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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.

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<table>
<tr><th>Sl. No.</th><th>Key Audit Matter</th><th>Auditors response</th></tr>
<tr><td>1</td><td>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 the Multimodal facility on a slump sale basis;
- 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>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;

• 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 binding offer for disposal of the Multimodal Facility;

• 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</td></tr>
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Sl. No.	Key Audit Matter	Auditors response
		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 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: • Obtaining adequate financing to fulfil the Company's development and commercial activities,	**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

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Sl. No.	Key Audit Matter	Auditors response
	• 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.	assumptions considered in the calculations. • 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	**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.

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Sl. No.	Key Audit Matter	Auditors response
	specialist to carry out impairment assessment. Based on valuation, the Company has assessed that there is no impairment. 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 Subsequent to the year end, the Company had also entered into a binding term sheet for disposal of the Unit 3 – Multimodal Facility on a slump sale basis.	• 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. • 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.

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Sl. No.	Key Audit Matter	Auditors response
		• We reviewed the terms of the binding term sheet entered into by the Company for disposal of the Unit 3 – Multimodal Facility; • 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.

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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.

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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 .

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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.

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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

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls with reference to standalone financial statements of 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.

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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: July 28, 2023

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Balance Sheet as at March 31, 2023
CIN: U74140KA2007PLC043095

Rs. 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	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

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : 28 July 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 : 28 July 2023

STELIS BIOPHARMA LIMITED

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Statement of Profit and Loss for the year ended March 31, 2023
CIN: U74140KA2007PLC043095

Rs. in Million

Sl No	Particulars	Note No.	Year ended 31-Mar-23	Year ended 31-Mar-22
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 Rs. 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

For and on behalf of Board of Directors

Sathya P Koushik
Partner
Membership Number: 206920

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar
Non- Executive Direct
DIN: 00084845

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Allada Trisha
Company Secretary
Membership Number: A47635

STELIS BIOPHARMA LIMITED

Place : Bengaluru
Date : 28 July 2023

Place : Bengaluru
Date : 28 July 2023

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Cash Flow Statement for the year ended March 31, 2023
CIN: U74140KA2007PLC043095

Rs. in Million

Particulars	For the year ended Mar 31, 2023		For the year ended Mar 31, 2022	
A. Cash flow from operating activities				
Profit / (Loss) for the year		(7,991.12)		(2,297.40)
Adjustments for:				
Depreciation and amortisation	1,141.01		703.49	
Finance costs	1,207.63		680.20	
Interest income	(30.32)		(10.44)	
Other income	-		(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)**
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

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : 28 July 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 : 28 July 2023

STELIS BIOPHARMA LIMITED

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Statement of Changes in Equity for the year ended March 31, 2023
CIN: U74140KA2007PLC043095

A. Equity Share Capital

(1) Current reporting period

Rs. 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

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

Rs. 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 No: 008072S

Sathya P Koushik
Partner
Membership Number: 206920

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : 28 July 2023

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435209

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Non- Executive Director
DIN: 00084845

Allada Trisha
Company Secretary
Membership Number: A47635

Place : Bengaluru
Date : 28 July 2023

STELIS BIOPHARMA LIMITED

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").

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

2.2(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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.
Historical cost is generally based on the fair value of the consideration given in exchange of assets.

2.2(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 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.

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.

STELIS BIOPHARMA LIMITED

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

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.

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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

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 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.

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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 Rs. 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.

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.

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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.

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.

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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.

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 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.

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, 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

Rs. 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 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

Note No. 4B Right of Use Assets

Rs. 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

Note No. 4C Capital Work in Progress

Rs. 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

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**

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**

(b) CWIP completion schedule for projects, whose completion is overdue or has exceeded its cost compared to its original plan as at period end are given below:

Capital Work in Progress	To be completed in				As at Mar 31, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress:					
- Project 1	748.27	-	-	-	748.27
- Project 2	1,145.20	-	-	-	1,145.20
	1,893.47	-	-	-	**1,893.47**

Capital Work in Progress	To be completed in				As at Mar 31, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress:					
- Project 1	-	-	-	-	-
- Project 2	-	-	-	-	-
	-	-	-	-	-

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Note No. 4D Other Intangible Assets

Rs. in Million

Particulars	Gross block				Accumulated amortisation				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 *(39.20)*	12.94 *(23.60)*	- -	75.74 (62.80)	19.97 *(10.73)*	13.95 *(9.24)*	- -	33.92 *(19.97)*	41.82 (42.83)	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

Note No. 4E Intangible assets under development

Rs. in Million

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

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**

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	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 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%)

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%)

Subsequent to the year end, the Company entered into a binding term sheet for disposal of the Unit 3 – Multimodal Facility on a slump sale basis. Based on the consideration agreed, the Management of the Company has concluded that the recoverable value is higher than the carrying value.

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Note No.

5 **Investments**

Rs. 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 March 31, 2023.

6 **Loans**

Rs. 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**

7 **Security deposits**

Rs. 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)

8 **Other assets**

Rs. 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**

9 **Inventories**

Rs. 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**

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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 Rs. 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 Rs. 1,867.37 as exceptional items for the year ended March 31, 2023 (refer note 28)

10 Trade receivables

Rs. 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:

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**	-

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**

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**

11A Cash and cash equivalents

Rs. 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 Rs. 45	94.10	1,214.69

11B Other balances with banks

Rs. 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**

13 Non-current borrowings

Rs. 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**

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STELIS BIOPHARMA LIMITED

Note I

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

Rs. in Million

Terms of repayment and security - Loan 1 (Refer note 3 below)	**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		

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.		

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.		

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.		

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)		

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.		

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.		

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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)		

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 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)		

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		

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.		

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

Rs. 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 Rs. 925 million and thus bringing the balance to Rs. 983.96 million as at March 31, 2023.

Note 3
The above loan includes borrowings repayable in USD of Rs. 723.37 Million (including current maturities of Rs. 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.

14 Lease liabilities

Rs. 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**

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15 **Provisions**

Rs. 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**

16 **Current Borrowings**

Rs. 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	3,079.20	-	3,731.55	-
- Working capital loans	983.96	-	1,838.63	-
Term loan from Others				
- Loans from related parties	955.00	-	-	-
Total	**5,018.16**	-	**5,570.18**	-

17 **Trade payables**

Rs. 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**	-

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**

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

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 Rs. 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

18 **Other financial liabilities**

Rs. 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**	-

19 **Other liabilities**

Rs. 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**	-

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA

12A Equity Share Capital

Rs. in Million

Particulars	As at Mar 31, 2023	As at Mar 31, 2022
Authorised 50,000,000 Equity shares of Rs 1/- each with voting rights (50,000,000 Equity shares of Rs 1/- each with voting rights as on March 31, 2022)	50.00	50.00
	50.00	**50.00**
Issued, subscribed and fully paid up 40,023,816 Fully paid equity share of Rs 1/-(39,096,280 Equity shares of Rs 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 Rs 0.05/-(9,199,470 Partly paid equity share of Rs 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 Rs 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 Rs in Million	29.90	10.12	40.02
Partly paid equity shares of Rs 0.05/- each Year Ended 31st Mar 2023				
	No. of Shares	91,99,470	(76,76,776)	15,22,694
	Amount Rs 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 Rs in Million	15.43	14.47	29.90
Partly paid equity shares of Rs 0.05/- each Year Ended 31 Mar 2022				
	No. of Shares	-	91,99,470.00	91,99,470.00
	Amount Rs in Million	-	0.46	0.46

The Company has only once class of equity shares having a par value of Rs 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 Rs. 10/- each into equity shares of face value Rs. 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:

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 Pharmaceuticals Private Limited(Formally known as 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%

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA LIMITED

12B Other equity

Particulars	Note no.	As at Mar 31, 2023	As at Mar 31, 2022
Reserves and Surplus	A	7,827.04	10,115.98
Items of other comprehensive income	B		
Total		**7,827.04**	**10,115.98**

Particulars	As at Mar 31, 2023	As at Mar 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.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA LIMITED

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements for the year ended March 31, 2023

Note No.

20 **Revenue from operations**

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
Sale of Material	23.60	28.57
Sale of services	387.14	1,292.70
Total	**410.74**	**1,321.27**

20.1 **Disaggregated revenue information**

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

Revenues by Geography

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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

20.2 **Changes in contract liabilities:**

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

20.3 **Contract balances**

Particulars	As at Mar 31, 2023	
	31-Mar-23	31-Mar-22
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)

21 **Other income**

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

22 **Consumables**

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA LIMITED

23 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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)**

24 Employee benefit expense

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

25 Finance cost

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

26 Depreciation and amortisation expenses

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

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STELIS BIOPHARMA LIMITED

Stelis Biopharma Limited (formerly known as Stelis

Notes forming part of the standalone financial statements for the year ended March 31, 2023

Note No.

27 **Other Expenses**

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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	196.60	126.41
Auditors remuneration (refer note (i) below)	4.03	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:

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
Audit of standalone and consolidated financial statements (including quarterly limited reviews)	3.75	3.75
Other Services	0.12	-
Reimbursement of expenses	0.17	0.11
Total	**4.04**	**3.86**

STELIS BIOPHARMA LIMITED

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

28 Exceptional items gain / (loss) (net)

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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 Rs. 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 Rs. 491.05 million towards following:
- Write off of Intangibles under development relating to Akston amounting to Rs 200.59 million
- Write off Akston inventories amounting to Rs. 146.48 million and
- Allowance for doubtful advances given to Akston Bioscience Corporation Rs. 143.98 million.

Note (iii):
Pursuant to impairment assessment (refer note 4F), intangibles under development was written off amounting to Rs. 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)

29 Details of Research and Development expenditure incurred

Rs. in Million

Particulars	Year ended	
	31-Mar-23	31-Mar-22
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**

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STELIS BIOPHARMA LIMITED

Note No.

30 Contingent Liabilities and Capital Commitments (To the extent not provided for)

Rs. 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**

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

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 Rs. 30.56 Million (previous year: Rs. 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:

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

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

Rs. 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 remeasurement of the net defined benefit liability is included in other comprehensive income.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA LIMITED

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

Rs. 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:

Rs. 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

			Gratuity	
			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**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-

Rs. 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

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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

Movement in lease liabilities during the year:

Lease liabilities

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

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).

33 Earnings per Share

Particulars	For the year ended	For the year ended
Profit / (Loss) after tax attributable to equity holders of the Company (A) (Rs. 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 (Rs.) (A/B)	(200.69)	(64.85)
Diluted earnings per share (Rs.) (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.

DELOITTE HASKINS & SELLS * CHARTERED ACCOUNTANTS * BENGALURU

STELIS BIOPHARMA LIMITED

Note No.

34 **Related Party Listing and Balances:**

Nature of Relationship	Name of Related Party
Entity exercising significant influence	Strides Pharma Science Ltd Tenshi Life Sciences Private Ltd Medella Holdings Pte Ltd
Subsidiary	Biolexis Pte Ltd (formally known as Stelis Pte Ltd) Stelis Biopharma UK Private Limited * Biolexis Private Ltd
Enterprises owned or significantly influenced by directors, key management personnel and their relatives:	Arcolab Private Ltd Tenshi Pharmaceuticals Private Limited (Formally known as Tenshi Life Science Private Limited) Tenshi Kaizen Private Ltd Naari Pharma Private Limited Chavadeep Properties Private Ltd Steriscience Specialities Private Ltd Biolexis Holding Pte Steriscience Pte Limited 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 Ltd 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 – Independent Director	Yogita Chetan Hatangadi (w.e.f May 04,2023)
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)

*The Company on November 30, 2022 has incorporate a Private limited as a Wholly Owned Subsidiary in UK in the name of "Stelis Biopharma UK Private Limited" without an investment

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

Rs. 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 Pte Ltd	-	-	-	-	-	128.42	-	-
Sale of services								
Strides Pharma Science Limited	5.46	46.03	-	-	-	-	-	-
Steriscience Pte Limited	-	-	5.85	90.69	-	-	-	-
Sale of services - Passthrough								
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	-	-	-	-	-	-

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Support Service charges								
Strides Pharma Science Limited	-	2.10	-	-	-	-	-	-
Tenshi Life Sciences Private Ltd	8.01	12.00	-	-	-	-	-	-
Arcolab Private Ltd	-	-	119.90	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	-	-	-	-	-	-	-
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	-	-	14.34	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	-	-

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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

Closing Balance as on 31st Mar 2023

Rs. in Million

Nature of Balances	**Entities having significant influence over**		**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	-	-	-	-

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STELIS BIOPHARMA LIMITED

Note No.

35 Financial instruments

35.1 Categories of financial instruments

Rs. in Million

Particulars	As at 31 March, 2023	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

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:

Rs. in Million

Particulars	As at 31 March, 2023		As at 31 March, 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:

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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:

Rs. in Million

Amount receivable/(payable)	**As at 31 March, 2023**		**As at 31 March, 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)
			-	-

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.

Rs. 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:

Rs. 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.

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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

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 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.

Rs. 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**

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36 Deferred tax asset :

The Company has brought forward tax loss and unabsorbed depreciation of Rs. 10,384.81 million (Rs.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.

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

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*

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

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*

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.

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.

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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.

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 Rs.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	07-Jun-22	21-Oct-22
Number of options (Nos)	4,42,700	1,06,900
Fair market value of option at grant date (Rs)	372.84	372.70
Fair market value of shares per option at grant date (Rs)	555.00	555.00
Vesting period	4 years from the grant	4 years from the grant
Exercise price (Rs)	278.00	278.00

Grant Date	20-Jan-23
Number of options (Nos)	65,300
Fair market value of option at grant date (Rs)	367.30
Fair market value of shares per option at grant date (Rs)	555.00
Vesting period	4 years from the grant
Exercise price (Rs)	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**	-

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c) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair

Grant Date	07-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%

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.

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.

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS BENGALURU

STELIS BIOPHARMA LIMITED

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements for the year ended March 31, 2023

	As at March 31, 2023	As at March 31, 2022	Change	Ratios have a variance of >25% due to
43 Ratio Analysis				
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%**	
Debt including lease liabilities(C)	8,642.20	11,814.91		Variance <25% and hence not applicable
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				
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.
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)		
Sales Turnover is defined as Sale of products and Sale of services				
Equity is defined as Equity share capital and Other equity.				
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		
Net profit is defined as Profit for the year after tax				
Gross Revenue is defined as Revenue from operations and other income				
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.
Earnings Before Interest and Taxes (U)	(6,753.05)	(1,606.71)		
Capital Employed (V)	16,509.34	21,961.25		
Capital Employed Tangible (W)	16,509.34	21,961.25		
Earnings before interest and taxes is defined as:				
Capital employed is defined as Equity and Debt				
Capital employed Tangible is defined as Equity and Debt less Goodwill				

44 The previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

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 : 28 July 2023

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
BENGALURU

STELIS BIOPHARMA LIMITED