services	387.14	1,292.70
Total	**410.74**	**1,321.27**

Note No. 20.1 - Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Revenues by Geography

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	289.71	1,154.33
Rest of the world	121.03	166.94
Total revenues by Geography	**410.74**	**1,321.27**

Geographical revenue is allocated based on the location of the customers

Note No. 20.2 - Changes in contract liabilities:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	190.64	45.16
Add: Increase due to invoicing during the year	397.52	158.67
Less: Amount recognised as revenue during the year	(46.40)	(13.19)
Balance at the end of the year	**541.76**	**190.64**

Note No. 20.3 - Contract balances

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Trade receivables*	37.37	366.01
Contract liabilities**	541.76	190.64

* Trade receivables are non-interest bearing.

** Contract liabilities are shown as advance from customers (Refer note 19)

Note No. 21 - Other income

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on financial assets at amortised cost	30.32	10.44
Interest Income on Tax Refund	2.07	–
Unwinding of discount on security deposit	2.32	1.60
Scrap sales	1.71	0.36
Profit on sale of investments	1.15	16.41
Insurance claim against property, plant and equipment	9.03	–
Gain on sale of property, plant and equipment	–	0.24
Interest income on loan to subsidiaries	0.12	0.05
Others	0.06	29.54
Total	**46.78**	**58.64**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 22 - Consumables

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	1,579.08	48.94
Add: Purchases	651.28	3,133.54
Less: Closing stock	1,331.57	1,579.08
Total	**898.79**	**1,603.40**
Less: Inventories written-off/provision disclosed as exceptional items (refer note 28)	(543.66)	–
Cost of materials consumed	355.13	1,603.40

Note No. 23 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the end of the year		
Work-in-progress	–	476.30
Finished goods	–	570.07
	–	**1,046.37**
Inventories at the beginning of the year		
Work-in-progress	476.30	–
Finished goods	570.07	–
	1,046.37	**–**
Less: Inventories written-off disclosed as exceptional items (refer note 28)	(1,057.77)	
Total	**(11.40)**	**(1,046.37)**

Note No. 24 - Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	672.34	472.56
Contributions to provident and other funds	40.80	28.22
Staff welfare expenses	98.10	68.87
Share based payment expenses (refer note 40)	59.59	–
Total	**870.83**	**569.65**

Note No. 25 - Finance cost

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on borrowings (including exchange differences regarded as an adjustment to borrowing costs)	1,019.08	569.86
Less : Amount included in the cost of qualifying assets	(30.35)	(51.13)
	988.73	**518.73**
Interest expense on loan from related party	2.91	–
Interest on lease liability	27.22	25.57
Other borrowing cost - Guarantee commission, Bank charges etc	133.28	134.83
Interest on delayed payment to MSME vendors	55.49	1.07
Total	**1,207.63**	**680.20**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 26 - Depreciation and amortisation expenses

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, plant and equipment (Refer Note 4A)	1,025.22	672.77
Depreciation on Right to use assets (Refer Note 4B)	73.98	62.89
Less: Amounts included in the cost of assets	–	(41.41)
Amortisation on Intangible assets (Refer Note 4D)	41.81	9.24
Total	**1,141.01**	**703.49**

Note No. 27 - Other Expenses

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power & Fuel	289.72	256.51
Rates and taxes	16.92	28.84
Rent	13.90	10.97
Insurance	52.22	32.21
Repairs and maintenance:		
– Machinery	43.07	56.21
– Others	104.26	132.60
Manpower service	64.40	44.60
Housekeeping service	86.67	63.16
Freight and forwarding	87.56	35.40
Business promotion	10.47	2.45
Travelling and conveyance	11.67	5.15
Exchange fluctuation loss (net)	215.87	108.87
Printing and stationery	9.72	12.71
Communication	9.25	11.93
Security Charges	19.34	13.11
Office expense	2.67	2.38
Write-off of Property, Plant and Equipment	7.11	–
Loss on sale of asset	–	0.18
Boarding and lodging	10.71	13.79
Support service charges	127.94	139.72
Legal and professional fees	196.77	126.41
Auditors remuneration (refer note (i) below)	3.86	3.86
Investment written off	–	15.15
Regulatory charges	3.27	2.58
Gardening Charges	2.61	4.44
Water Charges	7.08	10.28
Gas Charges	22.17	22.04
Advance written off	5.42	0.60
Miscellaneous expenses	9.29	10.79
Total	**1,433.94**	**1,166.94**

Note

(i) Auditor's remuneration comprises (net of taxes) for:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit of standalone and consolidated financial statements (including quarterly limited reviews)	3.75	3.75
Reimbursement of expenses	0.11	0.11
Total	**3.86**	**3.86**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 28 - Exceptional items gain / (loss) (net)

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Write-off related to Inventories and other related balances of Sputnik Light vaccines (refer note (i) below)	1,867.37	–
Write-off related to Inventories and other related balances of Akston Project (refer note (ii) below)	491.05	–
Intangibles under development written-off (refer note (iii) below)	431.99	–
Provision for impairment of investments in subsidiary (refer note 5)	520.31	–
Provision for Bad & Doubtful debts (refer note (iv) below)	140.78	
Total	**3,451.50**	**–**

Note (i) :

Due to geopolitical situation between Russia and Ukraine and sanctions on Russia, the Company was not able to liquidate these inventories within its shelf life. Accordingly, the Company has written off Sputnik vaccine inventories and other related balances of ₹ 1,867.37 as exceptional items for the year ended March 31, 2023 (refer note 9)."

Note (ii):

The Company and Akston Biosciences Corporation entered into the License and Manufacturing Agreement dated October 20, 2021 to develop AKS-452 vaccine. During the current year, the Company and Akston Bioscience Corporation entered into termination agreement whereby all the licenses granted to the Company are revoked and the Company does not have the right or obligation to commercialize the licensed product. Pursuant to such termination, the Company has debited exceptional items of ₹ 491.05 million towards following:

- Write off of Intangibles under development relating to Akston amounting to ₹ 200.59 million
- Write off Akston inventories amounting to ₹ 146.48 million and
- Allowance for doubtful advances given to Akston Bioscience Corporation ₹ 143.98 million."

Note (iii):

Pursuant to impairment assessment (refer note 4F), intangibles under development was written off amounting to ₹ 431.99 million towards various products as exceptional items for the year ended 31 March 2023. "

Note (iv):

During the year, the management has made a provision for expected credit loss towards receivables from subsidiary amounting to 140.78 million. (refer note 10)"

Note No. 29 - Details of Research and Development expenditure incurred

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Research & development expenses including capital expenditure:		
Material and third party outsourcing cost	29.89	425.22
Labour	147.48	176.82
Finance Cost	30.35	51.13
Overheads	108.41	20.36
Total	**316.13**	**673.53**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 30 - Contingent Liabilities and Capital Commitments (To the extent not provided for)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):		
– Property, Plant and equipment	490.06	1,502.36
Total	**490.06**	**1,502.36**

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Claims not acknowledged as debts by the Company	233.14	–
Total	**233.14**	**–**

(a) The Company has received claim from vendor amounting to ₹ 227.62 million towards pending take off of Sputnik related inventories by the Company. The Company has counter claimed for failure to supply and breaches under the collaboration agreement towards procuring equipment and consumables, which are unusable.

(b) The Company has received claim from vendor amounting to ₹ 30.75 million towards pending payments against the purchase of materials from the vendor. The Company has accepted the claim to extent of ₹25.23 million has sought time to pay the balance. Remaining amount of ₹ 5.52 million has not been acknowledged as debt by the company.

Note No. 31 - Employee Benefits Plans

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 30.56 Million (previous year: ₹ 20.49 Million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

The Company operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(₹ in Million)

Particulars	Valuation as at	
	31-Mar-23	31-Mar-22
Discount rate(s)	7.30%	6.41%
Expected rate(s) of salary increase	10.00%	10.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	58 years	58 years

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 31 - Employee Benefits Plans (Cond..)

Amounts recognised in Statement of Profit and loss and in other comprehensive income in respect of this defined benefit plans are as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Service cost:		
Current service cost	8.83	6.59
Net interest expense	1.41	1.14
Components of defined benefit costs recognised in statement of profit and loss	**10.24**	**7.73**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	(1.12)	(2.98)
Actuarial (gains) / losses arising from experience adjustments	(3.63)	0.23
Components of defined benefit costs recognised in other comprehensive income	**(4.75)**	**(2.75)**
Total	**5.49**	**4.98**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	24.11	22.95
Fair value of plan assets	–	–
Funded status	24.11	22.95
Restrictions on asset recognised	–	–
Net liability arising from defined benefit obligation	**24.11**	**22.95**

Movements in the present value of the defined benefit obligation are as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	22.95	18.42
Add: Acquisition / (disposal)	–	0.49
Expenses Recognised in statement of profit and loss		
Current service cost	8.83	6.59
Past service cost and (gain)/loss from settlements	–	–
Interest cost	1.41	1.14
Remeasurement (gains)/losses		
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	(1.12)	(2.98)
Actuarial (gains) / losses arising from experience adjustments	(3.63)	0.23
Benefits paid	(4.33)	(0.94)
Closing defined benefit obligation	**24.11**	**22.95**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 31 - Employee Benefits Plans (Cond..)

(₹ in Million)

Principal assumption		Changes in assumption	Gratuity - Impact on defined benefit obligation: Increase in assumption	Gratuity - Impact on defined benefit obligation: Decrease in assumption
Discount rate	2023	100bps	(1.15)	1.27
	2022	100bps	(1.20)	1.31
Salary growth rate	2023	100bps	1.14	(1.07)
	2022	100bps	1.16	(1.12)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future Cash outflows towards the plan are as follows-

(₹ in Million)

Financial Year	Amount
Year 1	2.61
Year 2	3.10
Year 3	3.16
Year 4	4.00
Year 5	3.40
Years 6 to 10	12.45

Note No. 32 - Leases

Company as a lessee : The Company has entered into lease arrangements for land and office buildings. Refer Note 2.6 for the accounting policies adopted by Company respectively in respect of Ind AS 116.

Movement in lease liabilities during the year:

Lease liabilities

(₹ in Million)

Particulars	31-Mar-23	31-Mar-22
Opening balance	272.20	108.04
Additions	60.97	188.85
Interest	27.22	25.57
Lease payments	(85.10)	(50.26)
Closing balance	**275.29**	**272.20**
Current	64.14	54.06
Non-current	211.15	218.14

(₹ in Million)

Maturity analysis of OLL	31-Mar-23			31-Mar-22		
	1 year	1 to 5 years	More than 5 years	1 year	1 to 5 years	More than 5 years
Factory Building	64.14	204.52	–	54.06	213.10	–
Plant and Machinery	–	6.63	–	–	5.04	–

Note

The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 33 - Earnings per Share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) after tax attributable to equity holders of the Company (A) (₹ in Million)	(7,991.12)	(2,297.40)
Weighted average number of equity shares used as denominator in calculating basic earnings per share (B)	3,98,18,561	3,54,26,071
Weighted average number of equity shares used as denominator in calculating diluted earnings per share (C)	3,98,18,561	3,54,26,071
Basic earnings per share (₹) (A/B)	(200.69)	(64.85)
Diluted earnings per share (₹) (A/C)	(200.69)	(64.85)

During the current year and in the previous year, the Company has incurred losses and the diluted earnings per share for the current year and previous year is anti-dilutive and hence the basic and diluted earnings per share are the same.

Note No. 34 - Related Party Listing and Balances:

Nature of Relationship	Name of Related Party
Entity exercising significant influence	Strides Pharma Science Limited
	Tenshi Pharmaceuticals Private Limited
	Medella Holdings Pte Ltd
Subsidiary	Biolexis Pte Ltd (formally known as Stelis Pte Ltd)
	Biolexis Private Limited
Enterprises owned or significantly influenced by directors, key management personnel and their relatives:	Arcolab Private Limited
	Tenshi Pharmaceuticals Private Limited
	Tenshi Kaizen Private Limited
	Naari Pharma Private Limited
	Chayadeep Properties Private Limited
	Steriscience Specialities Private Limited
	Biolexis Holding Pte
	Steriscience Pte Ltd.
	Skanray Healthcare Private Limited
	Solara Active Pharma Sciences Limited
	Strides Pharma Inc
	Strides Pharma Science Pty Limited
	Strides Pharma UK Ltd
	Strides Pharma (Cyprus) Limited
	Karuna Business Solutions LLP
	Karuna Healthcare Private Limited
	Strides Pharma Global Pte Ltd
Key Management Personnel – Chairman and Non - Executive Director	Aditya Puri (upto Mar 29th, 2023)
Key Management Personnel – Non - Executive Director	Arun Kumar Pillai
Key Management Personnel – CFO & Executive Director	Kannan Radhakrishnan Pudhucode
Key Management Personnel – Non - Executive Director	Ankur Nand Thadani
Key Management Personnel – Non - Executive Director	Mahadevan Narayanamoni
Key Management Personnel – Independent Director	A K Viswanathan (upto Mar 29th, 2023)
Key Management Personnel – Independent Director	Gopakumar Gopalan Nair (w.e.f May 04th, 2023)
Key Management Personnel – Independent Director	Rajashri Ojha (w.e.f May 04th, 2023)
Key Management Personnel – Non - Executive Director	Deepak Vaidya (upto July 7, 2021)
Key Management Personnel – Non - Executive Director	PM Thampi (upto April 7, 2021)
Key Management Personnel – Independent Director	Vineeta Rai (upto Mar 14th, 2023)
Key Management Personnel – CEO	Mark Womack (upto Jan 24, 2022)
Key Management Personnel – Company Secretary	Puja Aggarwal (Upto March 14, 2023)
Key Management Personnel – Company Secretary	Allada Trisha (w.e.f March 14, 2023)

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 34 - Related Party Listing and Balances: (Cond..)

Details of transaction between the Company and its related parties are disclosed below:

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Subsidiary		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Revenue from operations								
Sale of Material								
Strides Pharma Science Limited	0.14	–	–	–	–	–	–	–
Biolexis. Ltd	–	–	–	–	–	128.42	–	–
Sale of services								
Strides Pharma Science Limited	5.46	46.03	–	–	–	–	–	–
Steriscience Pte Limited	–	–	5.85	90.69	–	–	–	–
Sale of services - Passthough								
Steriscience Pte Limited	–	–	32.54	21.82	–	–	–	–
Steriscience Specialties Private Ltd	–	–	15.81	85.57	–	–	–	–
Interest Income								
Biolexis Pte Ltd	–	–	–	–	0.12	0.05	–	–
Guarantee Commission considered as borrowing cost								
Strides Pharma Science Ltd	59.49	52.18	–	–	–	–	–	–
Support Service charges								
Strides Pharma Science Limited	–	2.10	–	–	–	–	–	–
Tenshi Life Sciences Private Ltd	8.01	12.00	–	–	–	–	–	–
Arcolab Private Ltd	–	–	130.06	81.44	–	–	–	–
Rental expenses								
Arcolab Private Limited	–	–	0.09	0.01	–	–	–	–
Chayadeep Properties Private Ltd	–	–	5.89	–	–	–	–	–
Purchase of Material								
Strides Pharma Science Limited	–	0.01	–	–	–	–	–	–
Steriscience Specialties Private Ltd	–	–	0.61	–	–	–	–	–
Solara Active Pharma Sciences Limited	–	–	0.49	1.81	–	–	–	–
Advance given / (repaid)								
Chayadeep Properties Private Ltd	–	–	103.50	–	–	–	–	–
Chayadeep Properties Private Ltd	–	–	(103.50)	–	–	–	–	–
Advance taken / (repaid)								
Strides Pharma Science Limited	–	–	25.00	–	–	–	–	–
Strides Pharma Science Limited	–	–	(25.00)	–	–	–	–	–
Arcolab Private Limited	–	–	95.00	–	–	–	–	–
Arcolab Private Limited	–	–	(95.00)	–	–	–	–	–
Loans taken/(repaid)								
Arcolab Private Limited	–	–	36.00	–	–	–	–	–
Arcolab Private Limited	–	–	(36.00)	–	–	–	–	–
Tenshi Pharmaceuticals Private Limited	975.00							
Tenshi Pharmaceuticals Private Limited	(20.00)							
Loan given								
Biolexis Pte Ltd	–	–	–	–	–	3.79	–	–
Conversion of Loan to Redeemable Prefernace share								
Biolexis Pte Ltd	–	–	–	–	3.72	–	–	–
Product Development Cost								
Tenshi Kaizen Private Ltd	–	–	–	31.40	–	–	–	–
Interest expense on loan taken/ (repaid)								
Arcolab Private Limited	–	–	0.42	–	–	–	–	–
Tenshi Pharmaceuticals Private Limited	2.49	–	–	–	–	–	–	–

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 34 - Related Party Listing and Balances: (Cond..)

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Subsidiary		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Equity/Preference shares contribution to the Company (including securities premium)								
Strides Pharma Science Ltd	–	–	–	–	–	–	–	–
Tenshi Life Sciences Private Ltd	236.54	54.70	–	–	–	–	–	–
Arcolab Private Limited	–	–	970.09	–	–	–	–	–
Medella Holdings Pte Ltd	800.00	–	–	–	–	–	–	–
Karuna Business Solutions LLP	–	–	3,640.96	149.52	–	–	–	–
Reimbursement of expenses								
Strides Pharma Science Ltd	10.61	4.03	–	–	–	–	–	–
Tenshi Kaizen Private Limited	–	–	–	1.78	–	–	–	–
Tenshi Life Sciences Private Ltd	6.15	7.26	–	–	–	–	–	–
Naari Pharma Private Limited	–	–	–	0.01	–	–	–	–
Arcolab Private Ltd	–	–	4.18	0.89	–	–	–	–
Biolexis Pte Ltd	–	–	–	–	0.80	–	–	–
Strides Pharma Inc	–	–	33.21	7.60	–	–	–	–
Strides Pharma Science Pty Limited	–	–	9.21	–	–	–	–	–
Strides Pharma Uk Ltd	–	–	8.27	–	–	–	–	–
Strides Pharma (Cyprus) Limited	–	–	4.24	–	–	–	–	–
Steriscience Specialties Private Limited	–	–	–	8.92	–	–	–	–
Investments In Subsidiaries								
Stelis Biopharma LLC	–	–	–	–	–	(15.34)	–	–
Biolexis Private Ltd	–	–	–	–	–	0.10	–	
Provision for Impairment - Investments In Subsidiaries								
Biolexis Pte Limited	–	–	–	–	(516.59)	–	–	–
Security Deposits								
Arcolab Private Limited	–	–	0.09	–	–	–	–	–
Chayadeep Properties Private Ltd	–	–	4.42	–	–	–	–	–
Purchase of property, plant and equipment								
Strides Pharma Science Limited	0.97	–	–	–	–	–	–	–
Arcolab Private Limited	–	–	0.06	–	–	–	–	–
Sales of Asset								
Steriscience Specialties Private Limited	–	–	–	5.14	–	–	–	–
Employee cost:								
Mark Womack	–	–	–	–	–	–	–	12.52
Kannan Radhakrishnan Pudhucode	–	–	–	–	–	–	22.48	14.68
Puja Aggarwal	–	–	–	–	–	–	3.68	2.04
Allada Trisha	–	–	–	–	–	–	1.10	–
Sitting fees paid to directors								
Deepak Vaidya	–	–	–	–	–	–	–	0.90
P. M Thampi	–	–	–	–	–	–	–	0.30
Aditya Puri	–	–	–	–	–	–	1.20	2.10
Vineeta Rai	–	–	–	–	–	–	1.60	1.30
Viswanathan AK	–	–	–	–	–	–	1.60	0.30

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 34 - Related Party Listing and Balances: (Cond..)

Closing Balance as on 31st Mar 20203

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Subsidiary		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Other Payables								
Strides Pharma Science Ltd	52.20	12.85	–	–	–	–	–	–
Tenshi Life Sciences Private Ltd	7.66	15.45	–	–	–	–	–	–
Arcolab Private Ltd	–	–	65.21	21.38	–	–	–	–
Chayadeep Properties Private Ltd	–	–	0.53	–	–	–	–	–
Strides Pharma Inc	–	–	41.38	7.52	–	–	–	–
Steriscience Specialties Private Ltd	–	–	3.35	10.52	–	–	–	–
Steriscience Pte Limited	–	–	–	60.53	–	–	–	–
Strides Pharma Science Pty Limited	–	–	9.21	–	–	–	–	–
Strides Pharma Uk Ltd	–	–	1.26	–	–	–	–	–
Strides Pharma (Cyprus) Limited	–	–	4.24	–	–	–	–	–
Solara Active Pharma Sciences Limited	–	–	0.24	–	–	–	–	–
Investments (refer note 5)								
Biolexis Pte Ltd	–	–	–	–	–	516.59	–	–
Biolexis Private Ltd	–	–	–	–	0.10	0.10	–	–
Security Deposits								
Arcolab Private Limited	–	–	0.09	–	–	–	–	–
Chayadeep Properties Private Ltd	–	–	4.42	–	–	–	–	–
Loan given								
Biolexis Pte Ltd	–	–	–	–	–	3.81	–	–
Loan payable								
Tenshi Pharmaceuticals Private Limited	955.00	–	–	–	–	–	–	–
Trade receivable								
Biolexis Pte Ltd	–	–	–	–	–	128.21	–	–
Strides Pharma Science Limited	0.17	–	–	–	–	–	–	–
Steriscience Pte Limited	–	–	0.17	–	–	–	–	–
Steriscience Specialties Private Ltd	–	–	2.35	106.97	–	–	–	–
Advance from customers								
Steriscience Specialties Private Ltd	–	–	–	12.28	–	–	–	–

Note No. 35 - Financial instruments

35.1 Categories of financial instruments

(₹ in Million)

Particulars	As at 31 March, 202	As at 31 March, 2022
Financial assets:		
Measured at amortised cost		
(a) Trade receivables	37.37	366.01
(b) Cash and bank balances	797.63	1,694.51
(c) Other financial assets at amortised cost	100.30	110.73
Measured at Fair Value		
(a) Investments	45.00	–
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings	3,348.75	5,972.53
(b) Current maturities of non-current borrowings	5,018.16	5,570.18
(c) Lease Liabilities	275.29	272.20
(d) Trade payables	948.02	622.52
(e) Other financial liabilities	1,950.46	1,526.47

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 35 - Financial instruments (Cond..)

35.2 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

35.2.1 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of financial assets and financial liabilities (except borrowings) approximate the fair value in both of the years presented.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

(₹ in Million)

Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	8,366.91	8,426.95	11,542.71	11,699.45

35.3 Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

35.3.1 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

– debt availed in foreign currency

– exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities"

The carrying amount of the Company's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

(₹ in Million)

Amount receivable/(payable)	As at Mar 31, 2023		As at Mar 31, 2022	
Exposure to the Currency	In foreign Currency	In INR	In foreign Currency	In INR
USD	(28.01)	(2,302.68)	(23.20)	(1,749.35)
EUR	(0.80)	(71.87)	6.20	541.55
GBP	(0.12)	(12.17)	(0.02)	(2.29)
SGD	(0.05)	(2.94)	(0.04)	(2.35)
AED	0.00	0.04	0.00	0.01
CHF	(0.02)	(1.58)	(0.02)	(1.45)
RUB	(1.29)	(1.29)	(0.05)	(0.05)

Foreign currencies are in millions

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 35 - Financial instruments (Cond..)

35.3.2 Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include External Commercial Borrowings (ECBs) and payables to vendors. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against INR is given below. The impact of exposure to other currencies is negligible.

(₹ in Million)

Particulars	Increase / (Decrease) in Profit	
	31-Mar-23	31-Mar-22
Appreciation in the USD	(115.13)	(87.47)
Depreciation in the USD	115.13	87.47
Appreciation in the EUR	(3.59)	27.08
Depreciation in the EUR	3.59	(27.08)

The impact on profit has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at March 31, 2023

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

35.3.3 Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. The company mitigates its interest rate risk by entering into interest rate Swap contracts. Debt issued at fixed rate exposes the company to fair value risk.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Million)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	748.53	479.82
	748.53	**479.82**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	8,366.91	11,542.71
	8,366.91	**11,542.71**

Interest rate swap contracts

The Company is exposed to interest rate risk on financial liabilities such as borrowings, both short-term and long-term. Such interest rate risk is actively evaluated and interest rate swap is taken whenever considered necessary

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of cash flow exposures on the variable rate borrowings. The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate in the currency of the loan. The Company will settle the difference between the fixed and floating interest rate on a net basis.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 35 - Financial instruments (Cond..)

35.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit Risk to the company primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

35.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

35.5.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment `. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in Million)

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2023	5,552.26	1,765.36	905.10	204.23	–	–	8,426.95	8,366.91
- As on March 31, 2022	5,667.86	3,062.73	1,870.96	893.67	204.23	–	11,699.45	11,542.71
Interest payable on borrowings								
- As on March 31, 2023	28.07	–	–	–	–	–	28.07	28.07
- As on March 31, 2022	32.20	–	–	–	–	–	32.20	32.20
Lease Liabilities								
- As on March 31, 2023	85.82	98.80	98.09	7.43	7.88	58.27	356.29	275.29
- As on March 31, 2022	74.74	78.48	93.28	91.07	–	–	337.57	272.20
Trade and other payable								
- As on March 31, 2023	2,870.41	–	–	–	–	–	2,870.41	2,870.41
- As on March 31, 2022	2,116.79	–	–	–	–	–	2,116.79	2,116.79

Note No. 36 - Deferred tax asset :

The Company has brought forward tax loss and unabsorbed depreciation of ₹ 10,384.81 million (₹7,216.61 million March 31, 2022) as per latest Income tax return filed and has recognised the arising deferred tax asset on such losses to the extent of the corresponding deferred tax liability arising on the difference between the book balance of fixed assets and the written down value of such fixed assets under Income Tax. With regard to the balance of the deferred tax assets, in the absence of reasonable certainty that future taxable profits would be available for set off of such deferred tax assets, the Company has not recognized any deferred tax asset as at March 31, 2023.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 37 - Segment Reporting:

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance based on an analysis of various performance indicators. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and non current assets in individual segments

The Company's reportable segment are as follows; "Unit 1 - R&D and Unit 2 : CDMO (Contract Development & Manufacturing Organization) and "Unit 3 : Multimodal facility".

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unit 1 - R&D and Unit 2 : CDMO-1	23.60	28.57
Unit 3 : Vaccine facility and CDMO - 2	387.14	1,292.70
Total	**410.74**	**1,321.27**

(ii) Non-current assets*

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unit 1 - R&D and Unit 2 : CDMO	10,145.62	10,538.94
Unit 3 : Multimodal facility	6,812.34	6,169.64
Unallocated Assets	743.95	1,993.48
Total	**17,701.91**	**18,702.06**

*Non-current assets do not include financial assets under financial instruments

Geographical Information

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	312.35	1,154.33
Outside India	98.39	166.94
Total	**410.74**	**1,321.27**

(ii) Non-current assets*

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	17,701.91	18,702.06
Total	**17,701.91**	**18,702.06**

*Non-current assets do not include financial assets under financial instruments.

Note No. 38

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 39 - Other Statutory Information

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(b) The Company does not have any transactions with companies struck off.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) The Company has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(f) The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

(g) The company has not been declared willful defaulter by any bank or financial Institution or other lender.

(h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961."

Note No. 40 - Details of the employee share option plan of the Company:

On May 27, 2021, pursuant to shareholders approval at the extraordinary general meeting held ,the Company has declared the ESOPs titled "Stelis ESOP Scheme 2021". Options not exceeding 5% of the paid-up equity capital of the Company on a fully diluted basis are covered under the plan which are convertible into equivalent equal number of equity shares of the Company. The Nomination and remuneration Committee ('NRC') will select and approve eligible Employees to whom Options be granted and to determine number of Options to be granted to an Employee.

Options under this program are granted to employees at an exercise price periodically determined by the NRC. All stock options have a four-year vesting term. The options vest and become fully exercisable at the rate of 10% in the first year, 15% in the second year, 25% in the third year and 50% in the fourth year of the vesting period from the date of grant. These options are exercisable within 30 days from the date of intimation by NRC about the occurrence of the Liquidity Event or such other time period as may be determined by the NRC within which the Optionee should Exercise his right to apply for the issue of Shares against the Vested Option pursuant to the Scheme.

Under the employee stock purchase plan of "Stelis ESOP Scheme 2021", employees may purchase shares of Stelis Biopharma at ₹278 subject to terms and conditions of the scheme. On June 7, 2022, October 21, 2022 & January 20, 2023 the Company granted options under said scheme for eligible personnel. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 40 - Details of the employee share option plan of the Company: (Cond..)

a) The details of fair market value of the options and the exercise price is as given below:

Grant Date	7-Jun-22	21-Oct-22
Number of options (Nos)	4,42,700	1,06,900
Fair market value of option at grant date (₹)	372.84	372.70
Fair market value of shares per option at grant date (₹)	555.00	555.00
Vesting period	4 years from the grant date	4 years from the grant date
Exercise price (₹)	278.00	278.00

Grant Date	20-Jan-23
Number of options (Nos)	65,300
Fair market value of option at grant date (₹)	367.30
Fair market value of shares per option at grant date (₹)	555.00
Vesting period	4 years from the grant date
Exercise price (₹)	278.00

b) Employee stock options details as on the Balance Sheet date are as follows:

(Options in numbers)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Outstanding at the beginning of the year	–	–
Granted during the year	6,14,900	–
Lapsed/forfeited during the year	1,15,100	–
Vested during the year	–	–
Exercised during the year	–	–
Outstanding at end of the year	**4,99,800**	**–**

c) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Grant Date	7-Jun-22	21-Oct-22
Number of options	4,42,700	1,06,900
Risk Free Interest Rate	7.08%	7.28%
Exercise period (years)	4.00	4.00
Expected Volatility	49.81%	45.93%
Expected Dividend Yield	0.00%	0.00%

Grant Date	20-Jan-23
Number of options	65,300
Risk Free Interest Rate	7.11%
Exercise period (years)	4.00
Expected Volatility	45.84%
Expected Dividend Yield	0.00%

Note No. 41

The Company's Contract Development and Manufacturing (CDMO) unit is set up as Export Oriented Unit (EOU) under Foreign Trade Policy 2015-20. Pursuant to this, the CDMO unit is required to be positive cumulative net foreign exchange earner within a period of five years from the commencement of production (i.e., within September 03, 2024). The management of the Company is confident of achieving the positive cumulative net foreign exchange position within the prescribed timelines.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 42 - Amendments effective from April 1, 2023 :

"On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from April 1, 2023.

i. Ind AS 101 – First time adoption of Ind AS

ii. Ind AS 102 – Share-based payment

iii. Ind AS 103 – Business Combinations

iv. Ind AS 107 – Financial Instruments: Disclosures

v. Ind AS 109 – Financial Instruments

vi. Ind AS 115 – Revenue from Contracts with Customers

vii. Ind AS 1 – Presentation of Financial Statements

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

ix. Ind AS 12 – Income Taxes

x. Ind AS 34 – Interim Financial Reporting

The Company is in the process of evaluating the impact of the above amendments on the Company's financial statements. "

Note No. 43 - Ratio Analysis

	As at March 31, 2023	As at March 31, 2022	Change	Ratios have a variance of >25% due to
Current Ratio - in times (A) / (B)	**0.26**	**0.63**	**-58%**	Reduction is due to provisioning of Inventory related to Unit 3
Current Assets (A)	2,282.10	5,107.97		
Current Liabilities (B)	8,635.87	8,083.09		
Current Assets is defined as Inventories, Trade receivables, Cash and cash equivalents, Other bank balances, Current loans, Other current financial assets and Other current assets				
Current Liabilities is defined as Current borrowings, Current lease liabilities,Trade payables,Other current financial liabilities,Current provisions, Current tax liabilities and Other current liabilities				
Debt-Equity Ratio - in times (C) / (D)	**1.10**	**1.16**	**-6%**	Variance <25% and hence not applicable
Debt including lease liabilities(C)	8,642.20	11,814.91		
Equity (D)	7,867.14	10,146.34		
Debt is defined as non-current borrowings, current borrowings and lease liability (current and non-current).				
Equity is defined as Equity share capital and Other equity.				
Debt Service Coverage Ratio - in times (E) / ((F) + (G))				The Company is in losses and hence the debt service coverage ratio is not applicable
Earnings before interest,taxes, depreciation and amortisation is defined as:				
Profit for the year before exceptional items and taxes (add) Depreciation and Amortisation (add) Finance costs (less) interest income				
Debt repayment is defined as actual borrowings repaid and lease payments during the year				
Interest payments is defined as actual interest paid on borrowings and lease liability during the year				

Corporate Overview Statutory Reports Financial Statements

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 43 - Ratio Analysis (Cond..)

	As at March 31, 2023	As at March 31, 2022	Change	Ratios have a variance of >25% due to
Return on Equity ratio (H) / (I)	**-101.58%**	**-22.64%**	**349%**	Increase in loss due to exceptional items loss towards provision on sputnik Inventory, intangible under development, doubtful advance and others
Net profit (H)	(7,991.12)	(2,297.40)		
Equity (I)	7,867.14	10,146.34		
Net profit is defined as Profit for the year after tax				
Equity is defined as Equity share capital and Other equity.				
Inventory turnover ratio (K) / (L)	**0.12**	**0.42**	**-70%**	Decrease is due to written-off Inventory related to Sputnik vaccine and reduction in CDMO revenue.
Cost of goods sold (K)	246.22	557.03		
Average Inventory (L)	1,978.51	1,337.20		
Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress				
Average Inventory is defined as average of inventories as at the beginning and as at the end of the year.				
Trade receivables turnover ratio (M) / (N)	**2.04**	**6.80**	**-70%**	Decrease is due to reduction in CDMO revenue from FY22.
Revenue from operations (M)	410.74	1,321.27		
Average Trade receivables (N)	201.69	194.22		
Sales Turnover is defined as Sale of products and Sale of services				
Average Trade receivables is defined as average of Trade receivables as at the beginning and as at the end of the year.				
Trade payables turnover ratio (O) / (P)	**0.31**	**1.06**	**-70%**	Decrease is due to decrease in Unit-3 sputnik vaccine related inventories and decrease in the CDMO business.
Cost of goods sold (O)	246.22	557.03		
Average Trade payables (P)	785.27	525.77		
Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress				
Average Trade payables is defined as average of Trade payables as at the beginning and as at the end of the year.				
Net capital turnover ratio (Q) / (R)	**(0.06)**	**(0.44)**	**-85%**	Decrease is due to reduction in CDMO revenue from FY22.
Sales Turnover (Q)	410.74	1,321.27		
Working Capital (R)	(6,353.77)	(2,975.12)		
Net profit ratio (S) / (T)	**-1746.62%**	**-166.49%**	**949%**	Decrease is due to reduction in CDMO revenue in comparison with FY22 and increase in exceptional losses.
Net profit (S)	(7,991.12)	(2,297.40)		
Gross Revenue (T)	457.52	1,379.91		
Return on capital employed (U) / (V)	**-40.90%**	**-7.32%**	**459%**	Increase in loss due to exceptional items loss towards provision on sputnik Inventory, intangible under development, doubtful advance and others
Earnings Before Interest and Taxes (U)	(6,753.05)	(1,606.71)		
Capital Employed (V)	16,509.34	21,961.25		

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Note No. 44

The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

Note No. 45 - Approval of financial statements

The Company's standalone financial statements are approved for issue by the board of directors on July 28, 2023.

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Independent Auditor's Report

To
The Members of
Stelis Biopharma Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Stelis Biopharma Limited "the Parent" and its subsidiaries, (Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditors response
1	**Going concern assessment** The Group has recorded a loss amounting to 7,998.30 million for the year ended March 31, 2023. Note 2.2(b) to the consolidated financial statements explain that Management has concluded that the going concern basis is appropriate in preparing the consolidated financial statements of the Group. The Group evaluated its ability to continue as a going concern based upon an assessment of the following: - monetizing the value of the intangibles/intangibles under development by way of obtaining marketing rights from regulatory authorities and licensing them; - generating increased revenues from CDMO operations; - divestment of one of the Multimodal facility to Syngene International Limited on a slump sale basis;	Our audit procedures to assess the going concern assumption and whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Group's ability to continue as a going concern included the following audit procedures to obtain sufficient appropriate audit evidence: • Gaining an understanding and assessing the design, implementation and operating effectiveness of Company's key internal controls over preparation of cash flow forecasts to assess its liquidity; • Compared the forecasted cash flows with the Company's business plan approved by the board of directors; • Evaluating the key assumptions in the cash flow forecasts with reference to historical information, current performance, future plans, and market and other external available information;

Sl. No.	Key Audit Matter	Auditors response
	- infusion of capital by current shareholders to the extent of partly paid shares; - continuing financial support from promoter shareholders. This required the exercise of significant judgement, particularly in forecasting the Group's ability to meet all its obligations as on when it falls due. The management has also considered that the majority of the Company's borrowings are backed by the corporate guarantees of Strides Pharma Science Limited ('Strides'), an entity having significant influence over the Company. Based on their assessment, the management concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. Considering the significance of the area to the overall consolidated financial statements this was significant for our audit.	• Performing a retrospective review to assess the reasonableness of Company's past projections by comparing historical forecasts to actual results; • Assessing the underlying supporting documents including corporate guarantee agreements provided by Strides on behalf of the Company to its lenders and confirmation received from Strides to extend necessary support, contracted licensing and manufacturing service agreements, proposed debt refinancing agreements (as may be required) and non-binding agreement with one of the potential customer for divestment of one of the manufacturing facilities;; • Assessing the pending infusion by the current shareholders towards partly paid-up shares and financial support from the promoters and a promoter group company; • Performing sensitivity analysis on the forecasted cash flows by considering plausible changes to the key assumptions adopted by the Company; • Assessing the adequacy of the disclosures related to application of the going concern assumption.
2	**Impairment assessment in respect of carrying value of the assets of the Cash Generating Unit (CGU) (which includes intangible assets under development and assets relating to Unit 1 – Research and Development Unit and Unit 2 - Contract Development and Manufacturing Organization (CDMO) as at March 31, 2023:** As stated in note 4F of the consolidated financial statements, the management of the Company has assessed the annual impairment of CGU (which includes intangible assets under development and assets relating to Unit 1 – Research and Development Unit and Unit 2 - Contract Development and Manufacturing Organization (CDMO) as at March 31, 2023. The carrying value of the CGU is tested by the Management atleast annually for impairment, or more frequently if the events or changes in circumstances indicate that the asset might be impaired. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. The Management has involved external specialist to carry out impairment assessment. We have considered this to be a key focus area because of the significance of the balance and the significant estimates, judgements and assumptions involved in impairment assessment by the Management, such as: • Obtaining adequate financing to fulfil the Company's development and commercial activities, • the risks associated with development and obtaining regulatory approvals of the Company's products, • generation of revenues in due course from the product portfolio and contract manufacturing,	**Our principal audit procedures performed, among other procedures included:** • We obtained an understanding of the Management's process for impairment assessment of the carrying value of assets of the CGU. • Evaluated the design and implementation of the relevant controls and carried out testing of the management's control around the impairment assessment. • We inquired with management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion. • Evaluated the competence of the management's expert and the key assumptions considered in the management's estimates of future cash flows. • Involved our independent valuation specialist to assist in evaluating methodologies, terminal growth rate, the discount rate applied, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Company specific factors and other key assumptions considered in the calculations.

Sl. No.	Key Audit Matter	Auditors response
	• attainment of profitable operations, • discount rate • probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals.	• Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We tested the arithmetical accuracy of the computations. • We assessed the accounting principles applied by the Company and adequacy of disclosures in accordance with the Indian Accounting Standards, applicable regulatory financial reporting framework and other accounting principles generally accepted in India.
3	**Impairment assessment in respect of carrying value of the assets relating to Unit 3 – Multimodal facility) as at March 31, 2023:** As stated in note 4G of the consolidated financial statements and for the reasons stated in the said note which includes the geopolitical conflict between Russia and Ukraine and the subsequent sanctions enforced on Russia, the management of the Company has assessed the impairment of carrying value of assets relating to Unit 3 - Multimodal facility as at March 31, 2023. The Management has involved external specialist to carry out impairment assessment. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. We have considered this to be a key focus area because of the significance of the balance and the significant estimates, judgements and assumptions involved in impairment assessment by the Management, such as: • Generation of revenues in due course from the multimodal facility, • attainment of profitable operations, • discount rate • terminal growth rate	**Our principal audit procedures performed, among other procedures included:** • We obtained an understanding of the Management's process for impairment assessment of the carrying value of assets of the CGU. • Evaluated the design and implementation of the relevant controls and carried out testing of the management's control around the impairment assessment. • We inquired with management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion. • Evaluated the competence of the management's expert and the key assumptions considered in the management's estimates of future cash flows. • Involved our independent valuation specialist to assist in evaluating methodologies, terminal growth rate, the discount rate applied, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Company specific factors and other key assumptions considered in the calculations.

Sl. No.	Key Audit Matter	Auditors response
		• Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as revenue growth during the forecast period, the discount rate applied to the future cash flows and terminal growth rate. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We tested the arithmetical accuracy of the computations. • We assessed the accounting principles applied by the Company and adequacy of disclosures in accordance with the Indian Accounting Standards, applicable regulatory financial reporting framework and other accounting principles generally accepted in India.

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 2.94 as at March 31, 2023, total revenues of Rs. 0.04 and net cash outflows amounting to Rs. 2.21 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated financial statements.

   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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent and subsidiary company incorporated in India, as on March 31, 2023 taken on record by the Board of Directors of the Group, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of the Parent.

g) In our opinion and to the best of our information and according to the explanations given to us the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on its financial position in note 29 of its consolidated financial statements;

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The respective Managements of the Parent Company and its subsidiary companies which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 39 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent Company and its subsidiary, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, as disclosed in the note 38 to the consolidated financial statements, no funds have been received by the Parent Company or any of such subsidiary, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiary, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that causes us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Parent Company and its subsidiaries has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in Clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the audit report under section 143 issued by us, we report that CARO is applicable only to the Parent Company and not to any other company included in the consolidated financial statements. We have not reported any qualification or adverse remark in the CARO report of the Parent.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 23206920BGYMGI6497)

Place: Bengaluru
Date: 28 July 2023

Annexure "A" to the Independent Auditor's Report

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

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of **STELIS BIOPHARMA LIMITED** (hereinafter referred to as "the Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent is responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to consolidated financial statements

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 23206920BGYMGI6497)

Place: Bengaluru
Date: July 28, 2023

Consolidated Balance Sheet

as at March 31, 2023

(₹ in Million)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
A. ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	4A	11,269.51	11,856.61
(b) Right of use assets	4B	399.08	412.09
(c) Capital work in progress	4C	1,912.31	677.56
(d) Intangible assets	4D	1,944.68	42.83
(e) Intangible assets under development	4E	1,432.38	4,219.35
(f) Financial assets			
(i) Security deposits	5	100.30	110.73
(g) Other non-current assets	6	745.78	1,993.42
Total non-current assets		**17,804.04**	**19,312.59**
II Current assets			
(a) Inventories	7	1,331.57	2,754.79
(b) Financial assets			
(i) Investments	8	45.00	
(ii) Trade receivables	9	38.22	236.43
(iii) Cash and cash equivalents	10A	49.74	1,217.55
(iv) Bank balances other than (ii) above	10B	748.53	479.82
(c) Other current assets	6	70.98	422.38
Total current assets		**2,284.04**	**5,110.97**
Total assets (I+II)		**20,088.08**	**24,423.56**
B. EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	11A	40.10	30.36
(b) Other equity	11B	7,814.43	10,094.43
Total Equity		**7,854.53**	**10,124.79**
II Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings - LT	12	3,348.75	5,972.57
(ii) Lease liabilities	13	211.15	218.14
(b) Provisions	14	21.50	21.14
Total Non-current liabilities		**3,581.40**	**6,211.85**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	5,018.16	5,570.18
(ii) Lease liabilities	13	64.14	54.06
(iii) Trade payables	16		
(A) total outstanding dues of micro enterprises and small enterprises		170.99	135.65
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		777.21	487.02
(iv) Other financial liabilities	17	1,965.54	1,530.20
(b) Provisions	14	35.83	33.32
(c) Other current liabilities	18	620.28	276.49
Total Current liabilities		**8,652.15**	**8,086.92**
Total Equity and liabilities (I+II)		**20,088.08**	**24,423.56**

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Million)

Sl No	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Revenue from operations	19	410.74	1,321.27
2	Other income	20	46.66	37.70
3	**Total income (1+2)**		**457.40**	**1,358.97**
4	**Expenses**			
	(a) Cost of materials consumed	21	355.13	1,055.19
	(b) Changes in inventories of finished goods and work-in-progress	22	(11.40)	(1,046.37)
	(c) Employee benefits expenses	23	870.83	609.89
	(d) Finance costs	24	1,207.63	680.26
	(e) Depreciation and amortisation expenses	25	1,141.01	703.49
	(f) Other expenses	26	1,446.01	1,120.95
	Total expenses (4)		**5,009.21**	**3,123.35**
4	**Profit/(loss) before exceptional items and tax (3 - 4)**		**(4,551.81)**	**(1,764.38)**
5	Exceptional items - gain/(loss)	27	(3,446.49)	–
6	**Profit/(loss) before tax (4 + 5)**		**(7,998.30)**	**(1,764.38)**
7	Tax expense			
	Current tax		–	–
	Current tax of subsidiary -reversal of excess provision of prior year		–	(1.05)
	Total tax expense		**–**	**(1.05)**
8	**Profit/(loss) after tax (6 - 7)**		**(7,998.30)**	**(1,763.33)**
9	Other Comprehensive Income			
	Items that will not be reclassified to statement of profit and loss			
	– Remeasurements of post employment benefit obligations- gain / (loss)		4.75	2.75
	Items that may be reclassified to statement of profit and loss			
	– Exchange differences in translating the financial statements of foreign operations		16.12	17.99
	– Income tax relating to these items		–	–
	Total other comprehensive income		**20.87**	**20.74**
10	**Total comprehensive income/(loss) for the period (8+9)**		**(7,977.43)**	**(1,742.59)**
11	**Earnings per equity share (of ₹ 1/- each)**	32		
	– Basic		(200.87)	(49.77)
	– Diluted		(200.87)	(49.77)

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Consolidated Cash Flow Statement

for the year ended March 31, 2023

(₹ in Million)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
A. Cash flow from operating activities				
Profit / (Loss) for the period		(7,998.30)		(2,311.60)
Adjustments for:				
Depreciation and amortisation (Refer Note 21)	1,141.01		703.49	
Finance costs (Refer Note 20)	1,207.63		680.26	
Interest income (Refer Note 18)	(30.32)		(10.44)	
Write-off of Property, Plant and Equipment	7.11		–	
Share based payment expenses (refer note 40)	59.59			
Other income	–		(0.36)	
Profit on sale of investments	(1.15)		–	
Sundry creditors written off	(0.06)		(8.82)	
Gain on sale of property, plant and equipment	(0.07)			
Insurance claim against property, plant and equipment	(9.03)		–	
Exceptional Items (refer note 26)	3,446.49		–	
Loss on disposal of investment in subsidiary	–		1.13	
Unrealised exchange (gain)/loss (net)	221.92		109.01	
		6,043.19		1,474.20
Operating profit / (loss) before working capital changes		**(1,955.11)**		**(837.40)**
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivable (Refer Note 8)	198.21		(214.20)	
Other assets (financial & non-financial)	12.27		(781.21)	
Decrease / (increase) in inventories	(579.03)		(2,705.85)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables (Refer Note 14)	150.97		119.21	
Other liabilities (financial & non-financial)	434.58		292.79	
		217.00		(3,289.26)
Net cash used for operating activities		(1,738.11)		(4,126.66)
Income taxes (paid)/refund		109.31		–
Net cash flow from / (used in) operating activities (A)		**(1,628.80)**		**(4,126.66)**
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipments including capital advances	(439.95)		(6,551.86)	
Investments in Mutual Funds	(771.46)		–	
Proceeds from redemption of Mutual Funds	772.61		–	
(Increase)/decrease in balance held as margin money	(268.71)		(374.98)	
Interest received	30.32		10.44	
Dividend Received	–		0.36	
Net cash flow from / (used in) investing activities (B)		**(677.19)**		**(6,916.04)**

Consolidated Cash Flow Statement

for the year ended March 31, 2023

(₹ in Million)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
C.\Cash flow from financing activities				
\Proceeds from issue of equity shares	5,647.58		4,655.47	
\Proceeds from issue of non-convertible debentures	500.00		–	
\Proceeds of short term borrowings - Related party	955.00		–	
\Proceeds of short term borrowings - Banks	78.73			
\Proceeds of long-term borrowings	28.52		9,493.38	
\Repayment of long-term borrowings	(3,962.59)		(1,840.84)	
\Repayment of short term borrowings	(926.05)		–	
\Lease Payments	(85.10)		(32.20)	
\Interest paid	(1,052.91)		(688.41)	
Net cash flow from / (used in) financing activities (C)		**1,183.18**		**11,587.40**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(1,122.81)**		**544.70**
Cash and cash equivalents at the beginning of the year		1,217.55		672.85
Cash and cash equivalents at the end of the period		**94.74**		**1,217.55**
Reconciliation of cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 10A)		49.74		1,217.55
Liquid Mutual Funds (Refer Note 10A)		45.00		–
Cash and cash equivalents at the end of the period *		**94.74**		**1,217.55**
* Cash and cash equivalents comprises:				
Cash on hand		0.66		0.57
Balances with banks				
– in current accounts		49.08		1,216.98
Liquid Mutual Funds		45.00		–
Total		**94.74**		**1,217.55**

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : July 28, 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

A. Equity Share Capital

(1) Current reporting period

(₹ in Million)

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
30.36	9.74	40.10

(2) Previous reporting period

(₹ in Million)

Balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
15.43	14.93	30.36

B. Other equity

(₹ in Million)

Particulars	Share application money pending allotment	Reserves and Surplus				Total equity attributable to equity holders of the Company
		Securities premium account	Share based payment reserve	Retained earnings	Other comprehensive income - Foreign currency translation	
Balance as at April 01, 2021	**0.02**	**11,761.24**	**–**	**(4,005.12)**	**(11.37)**	**7,744.77**
Loss for the year	–	–	–	(2,311.60)	–	(2,311.60)
Issue of shares pursuant to exercise of share warrants	(0.02)	–	–	–	–	(0.02)
Utilization against issue of bonus shares	–	(9.97)	–	–	–	(9.97)
Premium received on shares issued during the year	–	4,650.51	–	–	–	4,650.51
Remeasurements of post employment benefit obligations - Recognised as OCI	–	–	–	2.75	17.99	20.74
Balance as at March 31, 2022	**–**	**16,401.78**	**–**	**(6,313.97)**	**6.62**	**10,094.43**
Loss for the period	–	–	–	(7,998.30)	–	(7,998.30)
Premium received on shares issued during the period	–	5,637.84	–	–	–	5,637.84
Charge for the year	–	–	59.59	–	–	59.59
Remeasurements of post employment benefit obligations - Recognised as OCI	–	–	–	4.75	16.12	20.87
Balance as at March 31, 2023	**–**	**22,039.62**	**59.59**	**(14,307.52)**	**22.74**	**7,814.43**

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

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Corporate Overview | Statutory Reports | Financial Statements

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 1 - General Information

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited) (the `Company' or `Stelis') was incorporated in the state of Karnataka on June 12, 2007 with the object of providing biotechnology process development services for healthcare industries. The Company and its subsidiaries are together referred as "Group".

These financial statements comprise the Consolidated Balance sheet of the Company, Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and Consolidated Cash flow statement, Consolidated statement of changes in equity and significant accounting policies and other explanatory information (together refereed as the "consolidated financial statements").

Note No. 2 - Significant accounting policies

2.1 Statement of compliance

These consolidated financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013(the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act.

2.2 Basis of preparation and presentation

2.2 (a) The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 (b) "During the year ended March 31, 2023, the Group has incurred loss of Rs. 7,998.30 million (Previous year Rs. 2,311.60 million). The Group's current liabilities (including current maturities of long-term debt of Rs. 3,079.20 million) exceeded its current assets by Rs. 6,368.11 million as at March 31, 2023.

The Group also requires additional funds to continue its product development activities and day to day operations and completion of capital projects in progress.

The Company has requested temporary relaxations for compliance with the financial covenants from the lenders for the year ended March 31, 2022 and 2023 as these have not been met and is hopeful of receiving the necessary waivers. The Company does not expect any penalty/call back of loans and accordingly, the Company has considered the pre-existing repayment terms in classifying the current and non-current portion of the borrowings.

Further during the year, the Group has received claims or notices from various vendors amounting to Rs. 11,440.01 million which has not been acknowledged as debt owed by the Group. Also refer note 29.

Subsequent to the year end, on July 4, 2023, the Company has signed up a binding offer with Syngene International Limited (Syngene) for sale of its Unit 3 Multimodal Facility in Bangalore. The transaction will be on a slump sale basis for a cash consideration subject to certain defined conditions precedents. Parties have agreed for a long stop date of December 31, 2023 to complete the transaction.

The Company is expected to grow the business of Contract Development and Manufacturing Operations (CDMO). During the current financial year, Company's facility in Bengaluru has successfully completed inspection by several regulators including EMA and USFDA and one of the Company's customers has also recently received approval from USFDA for a product filed from the site.

The Company has also signed several Manufacturing Services Agreements (MSA) for its CDMO business which is expected to convert into Commercial supplies under a Commercial Sales Agreement (CSA) on approval for the customer in future.

The Company received marketing authorization for one its products during the year which it expects to monetise through licensing and supply arrangements.

During the year, the promoter group companies and other Investors have infused equity into the Company aggregating to Rs. 5,647.58 million (including Rs. 4,847 million from the promoter group companies and Rs. 800 million from TPG group, (Investors)). The promoters are committed to continue to provide the requisite financial support to the Company as it requires in the normal course of business.

Majority of the Company's borrowings are backed by the corporate guarantees provided by Strides Pharma Science Limited (Strides), an entity having significant influence on the Company. The Company has received a confirmation from Strides affirming that in case of any guarantees devolving on Strides, they will provide 15 months time for repayment.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

The management is confident of executing its mitigation plans to ensure that the Company meets all its obligations in the normal course of business.

The Board of Directors have approved preparation of financial statements on a going concern basis considering aforesaid mitigation plans of the management.

2.2 (c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of subsidiaries considered in these consolidated financial statements :-

Sr. No.	Name of the Subsidiary	% of Holding	Country of Incorporation
1	Stelis Pte ltd	100%	Singapore
2	Biolexis Pvt Ltd	100%	India

2.3 Revenue recognition

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

2.3.1 Sale of Services

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on achievement of agreed milestones and are net of indirect taxes, wherever applicable.

Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods and services by the Company on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods

Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product sold.

The Company recognises a deferred income (contract liability) if consideration has been received before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, noncancellable or otherwise enforceable contracts.

2.3.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Functional Currency

The consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent Stelis Biopharma Private Limited.(formerly known as Stelis Biopharma Private Limited) Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.5 Foreign currencies transactions and translation

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise.

2.6 Leases

2.6.1 The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

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

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

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

2.6.2 The Group as lessee

The Group assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Group has entered into lease arrangements for its factory land and office premises. The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2023

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

2.7 Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.8 Employee benefits

2.8.1 Short term obligations

Liabilities for wages and salaries, including other benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

2.8.2 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.8.3 Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

2.8.4 Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.8.5 Share based compensations

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.9 Taxation

The income tax expense or credit for the year is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.10 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Dies and punches	:	4 years
Certain factory buildings	:	Lease period of the asset

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

When an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of that item is measured at fair value (even if the entity cannot immediately derecognise the asset given up) unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

2.11 Intangible assets

2.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.11.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in statement of profit or loss in the period in which it is incurred.

Expenses capitalised includes directly attributable cost of preparing intangible asset for its intended use and borrowing costs capitalised in accordance with the Group's accounting policy.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.11.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit or loss when the asset is derecognised.

2.11.4 Useful lives of intangible assets

Intangible assets are amortised over their estimated useful life on straight line method.

Software Licenses : 3 - 5 years

Marketing and manufacturing rights : 15 years

2.12 Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials and consumables	Weighted average basis
Finished Goods and WIP	Weighted average basis - Includes appropriate proportion of overheads

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.13.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets and Financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Subsequent measurement:

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the consolidated statement of profit and loss.

Derecognition of financial assets and liabilities:

The Group derecognises the financial asset only when the contractual rights to the cashflows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Group neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and associated liability for the amounts it may have to pay. If the Group retains substantially all risks and rewards of the ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collaterized borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

2.15 Impairment of assets

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Impairment of financial assets:

The Group assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

2.16 Goods and Service Tax Input credit

Goods and Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

2.17 Operating Cycle

As mentioned in para 1 above under `General information', the Group is into development and manufacture of pharmaceutical products. Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 3 years to 5 years and 12 months relating to research and development activities and manufacturing of pharmaceutical products respectively. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

2.18 Government Grants

Grants from the Government are recognised when there is reasonable assurance that:

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. Government grants related to assets, including nonmonetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset."

2.19 Exceptional Items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

2.20 Cash Flow Statement

Cash flows are reported using the indirect method, where by Profit / (Loss) for the year is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated."

Note No. 3 - Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the management to make estimates and assumptions that affect the amounts reported for assets and liabilities including the recoverability of tangible and intangible assets, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses during the reported period. Estimates and judgments are continually evaluated by the management.

3.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1 Useful lives of property, plant and equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

3.1.2 Recoverability of non-current assets

Annually, the Group reviews the carrying amount of carrying value of the assets of the Cash Generating Unit (CGU) (which included the property, plant and equipment, capital work-in progress, right-of use asset, intangible asset and intangible assets under development) for impairment. The recoverability of non-current assets is based on the estimated future cash flows, using the Group's current business plan. The value in use of the assets were determined using a discounted cash flow methodology based primarily on unobservable inputs, including estimated pre-tax future cash flows attributable to the assets and a pre-tax discount rate reflecting a current market assessment of the time value of money and the risks specific to the assets. The changes in current estimates due to unanticipated events could have significant impact on the financial statements.

3.1.3 Taxes

Deferred tax assets is recognised to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.1.4 Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ

Notes forming part of the Consolidated Financial Statements

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from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 28

3.1.5 Going Concern

The Group has mitigating plans due to which there is a reasonable expectation that the Group will be able to generate/raise adequate resources to continue operating for the foreseeable future and that the going concern basis for the preparation of its financial statements remains appropriate. Also see Note 2.2(b).

3.1.6 Leases under Ind AS 116

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

3.1.7 Estimation of uncertainties relating to the geopolitical situation in Russia and Ukraine:

As at March 31, 2023, the Company has considered possible effects that may result from geopolitical situation in Russia and Ukraine, in preparation of the financial statements including assessing the recoverability of property, plant and equipment, intangible assets, capital work in progress, intangible assets under development, right of use assets, inventories and other assets. The Company has considered both internal and external information up to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Management expects to recover the carrying amount of these assets. However, the impact of this geopolitical situation may be different from that estimated as at the date of approval of these financial statements given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

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Note No. 4A - Property, Plant and Equipment

(₹ in Million)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at Mar 31, 2023	As at April 01, 2022	Depreciation expense for the year	Eliminated on disposal of assets	As at Mar 31, 2023	As at Mar 31, 2023	As at Mar 31, 2022
Buildings/Leasehold	1,428.83	12.31	0.25	1,440.89	168.26	86.53	0.24	254.55	1,186.34	1,260.57
Improvements	(1,166.80)	(262.03)	–	(1,428.83)	(105.93)	(62.33)	–	(168.26)	(1,260.57)	(1,060.87)
Plant and Machinery	11,568.60	402.32	38.18	11,932.74	1,223.00	875.50	25.20	2,073.30	9,859.44	10,345.60
	(5,468.61)	(6,100.19)	(0.20)	(11,568.60)	(659.49)	(563.53)	(0.02)	(1,223.00)	(10,345.60)	(4,809.12)
Office equipments	116.98	7.45	0.22	124.21	50.09	23.66	0.21	73.54	50.67	66.89
	(82.29)	(34.69)	–	(116.98)	(32.18)	(17.91)	–	(50.09)	(66.89)	(50.11)
Computers	156.41	12.37	3.81	164.97	55.48	28.33	3.55	80.26	84.71	100.93
	(75.44)	(80.97)	–	(156.41)	(33.99)	(21.49)	–	(55.48)	(100.93)	(41.45)
Furniture and fixtures	96.44	17.53	3.47	110.50	15.11	10.99	2.87	23.23	87.27	81.33
	(56.31)	(40.13)	–	(96.44)	(7.81)	(7.30)	–	(15.11)	(81.33)	(48.50)
Vehicles	1.72	–	–	1.72	0.43	0.21	–	0.64	1.08	1.29
	(1.72)	–	(1.72)	(0.22)	(0.21)	–	(0.43)	(1.29)	(1.50)	(1.50)
Total	13,368.98	**451.98**	**45.93**	**13,775.03**	**1,512.37**	**1,025.22**	**32.07**	**2,505.52**	**11,269.51**	**11,856.61**
Previous year	*(6,851.17)*	***(6,518.01)***	***(0.20)***	***(13,368.98)***	***(839.62)***	***(672.77)***	***(0.02)***	***(1,512.37)***	***(11,856.61)***	***(6,011.55)***

Notes:-

(i) Figures in bracket relates to previous year

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 4B - Right of Use Assets

(₹ in Million)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at Mar 31, 2023	As at April 01, 2022	Depreciation expense for the year	Eliminated on disposal of assets	As at Mar 31, 2023	As at Mar 31, 2023	As at Mar 31, 2022
Land	157.35	–	–	157.35	6.45	1.63	–	8.08	149.27	150.90
	(157.35)	–	–	*(157.35)*	*(4.82)*	*(1.63)*	–	*(6.45)*	*(150.90)*	*(152.53)*
Building	321.74	60.97	–	382.71	63.26	71.49	–	134.75	247.96	258.48
	(132.89)	*(188.85)*	–	*(321.74)*	*(2.86)*	*(60.40)*	–	*(63.26)*	*(258.48)*	*(130.03)*
Plant and Machinery	4.31	–	–	4.31	1.60	0.86	–	2.46	1.85	2.71
	(4.31)	*(4.31)*	–	*(4.31)*	*(0.74)*	*(0.86)*	–	*(1.60)*	*(2.71)*	*(3.57)*
Total	483.40	**60.97**	**–**	**544.37**	**71.31**	**73.98**	**–**	**145.29**	**399.08**	**412.09**
Previous year	*(294.55)*	***(193.16)***	**–**	***(483.40)***	***(8.42)***	***(62.89)***	**–**	***(71.31)***	***(412.09)***	***281.82***

Notes:-

(i) Figures in bracket relates to previous year

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 4C - Capital Work in Progress

(₹ in Million)

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Opening Balance	677.56	776.96
Add: Additions during the year	1,699.67	6,442.21
Less: Capitalised during the year	(464.92)	(6,541.61)
Closing Balance	**1,912.31**	**677.56**

(a) CWIP ageing schedule

(₹ in Million)

Capital Work in Progress	Amount in CWIP for a period of				As at Mar 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,393.01	259.79	18.90	240.61	1,912.31
Projects temporarily suspended	–	–	–	–	–
	1,393.01	**259.79**	**18.90**	**240.61**	**1,912.31**

(₹ in Million)

Capital Work in Progress	Amount in CWIP for a period of				As at Mar 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	417.98	18.97	91.42	149.19	677.56
Projects temporarily suspended	–	–	–	–	–
	417.98	**18.97**	**91.42**	**149.19**	**677.56**

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Note No. 4D - Intangible Assets

(₹ in Million)

	Gross block				Accumulated depreciation				Net block	
Particulars	**As at April 01, 2022**	**Additions**	**Disposals**	**As at Mar 31, 2023**	**As at April 01, 2022**	**Depreciation expense for the year**	**Eliminated on disposal of assets**	**As at Mar 31, 2023**	**As at Mar 31, 2023**	**As at Mar 31, 2022**
Software licenses	62.80	12.94	–	75.74	19.97	13.95	–	33.92	41.82	42.83
	(39.20)	*(23.60)*	–	*(62.80)*	*(10.73)*	*(9.24)*	–	*(19.97)*	*(42.83)*	*(28.47)*
Marketing and	–	1,930.72	–	1,930.72	–	27.86	–	27.86	1,902.86	–
manufacturing rights	–	–	–	–	–	–	–	–	–	–
Total	62.80	**1,943.66**	**–**	**2,006.46**	**19.97**	**41.81**	**–**	**61.78**	**1,944.68**	**42.83**
Previous year	*(39.20)*	***(23.60)***	**–**	***(62.80)***	***(10.73)***	***(9.24)***	**–**	***(19.97)***	***(42.83)***	***(28.47)***

Notes:-

(i) Figures in bracket relates to previous year

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 4E - Intangible assets under development

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	1,432.38	4,219.35
Total	**1,432.38**	**4,219.35**

(₹ in Million)

Intangible assets under development	Amount for a period of				As at March 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	187.70	234.10	239.69	770.89	1,432.38
Projects temporarily suspended	-	-	-	-	-
	187.70	**234.10**	**239.69**	**770.89**	**1,432.38**

(₹ in Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				As at March 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	673.52	1,031.17	547.88	1,966.78	4,219.35
Projects temporarily suspended	-	-	-	-	-
	673.52	**1,031.17**	**547.88**	**1,966.78**	**4,219.35**

As on the date of the balance sheet, there are no intangibles under development projects whose completion is overdue or has exceeded the cost, based on approved plan.

Note No 4F - Annual Impairment assessment (CDMO business and intangible assets under development):

The Management of the Company have performed annual impairment assessment of the carrying value of the assets of the Cash Generating Unit (CGU) (which included the CDMO business and intangible assets under development) amounting to Rs. 10,146 Mio. as at March 31, 2023 (March 31, 2022: Rs. 10,539). The value in use of the CGU has been determined by the external valuation experts using discounted cash flow approach. Based on such valuation, the Company has assessed that there is no impairment.

Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and assumptions, primarily include, but are not limited to:

- obtaining adequate financing to fulfil the Company's development and commercial activities,
- the risks associated with development and obtaining regulatory approvals of the Company's products,
- generation of revenues in due course from the product portfolio and contract manufacturing,
- attainment of profitable operations and
- discount factors

The expected cash flows used in computation of value in use are based on the probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals and are discounted using a post tax discount rate of 22.5% (March 31, 2022: 22%). The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate of 5% (March 31, 2022: 5%) p.a. which is consistent with the industry forecasts for the biosimilar market.

Further, the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value is given below:

- Increase in discount rate by 17.46% (March 31, 2022: 8.75%)
- Increase in discount rate by 15.45% and nil terminal growth rate (March 31, 2022: 6.92%)

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No 4G - Annual Impairment assessment (Unit - 3 Multimodal facility):

The Management of the Company have performed impairment assessment of the carrying value of the assets of the Unit - 3 Multimodal facility amounting to Rs. 6,182 Mio. as at (March 31, 2022: Rs. 6,170). The “”value in use”” of the CGU has been determined by the external valuation experts using discounted cash flow approach. Based on such valuation, the Company has assessed that there is no impairment.

Determination of value in use involves significant estimates and assumptions that affect the Unit 3- Multimodal facility’s expected future cash flows. These estimates and assumptions, primarily include, but are not limited to:

- Generation of revenues in due course from the multimodal facility,
- attainment of profitable operations,
- discount rate and
- terminal growth rate

The expected cash flows used in computation of value in use are based on post tax discount rate of 26% (March 31, 2022: 25%). The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long-term growth rate of 5% (March 31, 2022: 5%) p.a. which is consistent with the industry forecasts for the biosimilar market.

Further, the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value is given below:

- Increase in discount rate by 12.70% (March 31, 2022: 8.20%)
- Increase in discount rate by 10.50% and nil terminal growth rate (March 31, 2022: 7.70%)

Note No. 5 - Other Financial assets

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
Security Deposits	–	100.30	–	110.73
Total	**–**	**100.30**	**–**	**110.73**

Note No. 6 - Other assets

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
Unsecured, considered good:				
– Capital advances	–	112.85	–	1,122.78
– Balances with government authorities				
– VAT/CST refund receivable	–	12.74	–	12.74
– GST credit & other receivable	–	595.98	–	799.08
– TDS receivable	25.28	–	–	58.82
– Advances to vendors	33.13	–	110.92	–
– Advances to related parties	–			
– Advances to employees	1.75	–	2.16	–
– Prepaid expenses	10.82	24.21	309.30	–
Unsecured, considered doubtful:				
– Advances to vendors	144.01	–	–	–
– Less : Allowance for doubtful advances	(144.01)	–	–	–
Total	**70.98**	**745.78**	**422.38**	**1,993.42**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 7 - Inventories

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	731.77	1,082.19
Work-in-progress	–	476.30
Finished goods	–	570.07
Consumables	658.00	626.23
Less : Provision for Inventory Obsolescence	(58.20)	–
Total	**1,331.57**	**2,754.79**

"Inventories relating to Sputnik Light Vaccine

The Company and the Russian Direct Investment Fund (RDIF, Russia's sovereign wealth fund) had entered into a manufacturing and supply agreement to produce Russian Sputnik Vaccines during FY 2020-21. The agreement between RDIF and the Company was reached under the aegis of Enso Healthcare LLP, RDIF's coordination partner for sourcing Sputnik vaccines in India.

The Company had received an order for 50 million doses of the Sputnik light vaccine to be exported to Russia, Iran and other countries. The Company had also received the Government of India's No Objection Certificate (NOC) to export to the said countries.

The above tactical opportunity with Sputnik Light's take or pay contract with RDIF did not fructify due to geopolitical conflicts between Russia and Ukraine and subsequent sanctions on Russia. The Company has issued a notice to RDIF and Enso to offtake undelivered vaccines and also pay amount of ₹ 10,498.40 Mio towards cost, expenses and damages incurred by the Company.

Due to geopolitical situation between Russia and Ukraine and sanctions on Russia, the Company was not able to liquidate these inventories within its shelf life. Accordingly, the Company has written off Sputnik vaccine inventories and other related balances of ₹ 2,002.24 as exceptional items for the year ended March 31, 2023 (refer note 27)."

Note No. 8 - Investments

(₹ in Million)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Qty	Amount		Qty	Amount	
		Current	Non Current		Current	Non Current
Investments carried at fair value:						
Mutual Funds, quoted						
SBI overnight fund direct growth	12,333.21	45.00	–	–	–	–
Total	**12,333.21**	**45.00**	**–**	**–**	**–**	**–**
Aggregate amount of quoted investments	12,333.21	45.00	–	–	–	–
Aggregate amount of market value of investments	12,333.21	45.00	–	–	–	–

Note No. 9 - Trade receivables

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
Unsecured, considered good:				
Trade receivables considered good - unsecured	38.22	–	236.43	–
Total	**38.22**	**–**	**236.43**	**–**

Movement in allowance for doubtful debts is as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	–	–
Allowance for doubtful debts	6.78	–
Written off during the year	6.78	–
Closing Balance	**–**	**–**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 9 - Trade receivables (Cond..)

(₹ in Million)

Particulars	Not Due	Outstanding for following periods from due date of payment					As at March 31, 2023
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	22.87	14.10	1.03	0.19	–	0.03	38.22
	22.87	14.10	1.03	0.19	–	0.03	38.22

(₹ in Million)

Particulars	Not Due	Outstanding for following periods from due date of payment					As at March 31, 2022
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	135.54	100.67	0.19	–	0.01	0.02	236.43
135.54	135.54	100.67	0.19	–	0.01	0.02	236.43

Note 10A - Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.66	0.57
Balances with banks		
- in current accounts	49.08	1,216.98
Total	49.74	1,217.55
The balances that meet the definition of cash and cash equivalents as per IndAS 7 Cash flow statement is (including liquid mutual funds of ₹, 45 million)	94.74	1,217.55

Note No. 10B - Other balances with banks

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance held as margin money:		
- against borrowing facilities with banks	748.53	479.82
Total	748.53	479.82

Note No. 11A - Equity Share Capital

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
50,000,000 Equity shares of ₹ 1/- each with voting rights	50.00	35.50
(355,000 Equity shares of ₹ 10/- each with voting rights as on March 31, 2021)		
	50.00	35.50
Issued, subscribed and fully paid up		
41,546,510 Equity shares of ₹ 1/- each with voting rights as on March 31, 2023		
40,023,816 Fully paid equity share of ₹ 1/-	40.02	
1,522,694 Partly paid equity share of ₹ 0.05/-	0.08	
39,096,280 Equity shares of ₹ 1/- each with voting rights as on March 31,2022		
29,896,810 Fully paid equity share of ₹ 1/-	29.90	
9,199,470 Partly paid equity share of ₹ 0.05/-	0.46	
Total	40.10	30.36

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 11A - Equity Share Capital (Cond..)

(i) Reconciliation of the number of shares and amount outstanding

Particulars	Opening Balance	Issue of shares during the year	Closing Balance
Equity shares of ₹ 1/- each with voting rights			
Year Ended 31st Mar 2023			
No. of Shares	2,98,96,810	1,01,27,006	4,00,23,816
Amount ₹ in Million	29.90	10.12	40.02
Partly paid equity shares of ₹ 0.05/- each			
Year Ended 31st Mar 2023			
No. of Shares	91,99,470	(76,76,776)	15,22,694
Amount ₹ in Million	0.46	(0.38)	0.08
Equity shares of ₹ 1/- each with voting rights			
Year Ended 31 Mar 2022			
No. of Shares	15,43,309	2,83,53,501	2,98,96,810
Amount ₹ in Million	15.43	14.47	29.90
Partly paid equity shares of ₹ 0.05/- each			
Year Ended 31 Mar 2022			
No. of Shares	–	91,99,470	91,99,470
Amount ₹ in Million	–	0.46	0.46

The Company has only once class of equity shares having a par value of ₹ 1/- each. The holder of equity shares is entitled to one vote per share.

On July 14, 2021, pursuant to the shareholders approval, the Company had made a bonus issue of equity shares in the ratio of 1:2 for all its shareholders. Further, the Company had sub-divided the equity shares in the ratio of 10:1 i.e., sub-dividing the equity shares of face value of ₹ 10/- each into equity shares of face value ₹ 1/- each.

(ii) Shares held by promoters at the end of the year:

Name of shareholder	No. of shares at the beginning of the year			Change during the year	As at March 31, 2023				% Change during the Year
	Fully paid Equity Shares	Partly paid equity shares	Number of shares		Fully paid Equity Shares	Partly paid equity shares	Number of shares	%	
"Tenshi Pharmacuticals Pvt Ltd (Formally known as Tenshi Life Sciences Pvt Ltd)"	40,01,400	19,71,315	59,72,715	-	44,50,021	15,22,694	59,72,715	14.38%	0.00%
Karuna Business Solutions LLP	-	53,88,255	53,88,255	12,25,115	66,13,370	-	66,13,370	15.92%	2.95%

Name of shareholder	No. of shares at the beginning of the year			Change during the year	As at March 31, 2022				% Change during the Year
	Fully paid Equity Shares	Partly paid equity shares	Number of shares		Fully paid Equity Shares	Partly paid equity shares	Number of shares	%	
"Tenshi Pharmacuticals Pvt Ltd (Formally known as Tenshi Life Sciences Pvt Ltd)"	59,72,715	-	59,72,715	-	40,01,400	19,71,315	59,72,715	19.98%	0.00%
Karuna Business Solutions LLP	-	-	-	-	-	53,88,255	53,88,255	18.02%	0.00%

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 11A - Equity Share Capital (Cond..)

(iii) Details of equity shares held by each shareholder holding more than 5% of shares:

(₹ in Million)

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares	%	Number of shares	%
Strides Pharma Science Limited	1,10,89,320	26.69%	1,10,89,320	37.09%
Tenshi Pharmaceuticals Private Limited	59,72,715	14.38%	59,72,715	19.98%
Karuna Business Solutions LLP	66,13,370	15.92%	53,88,255	18.02%
Medella Holdings Pte Ltd	64,11,305	15.43%	51,86,190	17.35%
Route One Fund I, L.P	26,87,200	6.47%	26,87,200	8.99%
TIMF Holdings	25,16,700	6.06%	25,16,700	8.42%

Note No. 11B - Other equity

(₹ in Million)

Particulars	Note no.	As at March 31, 2023	As at March 31, 2022
Securities premium account	10C (i)	22,039.62	16,401.78
Retained earnings	10C (ii)	(14,284.78)	(6,307.35)
Share based payment reserve	10C (iii)	59.59	
Share application money pending allotment	10C (iv)	–	–
Total		**7,814.43**	**10,094.43**

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Reserves and surplus		
(i) Security premium account		
Opening balance	16,401.78	11,761.24
Less: Utilization against issue of bonus shares	–	(9.97)
Add: Premium on equity shares issued during the year	5,637.84	4,650.51
Closing balance	**22,039.62**	**16,401.78**
(ii) Retained earnings		
Opening balance	(6,307.35)	(4,016.49)
Add: Loss for the year	(7,998.30)	(2,311.60)
Add: Remeasurements of post employment benefit obligations - Recognised as other comprehensive income	4.75	2.75
Add: Exchange differences in translating the financial statements of foreign operations	16.12	17.99
Closing balance	**(14,284.78)**	**(6,307.35)**
(iii) Share based payment reserve		
Opening balance	–	–
Add: Charge for the year	59.59	–
Less: Transfer to securities premium on account of exercise	–	–
Closing balance	**59.59**	**–**
(iv) Share application money pending allotment		
Opening balance	–	0.02
Add: Addition during the year	–	–
Less: Shares allotted during the year	–	(0.02)
Closing balance	**–**	**–**
Total reserves and surplus	**7,814.43**	**10,094.43**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 11B - Other equity (Cond..)

Nature and purpose of reserves

(a) Securities Premium : Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

(b) Retained Earnings : Retained earnings are the profits that the Company has earned till date, less any transfers to other reserves, dividends or other distributions paid to its equity shareholders.

(c) Share based payment reserve: The fair value of the equity-settled share based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to employee stock options outstanding account. The amount of cost recognised is transferred to share premium on exercise of the related stock options.

(d) Share application money pending allotment : Share application money pending allotment account represents the share allotment monies received by the company but pending allotment as on the reporting date.

Note No. 12 - Non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured:		
- Term loans from banks (Refer note 1 below)	2,848.75	5,972.57
Un-secured:		
- Non convertible debentures	500.00	–
Total	**3,348.75**	**5,972.57**

Note 1

Details of security and terms of repayment of non-current borrowings

(₹ in Million)

Terms of repayment and security - Loan 1 (Refer note 3 below)	As at March 31, 2023	As at March 31, 2022
Terms of repayment and security - Loan 1 (USD) (Refer note 3 below)	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	434.60	667.11
Current maturities of non-current borrowings	288.77	265.53
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets and pledge of 30% shares in the Company held by Strides Pharma Science Ltd. Rate of interest: 3 month LIBOR + 3.65% Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2023 are 10 installments. (March 31, 2022: 14 installments) Strides Pharma Science Limited has provided corporate guarantee for this loan.		

(₹ in Million)

Terms of repayment and security - Loan 2	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	194.49	304.70
Current maturities of non-current borrowings	110.21	109.61
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets and pledge of 30% shares in the Company held by Strides Pharma Science Ltd. Rate of interest: I Base rate + spread of 0.8% Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2023 are 11 instalments. (March 31, 2022: 15 installments) Strides Pharma Science Limited has provided corporate guarantee for this loan.		

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 12 - Non-current borrowings (Cond..)

(₹ in Million)

Terms of repayment and security - Loan 3	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	879.97	1,259.85
Current maturities of non-current borrowings	380.60	374.99
Security: The said loan is secured by first pari passu charge of movable and immoveable assets of the Company including current assets.		
Rate of interest: 9.55% linked to 3M IBL MCLR		
Repayment to be made over 20 equal quarterly instalments. The outstanding term as at March 31, 2023 are 13 instalments. (March 31, 2022: 17 installments)		
Strides Pharma Science Limited has provided corporate guarantee for this loan.		

(₹ in Million)

Terms of repayment and security - Loan 4	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	–	512.68
Current maturities of non-current borrowings	512.73	2,008.70
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 7.30% and Spread 1%		
Repayment to be made over 16 equal monthly instalments.		
The outstanding term as at March 31, 2023 are 3 instalments. (March 31, 2022: 15 installments)		
Strides Pharma Science Limited has provided corporate guarantee for this loan.		

(₹ in Million)

Terms of repayment and security - Loan 5	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	52.71	80.21
Current maturities of non-current borrowings	27.50	27.50
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 7.30% and Spread 1%		
Repayment to be made over 48 equal monthly instalments. The outstanding term as at March 31, 2023 are 35 instalments. (March 31, 2022: 47 installments)		

(₹ in Million)

Terms of repayment and security - Loan 6	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	409.52	680.43
Current maturities of non-current borrowings	270.91	269.40
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 8.75%		
Repayment to be made over 16 equal quarterly instalments. The outstanding term as at March 31, 2023 are 10 instalments. (March 31, 2022: 14 installments)		
Strides Pharma Science Limited has provided corporate guarantee for this loan.		

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 12 - Non-current borrowings (Cond..)

(₹ in Million)

Terms of repayment and security - Loan 7	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	546.84	2,022.23
Current maturities of non-current borrowings	1,374.78	666.34
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company Rate of interest: 7.50% and 0.55% above 6 M MCLR Repayment to be made over 24 equal monthly instalments. The outstanding term as at March 31, 2023 are 17 instalments. (March 31, 2022: 24 installments) Strides Pharma Science Limited has provided corporate guarantee for this loan.		

(₹ in Million)

Terms of repayment and security - Loan 8	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	185.79	249.49
Current maturities of non-current borrowings	63.70	5.31
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company and pledge of 30% shares in the Company held by Strides Pharma Science Ltd. Rate of interest: 9.25% Repayment to be made over 48 equal monthly instalments. The outstanding term as at March 31, 2023 are 47 instalments. (March 31, 2022: 48 installments)		

(₹ in Million)

Terms of repayment and security - Loan 9	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	145.83	195.83
Current maturities of non-current borrowings	50.00	4.17
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company Rate of interest: 7.25% and Spread 1% Repayment to be made over 48 equal monthly instalments.The outstanding term as at March 31, 2023 are 47 instalments. (March 31, 2022: 48 installments)		

(₹ in Million)

Terms of repayment and security - Non-convertible debentures(NCD)	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	500.00	–
Current maturities of non-current borrowings	–	–
Security: Debentures are unsecured in nature. The debentures are backed by the personal guarantee of Mr. Arun Kumar Pillai. Rate of interest: 2.5% p.a with a maturity premium payable at the time of redemption such that IRR to the lender is 7% p.a inclusive of coupon payments made. Repayment on 40th month from the date of allotment		

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 12 - Non-current borrowings (Cond..)

(₹ in Million)

Loan from Related Party	As at March 31, 2023	As at March 31, 2022
Loan from Related Party	955.00	–
Security: The loan from related party is unsecured in nature.		
Rate of interest: 16.75% p.a.		
Repayment : Repayable within 6 months from the date of first drawn and at any time prior to the full repayment, the Lender may at its sole option and discretion, request the Borrower to convert all of the outstanding Loan Amount into non-convertible debentures ("NCD") and the tenure of the NCD is 6 months from the subscription date.		

(₹ in Million)

Working capital Loan	As at March 31, 2023	As at March 31, 2022
Working capital loan (refer note 2 below)	983.96	1,838.63
Total Borrowings (refer note 1 below)	**8,367.91**	**11,542.71**

Note -1

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Disclosed under non-current borrowings	3,349.75	5,972.53
Disclosed under current borrowings		
-Current maturities of non-current borrowings	3,079.20	3,731.55
-Working capital loan	983.96	1,838.63
-Loan form related parties	955.00	–
Total	**8,367.91**	**11,542.71**

Note 2

During the year, the lender had requested the Company vide their letter dated 12 October 2022 to liquidate its working capital facility by 15 November 2022. The Management had exchanged correspondences and discussed with the lenders for extension of time to liquidate working capital facility. The Company has received further communication dated 16 January 2023 from the said lender to liquidate the working capital loan immediately. The Management had further requested the bank to extend the time to liquidate the working capital and no confirmation received from the lender for the same as on the date. However as on date the Company had already liquidated ₹ 925 million and thus bringing the balance to ₹ 983.96 million as at March 31, 2023.

Note 3

The above loan includes borrowings repayable in USD of ₹ 723.37 Million (including current maturities of ₹ 288.77) on which interest is payable at 3 month Libor plus margin of 3.65% p.a. However, as the Company has taken interest rate swap with the same party from whom the loan is availed, and thereby converting the interest rate on the loan to a specified fixed interest rate of 5.88% p.a. Pursuant to the above arrangement, the Company has accrued interest at the rate of0 5.88% p.a. on the said loan.

Note No. 13 - Lease liabilities

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
– Lease liabilities (refer note 31)	64.14	211.15	54.06	218.14
Total	**64.14**	**211.15**	**54.06**	**218.14**

Stelis Biopharma

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No 14 - Provisions

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
Provision for employee benefits:				
– Gratuity (refer note 30)	2.61	21.50	1.81	21.14
– Compensated absences	33.22	–	31.51	–
Total	**35.83**	**21.50**	**33.32**	**21.14**

Note No. 15 - Current Borrowings

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
Term loan from Banks :				
– Current maturities of non-current borrowings (Refer note 11)	3,079.20	–	3,731.55	–
– Working capital loans	983.96	–	1,838.63	–
Term loan from Others :				
– Loans from related parties (Refer Note 28)	955.00	–	–	–
Total	**5,018.16**	**–**	**5,570.18**	**–**

Note No. 16 - Trade payables

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
– Total outstanding dues of micro enterprises and small enterprises	170.99	–	135.65	–
– Total outstanding dues of creditors other than micro and small enterprises	777.21	–	487.02	–
Total	**948.20**	**–**	**622.67**	**–**

(₹ in Million)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				As at March 31, 2023
			Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	–	8.57	143.30	19.12	–	–	170.99
(ii) Others	181.55	56.02	469.99	68.95	0.07	0.63	777.21
	181.55	**64.59**	**613.29**	**88.07**	**0.07**	**0.63**	**948.20**

(₹ in Million)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				As at March 31, 2022
			Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) MSME	–	65.39	70.26	–	–	–	135.65
(ii) Others	119.93	95.97	269.50	0.99	0.07	0.56	487.02
	119.93	**161.36**	**339.76**	**0.99**	**0.07**	**0.56**	**622.67**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 16 - Trade payables (Cond..)

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act,2006

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year*	420.99	135.65
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	42.02	0.26
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	13.47	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	60.09	4.60
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act	–	–

*Principal amount remaining unpaid to suppliers include ₹ 250 million towards capital creditors

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 17 - Other financial liabilities

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
– Interest accrued but not due on borrowings	28.07	–	32.20	–
– Interest accrued on delayed payments to MSME vendors	60.09	–	4.60	–
– Creditors for capital supplies/services	1,677.15	–	1,360.22	–
– Payable to related parties	200.23	–	133.18	–
Total	**1,965.54**	**–**	**1,530.20**	**–**

Note No. 18 - Other liabilities

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Current	Non Current	Current	Non Current
– Advance from customers	541.76	–	190.64	–
– Statutory dues	18.97	–	26.30	–
– Grant from Biotechnology Industry Research Assistance Council	59.55	–	59.55	–
Total	**620.28**	**–**	**276.49**	**–**

Note No. 19 - Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Material	23.60	28.57
Sale of services	387.14	1,292.70
Total	**410.74**	**1,321.27**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 19.1 - Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Revenues by Geography

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	289.71	1,154.33
Rest of the world	121.03	166.94
Total revenues by Geography	**410.74**	**1,321.27**

Geographical revenue is allocated based on the location of the customers

Note No. 19.2 - Changes in contract liabilities:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	190.64	45.16
Add:- Increase due to invoicing during the year	397.52	158.67
Less:- Amount recognised as revenue/other adjustments during the year	(46.40)	(13.19)
Balance at the end of the year	**541.76**	**190.64**

Note No. 19.3 - Contract balances

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Trade receivables*	38.22	236.43
Contract liabilities**	541.76	190.64

* Trade receivables are non-interest bearing.

** Contract liabilities are shown as advance from customers (Refer note 17)

Note No. 20 - Other income

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income on financial assets at amortised cost	30.32	10.44
Interest Income on Tax Refund	2.07	–
Unwinding of discount on security deposit	2.32	1.60
Profit on sale of investments	1.15	16.41
Scrap sales	1.71	0.36
Proceeds from Insurance claim against PPE	9.03	–
Gain on sale of property, plant and equipment	–	0.07
Sundry Creditors written off	0.06	8.82
Total	46.66	37.70

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 21 - Cost of materials consumed

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	1,708.42	48.94
Add: Purchases	656.81	3,262.88
Less: Closing stock	1,389.77	1,708.42
Total	**975.46**	**1,603.40**
Less: Inventories written-off (refer note 27)	(620.33)	–
Cost of materials consumed	**355.13**	**1,603.40**

Note No. 22 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the end of the year		
Work-in-progress	–	476.30
Finished goods	–	570.07
Bad and Doubtful - Inventory written off	–	–
	–	**1,046.37**
Inventories at the beginning of the year		
Work-in-progress	476.30	–
Finished goods	570.07	–
	1,046.37	**–**
Less: Inventories written-off (refer note 27)	(1,057.77)	
Total	**(11.40)**	**(1,046.37)**

Note No. 23 - Employee benefit expense

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	674.17	512.80
Contributions to provident and other funds	38.97	28.22
Staff welfare expenses	98.10	68.87
Share based payment expenses (refer note 40)	59.59	–
Total	**870.83**	**609.89**

Note No. 24 - Finance cost

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on borrowings (including exchange differences regarded as an adjustment to borrowing costs)0	1,019.08	569.92
Less : Amount included in the cost of qualifying assets	(30.35)	(51.13)
	988.73	**518.79**
Interest expense on loan from related party	2.91	–
Interest on lease liability	27.22	25.57
Other borrowing cost - Guarantee commission, Bank charges etc	133.28	134.83
Interest on delayed payment to MSME vendors	55.49	1.07
Total	**1,207.63**	**680.26**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 25 - Depreciation and amortisation expenses

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, plant and equipment (Refer Note 4A)	1,025.22	672.77
Depreciation on Right to use assets (Refer Note 4B)	73.98	62.89
Less: Amounts included in the cost of assets	–	(41.41)
Amortisation on Intangible assets (Refer Note 4D)	41.81	9.24
Total	**1,141.01**	**703.49**

Note No. 26 - Other Expenses

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power & Fuel	289.72	256.51
Rates and taxes	16.92	28.92
Rent	13.90	10.97
Insurance	52.22	33.54
Repairs and maintenance:		
– Machinery	43.07	56.21
– Others	104.26	132.60
Manpower service	64.40	44.60
Housekeeping service	86.67	63.16
Freight and forwarding	87.56	35.40
Business promotion	10.47	9.55
Travelling and conveyance	11.67	5.15
Exchange fluctuation loss (net)	215.83	108.88
Printing and stationery	9.72	12.71
Communication	9.25	11.93
Security Charges	19.34	13.11
Office expense	2.67	2.38
Write-off of Property, Plant and Equipment	7.11	–
Boarding and lodging	10.71	13.79
Support service charges	138.14	94.46
Legal and professional fees	198.20	127.54
Auditors remuneration (refer note (i) below)	4.27	3.86
Regulatory charges	3.27	2.58
Gardening Charges	2.61	4.44
Water Charges	7.08	10.28
Gas Charges	22.17	22.04
Advance written off	5.42	4.07
Investment written off	–	1.13
Miscellaneous expenses	9.36	11.14
Total	**1,446.01**	**1,120.95**

Note

(i) Auditor's remuneration comprises (net of taxes) for:

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit of standalone and consolidated financial statements (including quarterly limited reviews)	3.75	3.75
Audit fees of subsidiaries	0.41	–
Reimbursement of expenses	0.11	0.11
Total	**4.27**	**3.86**

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2023

Note No. 27 - Exceptional items

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Write-off related to Inventories and other related balances of Sputnik Light vaccines. (refer note (i) below)	2,002.24	–
Write-off related to Inventories and other related balances of Akston Project (refer note (ii) below)	491.05	–
Intangibles under development written-off (refer note (iii) below)	953.20	–
Total	**3,446.49**	**–**

Note (i) :

Due to geopolitical situation between Russia and Ukraine and sanctions on Russia, the Company was not able to liquidate these inventories within its shelf life. Accordingly, the Company has written off Sputnik vaccine inventories and other related balances of ₹ 2,002.24 as exceptional items for the year ended March 31, 2023 (refer note 7)."

Note (ii):

The Company and Akston Biosciences Corporation entered into the License and Manufacturing Agreement dated October 20, 2021 to develop AKS-452 vaccine. During the current year, the Company and Akston Bioscience Corporation entered into termination agreement whereby all the licenses granted to the Company are revoked and the Company does not have the right or obligation to commercialize the licensed product. Pursuant to such termination, the Company has debited exceptional items of ₹ 491.05 million towards following:

– Write off of Intangibles under development relating to Akston amounting to ₹ 200.59 million

– Write off Akston inventories amounting to ₹ 146.48 million and

– Allowance for doubtful advances given to Akston Bioscience Corporation ₹ 143.98 million."

Note (iii):

Pursuant to impairment assessment (refer note 4F), intangibles under development was written off amounting to ₹ 953.20 million towards various products as exceptional items for the year ended 31 March 2023. "

Note No. 28 - Details of Research and Development expenditure incurred

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Research & development expenses including capital expenditure:		
Material and third party outsourcing cost	29.89	425.22
Labour	147.48	176.82
Finance Cost	30.35	51.13
Overheads	108.41	20.36
Total	**316.13**	**673.53**

Note No. 29 - Contingent Liabilities and Capital Commitments (To the extent not provided for)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):		
-Property, Plant and equipment	490.06	1,502.36
Total	**490.06**	**1,502.36**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 29 - Contingent Liabilities and Capital Commitments (To the extent not provided for) (Cond..)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Claims not acknowledged as debts by the Company	11,440.01	–
Total	**11,440.01**	**–**

a) The Subsidiary (Biolexis Pte) of the Company has received a claim from its manufacturing partner of USD 136.32 million (₹ 11,206.87 million) towards reimbursement of expenditure claiming that it suffered loss and damage due to the Contract Manufacturing Agreement to manufacture Sputnik Light Vaccine being terminated by Biolexis. The same has not been acknowledged as debt in the books of Biolexis Pte.

Further Biolexis Pte has counter claimed for failure to supply and breaches under the collaboration agreement towards procuring equipment and consumables, which are unusable. Biolexis Pte has already taken legal recourse through its external legal counsel to refute the claims that are false, baseless, and misconceived and has sought a 100% refund of the Capacity fee of USD 13.62 million (₹ 1,120.68 million) which was paid to Prestige guaranteeing the prompt refund of the Advance Amount in case no manufacturing occurs within the agreed timelines."

b) The Company has received claim from vendor amounting to ₹ 227.62 million towards pending take off of Sputnik related inventories by the Company. The Company has counter claimed for failure to supply and breaches under the collaboration agreement towards procuring equipment and consumables, which are unusable.

c) The Company has received claim from vendor amounting to ₹ 30.75 million towards pending payments against the purchase of materials from the vendor. The Company has accepted the claim to extent of ₹25.23 million has sought time to pay the balance. Remaining amount of ₹ 5.52 million has not been acknowledged as debt by the company.

Note No. 30 - Employee Benefits Plans

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognised ₹ 30.56 Million (previous year: ₹ 20.49 Million) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

The Company operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

(₹ in Million)

Particulars	Valuation as at	
	31-Mar-23	31-Mar-22
Discount rate(s)	7.30%	6.41%
Expected rate(s) of salary increase	10.00%	10.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	58 years	58 years

Notes forming part of the Consolidated Financial Statements

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Note No. 30 - Employee Benefits Plans (Cond..)

Amounts recognised in Statement of Profit and loss and in other comprehensive income in respect of this defined benefit plans are as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Service cost:		
Current service cost	8.83	6.59
Past service cost and (gain)/loss from settlements	–	–
Net interest expense	1.41	1.14
Components of defined benefit costs recognised in statement of profit and loss	**10.24**	**7.73**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	–	–
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	(1.12)	(2.98)
Actuarial (gains) / losses arising from experience adjustments	(3.63)	0.23
Components of defined benefit costs recognised in other comprehensive income	**(4.75)**	**(2.75)**
Total	**5.49**	**4.98**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	24.11	22.95
Fair value of plan assets	–	–
Funded status	24.11	22.95
Restrictions on asset recognised	–	–
Net liability arising from defined benefit obligation	**24.11**	**22.95**

Movements in the present value of the defined benefit obligation are as follows:

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	22.95	18.42
Add: Acquisition / (disposal)	–	0.49
Expenses Recognised in statement of profit and loss		
Current service cost	8.83	6.59
Past service cost and (gain)/loss from settlements	–	–
Interest cost	1.41	1.14
Remeasurement (gains)/losses		
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	(1.12)	(2.98)
Actuarial (gains) / losses arising from experience adjustments	(3.63)	0.23
Benefits paid	(4.33)	(0.94)
Closing defined benefit obligation	**24.11**	**22.95**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 30 - Employee Benefits Plans (Cond..)

(₹ in Million)

Principal assumption		Changes in assumption	Gratuity – Impact on defined benefit obligation: Increase in assumption	Gratuity – Impact on defined benefit obligation: Decrease in assumption
Discount rate	2023	100bps	(1.15)	1.27
	2022	100bps	(1.20)	1.31
Salary growth rate	2023	100bps	1.14	(1.07)
	2022	100bps	1.16	(1.12)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future Cash outflows towards the plan are as follows-

(₹ in Million)

Financial Year	Amount
Year 1	2.61
Year 2	3.10
Year 3	3.16
Year 4	4.00
Year 5	3.40
Years 6 to 10	12.45

Note No. 31 - Leases

Company as a lessee : The Company has entered into lease arrangements for land and office buildings. Refer Note 2.6 for the accounting policies adopted by Company respectively in respect of Ind AS 116.

Movement in lease liabilities during the year:

Lease liabilities

(₹ in Million)

Particulars	31-Mar-23	31-Mar-22
Opening balance	272.20	108.04
Additions	60.97	188.85
Interest	27.22	25.57
Lease payments	(85.10)	(50.26)
Closing balance	**275.29**	**272.20**
Current	64.14	54.06
Non-current	211.15	218.14

(₹ in Million)

Maturity analysis of OLL	31-Mar-23			31-Mar-22		
	1 year	1 to 5 years	More than 5 years	1 year	1 to 5 years	More than 5 years
Factory Building	64.14	204.52	–	54.06	213.10	–
Plant and Machinery	–	6.63	–	–	5.04	–

Note

The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 32 - Earnings per Share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) after tax attributable to equity holders of the Company (A) (₹ in Million)	(7,998.30)	(2,311.60)
Weighted average number of equity shares used as denominator in calculating basic earnings per share (B)	3,98,18,561	3,54,26,071
Weighted average number of equity shares used as denominator in calculating diluted earnings per share (C)	3,98,18,561	3,54,26,071
Basic earnings per share (₹) (A/B)	(200.87)	(65.25)
Diluted earnings per share (₹) (A/C)	(200.87)	(65.25)

During the current year and in the previous year, the Group has incurred losses and the diluted earnings per share for the current year and previous year is anti-dilutive and hence the basic and diluted earnings per share are the same.

Note No. 33 - Related Party Listing and Balances:

Nature of Relationship	Name of Related Party
Entity exercising significant influence	Strides Pharma Science Limited
	Tenshi Pharmaceuticals Private Limited
	Medella Holdings Pte Ltd
Other related parties:	Tenshi Pharmaceuticals Private Limited
	Tenshi Kaizen Private Limited
	Naari Pharma Private Limited
	Chayadeep Properties Private Limited
	Steriscience Specialities Private Limited
	Steriscience Pte Limited
	Skanray Healthcare Private Limited
	Strides Pharma Inc
	Solara Active Pharma Sciences Limited
	Strides Pharma Science Pty Limited
	Strides Pharma Uk Ltd
	Strides Pharma (Cyprus) Limited
	Karuna Business Solutions LLP
	Karuna Healthcare Private Limited
	Strides Pharma Global Pte Ltd
Key Management Personnel – Chairman and Non - Executive Director	Aditya Puri (upto Mar 29th, 2023)
Key Management Personnel – Non - Executive Director	Arun Kumar Pillai
Key Management Personnel – CFO & Executive Director	Kannan Radhakrishnan Pudhucode
Key Management Personnel – Non - Executive Director	Ankur Nand Thadani
Key Management Personnel – Non - Executive Director	Mahadevan Narayanamoni
Key Management Personnel – Independent Director	A K Viswanathan (upto Mar 29th, 2023)
Key Management Personnel – Independent Director	Gopakumar Gopalan Nair (w.e.f May 04th, 2023)
Key Management Personnel – Independent Director	Rajashri Ojha (w.e.f May 04th, 2023)
Key Management Personnel – Independent Director	Vineeta Rai (upto Mar 14th, 2023)
Key Management Personnel – CEO	Mark Womack (upto Jan 24, 2022)
Key Management Personnel – Company Secretary	Puja Aggarwal (Upto March 14, 2023)
Key Management Personnel – Company Secretary	Allada Trisha (w.e.f March 14, 2023)

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 33 - Related Party Listing and Balances: (Cond..)

Details of transaction between the Company and its related parties are disclosed below:

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Revenue from operations						
Sale of Material	–	–				
Strides Pharma Science Limited	0.14	–	–	–	–	–
Sale of services						
Strides Pharma Science Limited	5.46	46.03	–	–		
Steriscience Pte Limited	–	–	5.85	90.69		
Sale of services - Passthough						
Steriscience Pte Limited	–	–	32.54	21.82		
Steriscience Specialties Pvt Ltd	–	–	15.81	85.57		
Guarantee Commission considered as borrowing cost						
Strides Pharma Science Ltd	59.49	52.18	–	–	–	–
Rental expenses						
Arcolab Private Limited	–	–	0.09	0.01	–	–
Chayadeep Properties Pvt Ltd	–	–	5.89	–		
Support Service charges						
Strides Pharma Science Limited	–	2.10	–	–	–	–
Tenshi Life Sciences Pvt Ltd	8.01	12.00	–	–	–	–
Arcolab Pvt Ltd	–	–	130.10	81.44	–	–
Purchase of Material						
Strides Pharma Science Limited	–	0.01	–	–	–	–
Steriscience Specialties Pvt Ltd	–	–	0.61	–	–	–
Solara Active Pharma Sciences Limited	–	–	0.49	1.81		
Advance from / (repaid)						
Chayadeep Properties Pvt Ltd	–	–	103.50	–	–	–
Chayadeep Properties Pvt Ltd	–	–	(103.50)	–	–	–
Advance taken / (repaid)						
Strides Pharma Science Limited	–	–	25.00	–		
Strides Pharma Science Limited	–	–	(25.00)	–		
Arcolab Private Limited	–	–	95.00	–		
Arcolab Private Limited	–	–	(95.00)	–		
Loans taken/(repaid)						
Arcolab Private Limited	–	–	36.00	–	–	–
Arcolab Private Limited	–	–	(36.00)	–	–	–
Tenshi Pharmaceuticals Private Limited	975.00					
Tenshi Pharmaceuticals Private Limited	(20.00)					
Product Development Cost						
Tenshi Kaizen Pvt Ltd	–	–	–	31.40	–	–
Interest expense on loan taken						
Arcolab Private Limited	–	–	0.42	–	–	–
Tenshi Life Sciences Pvt Ltd	2.49	–	–	–	–	–
Equity/Preference shares contribution to the Company (including securities premium)						
Strides Pharma Science Ltd	–	–	–	–	–	
Tenshi Life Sciences Pvt Ltd	236.54	54.70	–	–	–	
Arcolab Private Limited	–	–	970.09	–	–	
Medella Holdings Pte Ltd	800.00	–	–	–	–	
Karuna Business Solutions LLP	–	–	3,640.96	149.52	–	–

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 33 - Related Party Listing and Balances: (Cond..)

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Reimbursement of expenses						
Strides Pharma Science Ltd	10.61	4.03	–	–	–	–
Tenshi Kaizen Private Limited	–	–	–	1.78	–	–
Tenshi Life Sciences Pvt Ltd	6.15	7.26	–	–	–	–
Naari Pharma Private Limited	–	–	–	0.01	–	–
Arcolab Pvt Ltd	–	–	14.34	0.89	–	–
Strides Pharma Inc	–	–	33.21	7.60	–	–
Strides Pharma Science Pty Limited	–	–	9.21	–	–	
Strides Pharma Uk Ltd	–	–	8.27	–	–	
Strides Pharma (Cyprus) Limited	–	–	4.24	–	–	
Steriscience Specialties Private Limited	–	–	–	8.92	–	
Purchase of property, plant and equipment						
Strides Pharma Science Limited	0.97	–	–	–	–	–
Arcolab Private Limited	–	–	0.06	–	–	
Security Deposits						
Arcolab Private Limited	–	–	0.09	–	–	
Chayadeep Properties Pvt Ltd	–	–	4.42	–	–	
Sales of Asset						
Steriscience Specialties Private Limited	–	–	–	5.14	–	–
Employee cost:						
Mark Womack	–	–	–	–	–	12.52
Kannan Radhakrishnan Pudhucode	–	–	–	–	22.48	14.68
Puja Aggarwal	–	–	–	–	3.68	2.04
Allada Trisha	–	–			1.10	
Sitting fees paid to directors						
Deepak Vaidya	–	–	–	–	–	0.90
P. M Thampi	–	–	–	–	–	0.30
Aditya Puri	–	–	–	–	1.20	2.10
Vineeta Rai	–	–	–	–	1.60	1.30
Viswanathan AK	–	–	–	–	1.60	0.30

Closing Balance as on 31st Mar 2023

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Other Payables						
Strides Pharma Science Ltd	52.20	12.85	–	–	–	–
Tenshi Life Sciences Pvt Ltd	7.66	15.45	–	–	–	–
Arcolab Pvt Ltd	–	–	80.28	25.12	–	–
Steriscience Pte Limited	–	–	–	60.53	–	–
Strides Pharma Inc	–	–	41.38	7.52	–	–
Steriscience Specialties Pvt Ltd	–	–	3.35	10.52	–	–
Chayadeep Properties Pvt Ltd	–	–	0.53	–	–	–
Solara Active Pharma Sciences Limited	0.24					
Steriscience Pte Limited	–	–	–	60.53	–	–
Strides Pharma Science Pty Limited	–	–	9.21	–	–	–

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 33 - Related Party Listing and Balances: (Cond..)

(₹ in Million)

Nature of Balances	Entities having significant influence over Company		Other related parties		Key Managerial Personnel	
	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22	Year ended 31-Mar-23	Year ended 31-Mar-22
Strides Pharma Uk Ltd	–	–	1.26	–	–	–
Strides Pharma (Cyprus) Limited	–	–	4.24	–	–	–
Security Deposits						
Arcolab Private Limited	–	–	0.09	–	–	–
Chayadeep Properties Pvt Ltd	–	–	4.42	–	–	–
Trade Receivable						
Steriscience Pte Limited	–	–	0.17	21.86	–	–
Steriscience Specialties Pvt Ltd	–	–	2.35	106.97	–	–
Strides Pharma Science Limited	0.17	–	–	–	–	–
Loan payable						
Tenshi Life Sciences Pvt Ltd	955.00	–	–	–	–	–
Advance from customer						
Steriscience Specialties Pvt Ltd	–	–	–	12.28	–	–

Note No. 34 - Financial instruments

34.1 Categories of financial instruments

(₹ in Million)

Particulars	As at 31 March, 202	As at 31 March, 2022
Financial assets:		
Measured at amortised cost		
(a) Trade receivables	38.22	236.43
(b) Cash and bank balances	798.27	1,697.37
(c) Other financial assets at amortised cost	100.30	110.73
Financial liabilities:		
Measured at amortised cost		
(a) Investments	45.00	–
Measured at amortised cost		
(a) Borrowings	3,348.75	5,972.57
(b) Current maturities of non-current borrowings	5,018.16	5,570.18
(c) Lease Liabilities	275.29	272.20
(d) Trade payables	948.20	622.67
(e) Other financial liabilities	1,965.54	1,530.20

34.2 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 34 - Financial instruments (Cond..)

34.2.1 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The management assessed that the carrying value of financial assets and financial liabilities (except borrowings) approximate the fair value in both of the years presented.

The below table summarise the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

(₹ in Million)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	8,366.91	8,426.95	11,542.75	11,699.45

34.3 Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

34.3.1 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

– debt availed in foreign currency

– exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities

The carrying amount of the Company's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

Foreign Currency in Million (₹ in Million)

Amount receivable/(payable)	As at March 31, 2023		As at March 31, 2022	
Exposure to the Currency	In foreign Currency	In INR	In foreign Currency	In INR
USD	(28.01)	(2,302.68)	(23.20)	(1,749.35)
EUR	(0.80)	(71.87)	6.20	541.55
GBP	(0.12)	(12.17)	(0.02)	(2.29)
SGD	(0.05)	(2.94)	(0.04)	(2.35)
AED	0.00	0.04	0.00	0.01
CHF	(0.02)	(1.58)	(0.02)	(1.45)
RUB	(1.29)	(1.29)	(0.05)	(0.05)

34.3.2 Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include External Commercial Borrowings (ECBs) and payables to vendors. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against INR is given below. The impact of exposure to other currencies is negligible.

(₹ in Million)

Particulars	Increase / (Decrease) in Profit	
	31-Mar-23	31-Mar-22
Appreciation in the USD	(115.13)	(87.47)
Depreciation in the USD	115.13	87.47
Appreciation in the EUR	(3.59)	27.08
Depreciation in the EUR	3.59	(27.08)

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 34 - Financial instruments (Cond..)

The impact on profit has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at March 31, 2023.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

34.3.3 Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. The company mitigates its interest rate risk by entering into interest rate Swap contracts. Debt issued at fixed rate exposes the company to fair value risk.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

(₹ in Million)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	748.53	479.82
	748.53	**479.82**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	8,366.91	11,542.75
	8,366.91	**11,542.75**

Interest rate swap contracts

The Company is exposed to interest rate risk on financial liabilities such as borrowings, both short-term and long-term. Such interest rate risk is actively evaluated and interest rate swap is taken whenever considered necessary

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of cash flow exposures on the variable rate borrowings. The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate in the currency of the loan. The Company will settle the difference between the fixed and floating interest rate on a net basis."

34.4 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit Risk to the company primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

34.5 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 34 - Related Party Listing and Balances: (Cond..)

34.5.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in Million)

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
– As on March 31, 2023	5,552.26	1,765.36	905.10	204.23	–	–	8,426.95	8,366.91
– As on March 31, 2022	5,667.86	3,062.73	1,870.96	893.67	204.23	–	11,699.45	11,542.75
Interest payable on borrowings								
– As on March 31, 2023	28.07	–	–	–	–	–	28.07	28.07
– As on March 31, 2022	32.20	–	–	–	–	–	32.20	32.20
Lease Liabilities								
– As on March 31, 2023	85.82	98.80	98.09	7.43	7.88	58.27	356.29	275.29
– As on March 31, 2022	74.74	78.48	93.28	91.07	–	–	337.57	272.20
Trade and other payable								
– As on March 31, 2023	2,885.67	–	–	–	–	–	2,885.67	2,885.67
– As on March 31, 2022	2,120.67	–	–	–	–	–	2,120.67	2,120.67

Note 35 - Additional information as required by Paragraph 2 of the General Instructions for Preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

As on and for the year ended 31st March 2023

(₹ in Million)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent - Stelis Biopharma Ltd	101.58%	8,168.26	91.65%	(7,330.08)	22.76%	4.75	91.83%	(7,325.33)
Biolexis Pte Limited	-1.46%	(117.06)	8.22%	(657.79)	77.24%	16.12	8.04%	(641.67)
Biolexis Private Ltd	-0.13%	(10.33)	0.13%	(10.43)	0.00%	–	0.13%	(10.43)
	100%	**8,040.87**	**100%**	**(7,998.30)**	**100%**	**20.87**	**100%**	**(7,977.43)**

As on and for the year ended 31 March 2022

(₹ in Million)

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent - Stelis Biopharma Limited	93.79%	9,496.47	96.68%	(2,234.76)	13.26%	2.75	97.43%	(2,232.01)
Biolexis Pte Limited	6.20%	628.22	0.18%	(4.24)	84.67%	17.56	–0.58%	13.32
Stelis Biopharma LLC	0.00%	–	3.14%	(72.60)	2.07%	0.43	3.15%	(72.17)
Biolexis Private Limited	0.00%	0.10	0.00%	–	0.00%	–	0.00%	–
	100%	**10,124.79**	**100%**	**(2,311.60)**	**100%**	**20.74**	**100%**	**(2,290.86)**

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 36 - Deferred tax asset :

The Company has significant brought forward tax loss and unabsorbed depreciation of ₹ 10,384.81 million (₹7,216.61 million March 31, 2022) as per latest Income tax return filed and has recognised the arising deferred tax asset on such losses to the extent of the corresponding deferred tax liability arising on the difference between the book balance of fixed assets and the written down value of such fixed assets under Income Tax. With regard to the balance of the deferred tax assets, in the absence of reasonable certainty that future taxable profits would be available for set off of such deferred tax assets, the Company has not recognized any deferred tax asset as at March 31, 2023.

Note No. 37 - Segment Reporting:

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker ("CODM") evaluates the Company's performance based on an analysis of various performance indicators. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and non current assets in individual segments

The Company's reportable segment are as follows; "Unit 1 - R&D and Unit 2 : CDMO (Contract Development & Manufacturing Organization) and "Unit 3 : Vaccine facility and CDMO-2".

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unit 1 - R&D and Unit 2 : CDMO	23.60	28.57
Unit 3 : Multimodal facility	387.14	1,292.70
Total	**410.74**	**1,321.27**

(ii) Non-current assets*

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unit 1 - R&D and Unit 2 : CDMO	10,145.62	11,038.80
Unit 3 : Multimodal facility	6,812.34	6,169.64
Unallocated Assets	745.78	1,993.42
Total	**17,703.74**	**19,201.86**

*Non-current assets do not include financial assets under financial instruments

Geographical Information

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	289.71	1,154.33
Outside India	121.03	166.94
Total	**410.74**	**1,321.27**

(ii) Non-current assets*

(₹ in Million)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	17,703.74	19,201.86
Total	**17,703.74**	**19,201.86**

*Non-current assets do not include financial assets under financial instruments.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 38

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

Note No. 39 - Other Statutory Information

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(b) The Company does not have any transactions with companies struck off.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) The Company has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(f) The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

(g) The company has not been declared willful defaulter by any bank or financial Institution or other lender.

(h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961."

Note No. 40 - Details of the employee share option plan of the Company:

On May 27, 2021, pursuant to shareholders approval at the extraordinary general meeting held ,the Company has declared the ESOPs titled "Stelis ESOP Scheme 2021"" . Options not exceeding 5% of the paid-up equity capital of the Company on a fully diluted basis are covered under the plan which are convertible into equivalent equal number of equity shares of the Company. The Nomination and remuneration Committee ('NRC') will select and approve eligible Employees to whom Options be granted and to determine number of Options to be granted to an Employee.

Options under this program are granted to employees at an exercise price periodically determined by the NRC. All stock options have a four-year vesting term. The options vest and become fully exercisable at the rate of 10% in the first year, 15% in the second year, 25% in the third year and 50% in the fourth year of the vesting period from the date of grant. These options are exercisable within 30 days from the date of intimation by NRC about the occurrence of the Liquidity Event or such other time period as may be determined by the NRC within which the Optionee should Exercise his right to apply for the issue of Shares against the Vested Option pursuant to the Scheme.

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 40 - Details of the employee share option plan of the Company: (Cond..)

Under the employee stock purchase plan of "Stelis ESOP Scheme 2021", employees may purchase shares of Stelis Biopharma at ₹278 subject to terms and conditions of the scheme. On June 7, 2022, October 21, 2022 & January 20, 2023 the Company granted options under said scheme for eligible personnel. The fair market value of the option has been determined using Black Scholes Option Pricing Model. The Company has amortised the fair value of option after applying an estimated forfeiture rate over the vesting period.

a) The details of fair market value of the options and the exercise price is as given below:

Grant Date	7-Jun-22	21-Oct-22
Number of options (Nos)	4,42,700	1,06,900
Fair market value of option at grant date (₹)	372.84	372.70
Fair market value of shares per option at grant date (₹)	555.00	555.00
Vesting period	4 years from the grant date	4 years from the grant date
Exercise price (₹)	278.00	278.00

Grant Date	20-Jan-23
Number of options (Nos)	65,300
Fair market value of option at grant date (₹)	367.30
Fair market value of shares per option at grant date (₹)	555.00
Vesting period	4 years from the grant date
Exercise price (₹)	278.00

b) Employee stock options details as on the Balance Sheet date are as follows:

(Options in numbers)

Particulars	As at 31 March, 2023	As at 31 March, 2022
Outstanding at the beginning of the year	–	–
Granted during the year	6,14,900	–
Lapsed/forfeited during the year	1,15,100	–
Vested during the year	–	–
Exercised during the year	–	–
Outstanding at end of the year	**4,99,800**	**–**

c) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Grant Date	7-Jun-22	21-Oct-22
Number of options	4,42,700	1,06,900
Risk Free Interest Rate	7.08%	7.28%
Exercise period (years)	4.00	4.00
Expected Volatility	49.81%	45.93%
Expected Dividend Yield	0.00%	0.00%

Grant Date	20-Jan-23
Number of options	65,300
Risk Free Interest Rate	7.11%
Exercise period (years)	4.00
Expected Volatility	45.84%
Expected Dividend Yield	0.00%

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 41

The Company's Contract Development and Manufacturing (CDMO) unit is set up as Export Oriented Unit (EOU) under Foreign Trade Policy 2015-20. Pursuant to this, the CDMO unit is required to be positive cumulative net foreign exchange earner within a period of five years from the commencement of production (i.e., within September 03, 2024). The management of the Company is confident of achieving the positive cumulative net foreign exchange position within the prescribed timelines.

Note No. 42 - Amendments effective from April 1, 2023 :

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from April 1, 2023.

i. Ind AS 101 – First time adoption of Ind AS

ii. Ind AS 102 – Share-based payment

iii. Ind AS 103 – Business Combinations

iv. Ind AS 107 – Financial Instruments: Disclosures

v. Ind AS 109 – Financial Instruments

vi. Ind AS 115 – Revenue from Contracts with Customers

vii. Ind AS 1 – Presentation of Financial Statements

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

ix. Ind AS 12 – Income Taxes

x. Ind AS 34 – Interim Financial Reporting

The Company is in the process of evaluating the impact of the above amendments on the Company's financial statements.

Note No. 43 - Ratio Analysis

Ratio Analysis	As at March 31, 2023	As at March 31, 2022	Change	Ratios have a variance of >25% due to
Current Ratio - in times (A) / (B)	**0.26**	**0.63**	**-58%**	Reduction is due to provisioning of Inventory related to Unit 3
Current Assets (A)	2,284.04	5,110.97		
Current Liabilities (B)	8,652.15	8,086.92		
Current Assets is defined as Inventories, Trade receivables, Cash and cash equivalents, Other bank balances, Current loans, Other current financial assets and Other current assets				
Current Liabilities is defined as Current borrowings, Current lease liabilities,Trade payables,Other current financial liabilities,Current provisions, Current tax liabilities and Other current liabilities				
Debt-Equity Ratio - in times (C) / (D)	**1.10**	**1.17**	**-6%**	Variance <25% and hence not applicable
Debt (C)	8,642.20	11,814.95		
Equity (D)	7,854.53	10,124.79		
Debt is defined as non-current borrowings, current borrowings and lease liability (current and non-current).				
Equity is defined as Equity share capital and Other equity.				
Debt Service Coverage Ratio - in times (E) / ((F) + (G))				The Company is in losses and hence the debt service coverage ratio is not applicable

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 43 - Ratio Analysis (Cond..)

Ratio Analysis	As at March 31, 2023	As at March 31, 2022	Change	Ratios have a variance of >25% due to
"Earnings before interest,taxes, depreciation and amortisation is defined as:				
Profit for the year before exceptional items and taxes (add) Depreciation and Amortisation (add) Finance costs (less) interest income"				
Debt repayment is defined as actual non-current borrowings repaid during the year				
Interest payments is defined as actual interest paid on borrowings during the year				
Return on Equity ratio (Tangible) (H) / (I)	**-101.83%**	**-17.42%**	**485%**	
Net profit (H)	(7,998.30)	(2,311.60)		
Equity (I)	7,854.53	10,124.79		
Net profit is defined as Profit for the year after tax				
Equity is defined as Equity share capital and Other equity.				
Inventory turnover ratio (K) / (L)	**0.12**	**0.32**	**-63%**	Decrease is due to written-off Inventory related to Sputnik vaccine and reduction in CDMO revenue.
Cost of goods sold (K)	246.22	454.40		
Average Inventory (L)	2,043.18	1,401.87		
Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress				
Average Inventory is defined as average of inventories as at the beginning and as at the end of the year.				
Trade receivables turnover ratio (M) / (N)	**2.99**	**10.22**	**-71%**	Decrease is due to reduction in CDMO revenue from FY22.
Sales Turnover (M)	410.74	1,321.27		
Average Trade receivables (N)	137.33	129.33		
Sales Turnover is defined as Sale of products and Sale of services				
Average Trade receivables is defined as average of Trade receivables as at the beginning and as at the end of the year.				
Trade payables turnover ratio (O) / (P)	**0.31**	**0.86**	**-64%**	Decrease is due to decrease in Unit-3 sputnik vaccine related inventories and decrease in the CDMO business.
Cost of goods sold (O)	246.22	454.40		
Average Trade payables (P)	785.44	526.84		
Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress				
Average Trade payables is defined as average of Trade payables as at the beginning and as at the end of the year.				
Net capital turnover ratio (Q) / (R)	**(0.06)**	**(0.44)**	**-85%**	Decrease is due to reduction in CDMO revenue from FY22.
Sales Turnover (Q)	410.74	1,321.27		
Working Capital (R)	-6,368.11	-2,975.95		
Net profit ratio (S) / (T)	**-1748.64%**	**-170.10%**	**928%**	Decrease is due to reduction in CDMO revenue in comparison with FY22 and increase in exceptional losses.
Net profit (S)	(7,998.30)	(2,311.60)		
Gross Revenue (T)	457.40	1,358.97		
Return on capital employed (U) / (V)	**-41.16%**	**-7.44%**	**454%**	Increase in loss due to exceptional items loss towards provision on sputnik inventory, intangible under development, doubtful advance and others
Earnings Before Interest and Taxes (U)	(6,790.67)	(1,631.34)		
Capital Employed (V)	16,496.73	21,939.74		

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note No. 44

The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

Note No. 45 - Approval of financial statements

The Company's financial statements are approved for issue by the board of directors on July 28, 2023.

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : July 28, 2023

NOTICE OF THE 16th ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting ('AGM') of the Shareholders of the Company will be held on **Friday, August 25, 2023 from 17:30 hours IST** through video conferencing (VC)/ Other Audio-Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

Item 1: Adoption of Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon.

Item 2: Adoption of Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Board of Directors and the Auditors thereon.

Item 3: Appointment of a Director in place of Mr. Mahadevan Narayanamoni (DIN: 07128788) who retires by rotation and being eligible, offers himself for re-appointment

Mr. Mahadevan Narayanamoni (DIN: 07128788), who retires by rotation and being eligible, offers himself for re-appointment as a Non-Executive Director of the Company.

SPECIAL BUSINESS:

Item 4: - Appointment of Dr. Gopakumar Gopalan Nair as an Independent Director of the Company

To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules framed thereunder, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company, approval of the Board of Directors of the Company, Dr. Gopakumar Gopalan Nair (DIN: 00092637), who was appointed as an Additional Director in the capacity of an Independent Director with effect from May 04, 2023, who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years with effect from May 04, 2023, and that she shall not be liable to retire by rotation.

RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Item 5: - Appointment of Ms. Rajashri Santosh Kumar Ojha as an Independent Director of the Company

To consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules framed thereunder, [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company, approval of the Board of Directors of the Company, Ms. Rajashri Santosh Kumar Ojha (DIN: 07058128), who was appointed as an Additional Director in the capacity of an Independent Director with effect from May 04, 2023, who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years with effect from May 04, 2023, and that she shall not be liable to retire by rotation.

RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

Item 6: Remuneration payable to Mr. M. Ashok Kumar, Cost Auditors of the Company for FY 2022-23 and FY 2023-24

To consider and, if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution:

RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof), the Company hereby ratifies the remuneration of INR. 200,000/- Lakhs (Rupees Two Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses, if any, for the financial year FY 2022- 2023 and FY 2023-24, payable to Mr. M. Ashok Kumar, Cost Accountant (Registration No.: 102240), who are appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for FY 2022- 2023 and FY 2023-24.

RESOLVED FURTHER that that Mr. P R Kannan, Executive Director (DIN: 03435209) and CFO of the Company or Mr. Arun Kumar, Non-executive Director (DIN: 00084845) be and are hereby severally authorised to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution.

By Order of the Board
For **Stelis Biopharma Limited**
Sd/-
Trisha A
Company Secretary

Place: Bangalore
Date: July 28, 2023

Notes:

a) Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) (hereinafter referred to as “the Circular”), Companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circular, the AGM of the Company is being held through VC.

b) A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circular through VC, the facility for the appointment of proxies by the members will not be available.

c) Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

d) The corporate members intending to appoint authorized representatives to attend the AGM are requested to send to the company a certified copy of the board resolution authorizing their representative(s) to attend and vote, on their behalf, at the AGM. The said resolution/ authorization is requested to be sent to the email id at: CS@stelis.com

e) Route map for the location of the meeting is not provided, as this meeting is convened via video conferencing mode.

f) The explanatory statement pursuant to section 102 of the companies act, 2013 which sets out details relating to special business at the meeting, is annexed hereto.

g) Voting at the AGM on resolutions shall be by way of show of hands.

h) The web-link for attending the AGM via videoconferencing is as under:

Link: https://us02web.zoom.us/j/85847833976?pwd=NDJGY0I5MVlGOWdPSVcrdEtiZC92UT09

Meeting ID: 858 4783 3976

Passcode: 388909

EXPLANATORY STATEMENT – PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THERETO

In conformity with the provisions of Section 102(1) of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice of the Annual General Meeting of the shareholders of the Company scheduled on Friday, August 25, 2023 from 17:30 hours IST and should be taken as forming part of the Notice.

Item 4: - Appointment of Dr. Gopakumar Gopalan Nair as an Independent Director of the Company

Pursuant to Section 161 of the Companies Act, 2013, the Board, on May 04, 2023, appointed Dr. Gopakumar Gopalan Nair as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) years with effect from May 04, 2023 subject to the approval of the shareholders through a special resolution.

The Company has received the following from Dr. Gopakumar Nair:

(i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules")

(ii) Intimation in Form DIR-8 in terms of the Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Act

(iii) A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act

Also, Dr. Nair has also been appointed as the Chairperson of the Audit and Risk Management Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

In accordance with Section 161(1) of the Companies Act, 2013, Dr. Nair holds office as an Additional Director up to the date of the Annual General Meeting of the Company.

About Dr. Gopakumar Nair:

Dr. Gopakumar Nair, aged 81 years, has over 40 years' experience in Pharma Industry as Director, Managing Director & Chairman of various public limited pharma companies.

Dr. Nair has also served Industry Associations for more than 35 years in various capacities, latest as President of Indian Drug Manufacturers' Association (IDMA), during 1999-2000. And is also an Editor and Editorial Board Member of various publications and journals, relating to pharma, biotech and chemicals, including IDMA Bulletin and INDIAN DRUGS.

In the field of Intellectual Properties, Dr. Nair was the Dean of Institute of Intellectual Property Studies (IIPS) at Hyderabad, India. Presently he heads his own IP boutique firm, Gopakumar Nair Associates and is also CEO of Patent Gurukul, reputed and well-known training centre for Patents.

Dr. Nair is a registered Patent & Trademark Agent and also Scientific Adviser to the Patent Office under Rule 103 of the Patents Rules, 2003.

He is also associated with various Educational Institutions such as President, Bharat Education Society, with schools & colleges under its ambit. Dr. Nair is a founder of CIPROM (Centre for Intellectual Property Management) of which he is presently the Hon. Chairman.

Members are further apprised that his active involvement in various sectors and his extensive experience of serving on the diversified boards and expertise would immensely benefit the Company.

The resolution seeks the approval of members for the appointment of Dr. Gopakumar Nair as an Independent Director of the Company for a term of 5 (five) years effective May 04, 2023 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof) and she shall not be liable to retire by rotation.

In compliance with Section 149 read with Schedule IV to the Act the approval of the Members is sought for the appointment of Dr. Gopakumar Nair as an Independent Director of the Company, as a special resolution.

No director, KMP or their relatives except Dr. Gopakumar Nair, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 4.

The Board recommends the special resolution as set out in Item no. 4 of this notice for the approval of members.

Item 5 - Appointment of Ms. Rajashri Santosh Kumar Ojha as an Independent Director of the Company

Pursuant to Section 161 of the Companies Act, 2013, the Board, on May 04, 2023, appointed Ms. Rajashri Ojha as an Additional Director in the capacity of Independent Director of the Company for a term of 5 (five) years with effect from May 04, 2023 subject to the approval of the shareholders through a special resolution.

The Company has received the following from Ms. Rajashri Ojha:

(i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 ("the Appointment Rules")

(ii) Intimation in Form DIR-8 in terms of the Appointment Rules to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act

(iii) A declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

Also, Ms. Rajshri has also been appointed as the Member of the Audit and Risk Management Committee and Nomination and Remuneration Committee.

In accordance with Section 161(1) of the Companies Act, 2013, Ms. Rajshri holds office as an Additional Director up to the date of the Annual General Meeting of the Company.

About Ms. Rajashri Ojha:

Ms. Rajshri, aged about 54 years, has over 33 years' of versatile experience in Pharma Industry.

Starting her career from Scientist in R & D, Analytical & Formulation, QA-QM, till handling GLOBAL regulatory Affairs and getting marketing approvals across the globe.

She has over 3 decades of rich experience working for leading organizations like RAAJ GPRAC, SPECTRUM Pharmatech, SYNERGY, UAE, COGNIZANT, FAMYCARE , NOVARTIS, GSK-TCS, GLENMARK, SANDOZ/ CIBA-Geigy, UNICHEM Laboratories and LOCAL FDA, Bandra. She Offers various industrial training programs and has Trained more than 25,500 candidates till now on various aspects of GLOBAL Regulatory Affairs.

Ms. Rajashri is also associated with many leading education institutes/colleges in India as a 'Guest faculty'. She is a Visiting faculty Adjunct Professor at JSS University, NIPER, IIHMR, KLE,BCP,JJTU, MET, IIPM, HKCP, VES, SIES, ICT, IICT, IIHMR, HKCP, BNCP, NMIMS etc.

Also, a member of IPA, DIA, IDMA, RAPS, TOPRA, OMICS, FIP, UBM, Global Compliance Panel, IMS, IBC, Alliance India and Chaired many scientific sessions organized for National and International Conferences.

Members are further apprised that her versatile experience in pharma industry and expertise would immensely benefit the Company.

The resolution seeks the approval of members for the appointment of Ms. Rajshri as an Independent Director of the Company for a term of 5 (five) years effective May 04, 2023 pursuant to Sections 149, 152 and other applicable provisions of the Act and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof) and she shall not be liable to retire by rotation.

In compliance with Section 149 read with Schedule IV to the Act the approval of the Members is sought for the appointment of Ms. Rajshri as an Independent Director of the Company, as a special resolution.

No director, KMP or their relatives except Ms. Rajashri, to whom the resolution relates, is interested in or concerned, financially or otherwise, in passing the proposed resolution set out in item no. 5.

The Board recommends the special resolution as set out in Item no. 5 of this notice for the approval of members.

Item 6: Remuneration payable to Mr. M. Ashok Kumar, Cost Auditors of the Company for FY 2022-23 and FY 2023-24

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board has considered and approved the appointment of Mr. M. Ashok Kumar, Cost Accountants, as Cost Auditors of the Company to conduct the audit of the cost records maintained by the Company for the Financial year ended March 31, 2023 & March 31, 2024, at a remuneration of INR. 200,000/- Lakhs (Rupees Two Lakhs only) plus applicable taxes and out-of-pocket expenses, if any, for each of the aforesaid financial years, as agreed between the Board of Directors of the Company and the Cost Auditors. The said Rules requires the payment of remuneration to be approved by the members.

The Resolution at item No.6 of the Notice is set out as an Ordinary Resolution for approval and ratification by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors, Manager, Key Managerial Personnel or their relatives are, in any way, concerned or interested in the said resolutions.

The Board recommends the special resolution as set out in Item no. 6 of this notice for the approval of members.

By Order of the Board
For **Stelis Biopharma Limited**
Trisha A
Company Secretary

Place: Bangalore
Date: July 28, 2023

Notes

Notes

Stelis Biopharma

Stelis (Unit 1)

Plot # 293, Jigani Link Road
Bommasandra, Anekal Taluk Bangalore
– 560 105, Karnataka, India.

Stelis cGMP Manufacturing Division (Unit 2)

Plot # 2-D 1, Obadenahalli,
Doddaballapura 3rd phase, Industrial
Area, Doddaballapura Taluk Bangalore
Rural District – 561 203,
Karnataka, India.

Stelis Biopharma Ltd. (Unit 3)

#68/A, 1st phase, Bommasandra
Industrial area, Bommasandra,
Bengaluru 560 099, Karnataka, India