

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 31 March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, 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.

Material uncertainty related to Going Concern

We draw attention to Note 2.2 (b) to the standalone financial statements, which indicates that the Company has incurred a net loss of 2,297.40 Million during the year ended 31st March 2022 and, as of that date, the Company's current liabilities exceeded its current assets by 2,975.12 Million. These events or conditions, along with other matters as set forth in Note 2.2(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the standalone financial statements of the Company have been prepared on a going concern basis based on the management's mitigation plans stated in the said Note.

Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Response to Key Audit Matter
1	<p>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 Contract Development and Manufacturing Organization - CDMO unit) as at 31 March 2022:</p> <p>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 CDMO unit, both aggregating to Rs. 10,539 million) as at 31 March 2022.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> obtaining adequate financing to fulfil the Company's development and commercial activities, the risks associated with development and obtaining regulatory approvals of the Company's products, generation of revenues in due course from the product portfolio and contract manufacturing, attainment of profitable operations, discount rate 	<p>Our principal audit procedures performed, among other procedures included:</p> <ul style="list-style-type: none"> 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 key assumptions considered in the management's estimates of future cash flows. Involved our valuation specialists to evaluate the discount rate, terminal growth used 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 discount rate applied to the

Sl. No.	Key Audit Matter	Response to Key Audit Matter
	<ul style="list-style-type: none"> probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals. 	<p>future cash flows and terminal growth rate.</p> <ul style="list-style-type: none"> 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.
2	<p>Impairment assessment in respect of carrying value of the assets relating to Unit 3 – Vaccine facility (Unit – 3) as at 31 March 2022:</p> <p>As stated in note 4G of the standalone financial statements and for the reasons stated in the said note which includes the current 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 - Vaccine facility as at 31 March 2022.</p> <p>The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU aggregating to Rs. 6,170 million as at March 31, 2022.</p> <p>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:</p> <ul style="list-style-type: none"> generation of revenues in due course from the Vaccine plant and contract manufacturing, plans to convert the existing vaccine facility for CDMO purpose, 	<p>Our principal audit procedures performed, among other procedures included:</p> <ul style="list-style-type: none"> 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 key assumptions considered in the management's estimates of future cash flows. Involved our valuation specialists to evaluate the discount rate and terminal growth rate used in the calculations.

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Sl. No.	Key Audit Matter	Response to Key Audit Matter
	<ul style="list-style-type: none"> probabilities applied to the revenues which also factors management's best estimate of possible delay in regulatory approvals, ability to enforce the existing contract with customer and liquidate inventories as on balance sheet date prior to its shelf life. attainment of profitable operations, discount rate 	<ul style="list-style-type: none"> 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. <p>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.</p>

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 standalone financial statements, consolidated 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.

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Management's Responsibility for the Standalone Financial Statements

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

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

Those 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:

- i. 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.
- ii. 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 system in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.



- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f. The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h. 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.
- i. 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:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 39 (h) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the 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 its knowledge and belief, as disclosed in the note 39 (h) to the standalone financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that cause 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.

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

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 : 22206920ANOSDI8900

Place: Bengaluru
Date: 07 June 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Stelis Biopharma Limited ("the Company") as of 31 March 2022 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit 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 over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm's Registration No. 008072S

Sathya P. Koushik

Partner

Membership No. 206920

UDIN : 22206920ANOSDI8900

Place: Bengaluru

Date: 07 June 2022

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) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (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) The Company has a program of verification of Property, plant and equipment, capital work in progress, right-of-use assets so as to cover all the items once every three years which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. In accordance with the program, Property, plant and equipment, capital work in progress and right-of-use assets were physically verified by the Management. According to information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) In respect of immovable properties of land and buildings that have been taken on lease and disclosed as right to 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 31 March 2022 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 respective quarters.
- (iii) The Company has made investments in and granted unsecured loans, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

- (a) The Company has provided loans during the year and details of which are given below:

Amount (Rs. in mio)		Loans
A. Aggregate amount granted / provided during the year:		
- Subsidiaries		3.72
B. Balance outstanding as at balance sheet date in respect of above cases:*		
- Subsidiaries		3.79

*The closing balance is reported at restated value.

The Company has not provided any advances in the nature of loans or guarantee or security to any other entity during the year.

- (b) The investments made, and the terms and conditions of the grant of the above-mentioned loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted 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
Stelis Pte Ltd	Interest on Loan	Rs. 0.05 Million	31 March 2022	1	

- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue principal amount remaining outstanding as at the balance sheet date.
- (e) None of the 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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable..
- (vi) The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:

- a) The Company has generally been regular in depositing Undisputed statutory dues, including 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 applicable to it to the appropriate authorities 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, 2022 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, 2022.
- (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.
- (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 companies.
- (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 31 March 2022.
- (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.

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- (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 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 March 2022.
- (xv) In our opinion and according to the information and explanations given to us, during the year ended 31 March 2022 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) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group ("Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions) does not have any CIC (Core Investment Company) 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. 1,496.54 million during the financial year covered by our audit and Rs. 851.38 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 any material uncertainty exists as on the date of the audit report which is not mitigated (refer note 2.2(b) to the standalone financial statements) indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (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 : 22206920ANOSDI8900

Place: Bengaluru

Date: 07 June 2022

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Balance Sheet as at March 31, 2022

		Rs. in Million	
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
A. ASSETS			
I Non-current assets			
(a) Property, Plant and Equipment	4A	11,856.61	6,011.55
(b) Right of use assets	4B	412.09	286.13
(c) Capital work in progress	4C	677.56	776.96
(d) Other intangible assets	4D	42.83	28.47
(e) Intangible assets under development	4E	3,719.49	3,045.94
(f) Financial assets			
(i) Investments	5	516.69	531.93
(ii) Loans	6	3.79	-
(iii) Security deposits	7	110.73	39.64
(h) Other non-current assets	8	1,993.48	917.35
Total non-current assets		19,333.27	11,637.97
II Current assets			
(a) Inventories	9	2,625.45	48.94
(b) Financial assets			
(i) Trade receivables	10	366.01	22.42
(ii) Cash and cash equivalents	11A	1,214.69	669.24
(iii) Bank balances other than (ii) above	11B	479.82	104.84
(c) Other current assets	8	422.00	138.30
Total current assets		5,107.97	983.74
Total assets (I+II)		24,441.24	12,621.71
B. EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	12A	30.36	15.43
(b) Other equity	12B	10,115.98	7,770.11
Total Equity		10,146.34	7,785.54
II Liabilities			
1 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	5,972.53	3,093.22
(ii) Lease liabilities	14	218.14	96.13
(b) Provisions	15	21.14	17.50
Total Non-current liabilities		6,211.81	3,206.85
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	5,570.18	765.94
(ii) Lease liabilities	14	54.06	11.91
(iii) Trade payables	17		
(A) total outstanding dues of micro enterprises and small enterprises		138.41	18.52
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		486.87	407.74
(iv) Other financial liabilities	18	1,523.71	279.00
(b) Other current liabilities	19	276.54	119.05
(c) Provisions	15	33.32	27.16
Total Current liabilities		8,083.09	1,629.32
Total Equity and liabilities (I+II)		24,441.24	12,621.71

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration Number: 008072S

Sathya P Koushik
Partner
Membership Number: 206920



Place : Bengaluru
Date : June 07, 2022

For and on behalf of Board of Directors

P R Kannan
CFO & Executive Director
DIN : 03435299

Puja Aggarwal
Company Secretary
Membership Number: A49310

Place : Bengaluru
Date : June 07, 2022

Arun Kumar
Non- Executive Director
DIN: 00084845



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Statement of Profit and Loss for the year ended March 31, 2022

Rs. in Million

Sl No	Particulars	Note No.	For the year ended	For the year ended
			31-March-22	31-March-21
1	Revenue from operations	20	1,321.27	213.90
2	Other income	21	58.64	10.05
3	Total income (1+2)		1,379.91	223.95
4	Expenses			
	(a) Consumables	22	1,603.40	205.19
	(b) Changes in inventories of finished goods and work-in-progress	23	(1,046.37)	-
	(c) Employee benefits expenses	24	569.65	312.23
	(d) Finance costs	25	680.20	158.01
	(e) Depreciation and amortisation expenses	26	703.49	344.04
	(f) Other expenses	27	1,166.94	416.87
	Total expenses (4)		3,677.31	1,436.34
5	Profit / (Loss) before tax (3-4)		(2,297.40)	(1,212.39)
6	Tax expense		-	-
7	Profit / (Loss) for the year (5-6)		(2,297.40)	(1,212.39)
8	Other Comprehensive Income			
	Items that will not be reclassified to statement of profit and loss			
	- Remeasurements of post employment benefit obligations- gain / (loss)		2.75	1.76
	- Income tax relating to these items		-	-
9	Total other comprehensive income		2.75	1.76
10	Total comprehensive income for the year (7+9)		(2,294.65)	(1,210.63)
11	Earnings per equity share (of Rs. 1/- each)	32		
	- Basic		(64.85)	(66.88)
	- Diluted		(64.85)	(66.88)

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

Sathya P Koushik
Partner
Membership Number: 206920



Place : Bengaluru
Date : June 07, 2022

For and on behalf of Board of Directors

P R Kannan

P R Kannan
CFO & Executive Director
DIN : 03435209

Arun Kumar

Arun Kumar
Non- Executive Director
DIN: 00084845

Puja Aggarwal

Puja Aggarwal
Company Secretary
Membership Number: A49310



Place : Bengaluru
Date : June 07, 2022

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Standalone Cash Flow Statement for the year ended March 31, 2022

Rs. in Million

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
A. Cash flow from operating activities				
Profit / (Loss) for the year		(2,297.40)		(1,212.39)
<u>Adjustments for:</u>				
Depreciation and amortisation	703.49		344.04	
Finance costs	680.20		158.01	
Interest income	(10.44)		(6.07)	
Other income	(0.36)		-	
Gain on sale of Asset	(0.06)		-	
Sundry Creditors written off	(29.54)		-	
Investment written off	15.15		-	
Unrealised exchange (gain)/loss (net)	109.01		15.21	
		1,467.45		511.19
Operating profit / (loss) before working capital changes		(829.95)		(701.20)
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivable	(343.59)		(22.36)	
Other assets (financial & non-financial)	(786.59)		(367.63)	
Decrease / (increase) in inventories	(2,576.51)		(48.94)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	121.38		56.18	
Other liabilities (financial & non-financial)	218.62		(64.84)	
		(3,366.69)		(447.59)
Net cash used for operating activities				
Income taxes paid (net)		-		(1.25)
Net cash flow from / (used in) operating activities (A)		(4,196.64)		(1,148.79)
B. Cash flow from investing activities				
Capital expenditure on property, plant and equipments including capital advances	(6,528.27)		(1,591.41)	
Investments in subsidiaries	15.24		(512.63)	
(Increase)/decrease in balance held as margin money	(374.98)		(5.40)	
Interest received	10.44		6.07	
Net cash flow from / (used in) investing activities (B)		(6,877.57)		(2,103.37)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	4,655.47		4,808.02	
Proceeds from share application money pending allotment	-		0.02	
Proceeds of short term borrowings	1,838.63		481.50	
Repayment of short term borrowings	-		(781.50)	
Proceeds of long-term borrowings	7,654.75		110.00	
Repayment of long-term borrowings	(1,840.84)		(644.58)	
Interest paid	(688.35)		(163.72)	
Net cash flow from / (used in) financing activities (C)		11,619.66		3,809.74
Net increase / (decrease) in cash and cash equivalents (A+B+C)		545.45		557.58
Cash and cash equivalents at the beginning of the year		669.24		111.66
Cash and cash equivalents at the end of the year		1,214.69		669.24
Reconciliation of cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 10A)		1,214.69		669.24
Cash and cash equivalents at the end of the year *		1,214.69		669.24
* Cash and cash equivalents comprises:				
Cash on hand		0.57		0.49
Balances with banks				
- in current accounts		1,214.12		668.75
Total		1,214.69		669.24

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

Sathy P Koushik

Sathya P Koushik
Partner
Membership Number: 206920



Place : Bengaluru
Date : June 07, 2022

For and on behalf of Board of Directors

P R Kannan

P R Kannan
CFO & Executive Director
DIN : 03435209

Puja Aggarwal
Puja Aggarwal
Company Secretary
Membership Number: A49310

Place : Bengaluru
Date : June 07, 2022

Arun Kumar

Arun Kumar
Non- Executive Director
DIN: 00084845



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
 Standalone Cash Flow Statement for the year ended March 31, 2022

A. Equity Share Capital

Rs. in Million				
(1) Current reporting period	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year
	15.43	-	-	14.93
				30.36

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated 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
9.45	-	-	5.98	15.43

B. Other equity

Rs. in Million				
Particulars	Share application money pending allotment	Securities premium account	Reserves and Surplus	Total equity attributable to equity holders of the Company
Balance as at April 01, 2020	25.00	6,934.20	(2,780.52)	4,178.68
Loss for the year	-	-	(1,212.39)	(1,212.39)
Issue of shares pursuant to exercise of share warrants	(25.00)	-	-	(25.00)
Premium received on shares issued during the year	0.02	4,827.04	-	4,827.06
Other Comprehensive Income for the year	-	-	1.76	1.76
Balance as at March 31, 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)
Bonus Issues	-	(9.97)	-	(9.97)
Premium received on shares issued during the year	-	4,650.51	-	4,650.51
Other Comprehensive Income for the year	-	-	2.75	2.75
Balance as at March 31, 2022	-	16,401.78	(6,285.80)	10,115.98

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

Sathyapriya P Koushik

Sathyapriya P Koushik
 Partner
 Membership Number: 206920



Place : Bengaluru
 Date : June 07, 2022

For and on behalf of Board of Directors

P R Kamrun

P R Kamrun
 CFO & Executive Director
 DIN: 03435504

Arun Kumar

Arun Kumar
 Non-Executive Director
 DIN: 00084845



Pratibha Agarwal
 Company Secretary
 Membership Number: A49310

Place : Bengaluru
 Date : June 07, 2022

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note
No.

1 General Information

Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited) (the 'Company' or 'Stelis') was incorporated in the state of Karnataka on June 12, 2007 with the object of providing biotechnology process development services for healthcare industries.

These financial statements comprise the Standalone Balance sheet of the Company, Standalone Statement of Profit and Loss (including Other Comprehensive Income) and Standalone Cash flow statement, Standalone statement of changes in equity and significant accounting policies and other explanatory information (together 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 31 March 2022, the company incurred a loss of Rs. 2,297 million and has a net negative working capital position amounting to Rs. 2,975 million (including current maturities of long-term debt of Rs 3,732 million) as at 31 March 2022.

As of March 31, 2022, the Company has inventories relating to Sputnik Light, which remains unsold due to the geopolitical situation between Russia and Ukraine and sanctions on Russia and Russian Direct Investment Fund (RDIF). The management of the Company is confident of liquidating these inventories within the shelf life in the ordinary course of business (refer to note 8).

Further, the Company has shown significant growth in the Contract Development and Manufacturing (CDMO) business, which the company's management expects to grow further in the coming years. For the financial year 2021-22, the company reported revenues of Rs. 1,321 million in FY22 as compared to Rs. 214 million in FY21. However, the company's profitability was impacted by high un-utilized facility costs of the new facility which was commissioned during the year and did not contribute to revenues.

The increase in the revenues for FY22 resulted from new orders received by the company for the drug product facility with continued traction for cartridges, high-speed vial fill-finish, and lyophilized vials. These revenues have been part of the manufacturing services contracts (generally referred to as Manufacturing Services Agreements) executed by the company with its partners or clients at the pre-approval stage such that the partners or clients make necessary submissions to the regulators. These contracts can potentially translate into a substantial value in commercial sales (generally referred to as Commercial Sales agreement) after the partner's products receive the required regulatory approvals. The Management expects better financial outcome over the coming years and remains highly confident of achieving the business plan that is set for the CDMO business of the Company.

In the biosimilar development business, the Company made some progress with its key programs such as rh-teriparatide (PTH or biosimilar to Forsteo®), insulin glargine (biosimilar to Lantus®), and Semaglutide (generic to Ozempic®). In the insulin glargine program, the Company completed the phase I trials initiated in India. The Company completed the NCE-1 filing with the USFDA for Semaglutide. During the year, the Company also continued its engagement with the European Medicine Agency (EMA) to seek approval for PTH (The file was submitted to EMA in FY21). The company further entered into new business-to-business contracts to out-license PTH in several major markets across the Globe. These partnerships would result in licensing income for the company after it achieves necessary regulatory and development outcomes.

During the year, The Company in-licensed AmbiVax-CTM – the world's first and only thermostable Covid vaccine, developed by Akston Biosciences, United States. The Vaccine is currently under the Emergency Use Authorization (EUA) process for approval as a primary vaccine in India. The Company expects to receive the EUA within the first half of the year 2022, after which it can be launched in India.

The Company has requested temporary relaxations for compliance with the financial covenants from the lenders as these have not been met as of the date of these financial results and is hopeful of receiving the necessary waivers and accordingly has considered the preexisting repayment terms. Also, some of the shareholders of the Company and Mr. Arun Kumar Pillai (Key managerial person) have committed to extending the required financial support that the Company would need for its business. Subsequent to the year end, the Company has received Rs. 610.87 million towards conversion of 1,158,600 partly paid-up shares that were held by some of the shareholders, into fully paid up shares of the Company.

While a material uncertainty exists in respect of the Company's going concern due to the various factors mentioned above, given the above mitigation plans that the management has laid out, the board of directors of the Company expects that the Company should be able to generate /raise adequate resources to continue operating and meet its obligations in the ordinary course of business and has accordingly approved the preparation of the financial statements on a Going concern basis.



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

Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

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.

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. Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.5 Foreign currencies transactions and translation

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

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

2.6 Leases

2.6.1 The Company as lessor

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

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

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

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

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

2.6.2 The Company as lessee

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

- (a) the use of an identified asset,
- (b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- (c) the right to direct the use of the identified asset.

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

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

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

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



2.7 Borrowing costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

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

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

2.8 Employee benefits

2.8.1 Short term obligations

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

2.8.2 Retirement benefit costs and termination benefits

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

2.9 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

2.9.3 Current and deferred tax for the year

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

2.10 Property, plant and equipment

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

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

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

Dies and punches : 4 years

Mobile phones : 3 years

Certain factory buildings : 18 years

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

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.

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 collateralized 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 and, where applicable, excise duty. Cost is determined as follows:

Raw materials, packing materials and consumables	Weighted average basis
Stock in trade	Weighted average basis

2.16 Goods and Service Tax Input credit

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

2.17 Operating Cycle

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

2.18 Government Grants

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

- (i) the Company will comply with the conditions attached to them; and
- (ii) the grant will be received.

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

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 global health pandemic from Corona Virus (COVID-19):

As at March 31, 2022, the Company has considered possible effects that may result from the pandemic relating to COVID-19 and 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 global health pandemic and 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

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation expense for the year	Eliminated on disposal of assets	As at March 31, 2022
Buildings	1,166.80 (678.74)	262.03 (488.06)	-	1,428.83 (1,166.80)	105.93 (66.00)	62.33 (39.93)	-	1,260.57 (1,060.87)
Plant and Machinery	5,468.61 (3,047.63)	6,100.19 (2,420.98)	0.20	11,568.60 (5,468.61)	659.49 (394.44)	563.53 (265.05)	0.02	10,345.60 (4,809.12)
Office equipments	82.29 (69.29)	34.69 (13.00)	-	116.98 (82.29)	32.18 (17.86)	17.91 (14.32)	-	66.89 (50.11)
Computers	75.44 (58.04)	80.97 (17.40)	-	156.41 (75.44)	33.99 (19.92)	21.49 (14.07)	-	100.93 (41.45)
Furniture and fixture	56.31 (15.60)	40.13 (40.71)	-	96.44 (56.31)	7.81 (4.06)	7.30 (3.75)	-	81.33 (48.50)
Vehicles	1.72 (1.72)	-	-	1.72 (1.72)	0.22 (0.01)	0.21 (0.21)	-	1.29 (1.50)
Total	6,851.17	6,518.01	0.20	13,368.98	839.62	672.77	0.02	11,856.61
Previous year	(3,871.02)	(2,980.15)	-	(6,851.17)	(502.29)	(337.33)	-	(6,011.55)

Notes:-

(i) Figures in bracket relates to previous year

Note No. 4B: Right of Use Assets

Particulars	Gross block			Accumulated depreciation			Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation expense for the year	Eliminated on disposal of assets	As at March 31, 2022
Land	157.35 (157.35)	-	-	157.35 (157.35)	4.82 (1.66)	1.63 (3.16)	-	150.90 (152.53)
Building	132.89 (132.89)	188.85 (132.89)	-	321.74 (132.89)	2.86 (132.89)	60.40 (2.86)	-	258.48 (130.03)
Plant and Machinery	4.31 (4.31)	-	-	4.31 (4.31)	0.74 (1.31)	0.86 (0.74)	-	2.71 (3.57)
Total	294.55	188.85	-	483.40	8.42	62.89	-	412.09
Previous year	(157.35)	(137.20)	-	(294.55)	(1.66)	(6.76)	-	(286.13)

Notes:-

(i) Figures in bracket relates to previous year

Note No. 4C: Capital Work in Progress

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	776.96	2,912.63
Add: Additions during the year	6,442.21	844.48
Less: Capitalised during the year	(6,541.61)	(2,980.15)
Closing Balance	677.56	776.96

Capital Work in Progress	Amount in CWIP for a period of			As at March 31, 2022
	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	417.98	18.97	91.42	677.56
	417.98	18.97	91.42	677.56

Capital Work in Progress	Amount in CWIP for a period of			As at March 31, 2021
	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	356.74	151.03	64.35	776.96
	356.74	151.03	64.35	776.96



Note No. 4D Other Intangible Assets

Particulars	Gross block			Accumulated amortisation			Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation expense for the year	Eliminated on disposal of assets	As at March 31, 2022
Software licences	39.20 (17.97)	23.60 (21.23)	-	62.80 (39.20)	10.73 (6.46)	9.24 (4.27)	-	42.83 (28.47)
Total	39.20	23.60	-	62.80	10.73	9.24	-	42.83
<i>Previous year</i>	<i>(17.97)</i>	<i>(21.23)</i>	<i>-</i>	<i>(39.20)</i>	<i>(6.46)</i>	<i>(4.27)</i>	<i>-</i>	<i>(28.47)</i>

Notes:-

(i) Figures in bracket relates to previous year

Note No. 4E Intangible assets under development

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Intangible assets under development	3,719.49	3,045.94
Total	3,719.49	3,045.94

Intangible assets under development	Amount for a period of			As at March 31, 2022
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	673.52	531.31	547.88	3,719.49
	673.52	531.31	547.88	3,719.49

Intangible assets under development	Amount in Intangible assets under development for a period of			As at March 31, 2021
	Less than 1 year	1-2 years	2-3 years	
Projects in progress	531.31	547.88	504.12	3,045.94
	531.31	547.88	504.12	3,045.94

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. 10,539 Mio. as at March 31, 2022. 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
- probabilities applied to the revenues which also factors management's best estimate of possible delay in product development cycle and regulatory approvals.

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% (March 31, 2021: 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, 2021: 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 8.75%
- Increase in discount rate by 6.92% and nil terminal growth rate
- Decrease in growth rates of Revenue by 12.92% for short term and 3.5% for long term



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

Considering the current geopolitical situation between Russia and Ukraine and the subsequent sanctions enforced on Russia, the Management of the Company have performed impairment assessment of the carrying value of the assets of the Unit - 3 Vaccine facility amounting to Rs. 6,170 Mto as at March 31, 2022. 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- Vaccine 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 Vaccine facility and contract manufacturing,
- plans to convert the existing vaccine facility for CDMO purpose,
- probabilities applied to the revenues which also factors management's best estimate of possible delay in regulatory approvals,
- ability to enforce the existing contract with customer and liquidate inventories as on balance sheet date prior to its shelf life,
- attainment of profitable operations,
- discount rate

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 25% (March 31, 2021: Not applicable). 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, 2021: Not Applicable) 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 8.2%
- Increase in discount rate by 7.7% and nil terminal growth rate
- Decrease in growth rates of Revenue by 9.1% for short term and 3% for long term



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Note
No.

5 Investments

Particulars	As at March 31, 2022			As at March 31, 2021		
	Qty	Amount		Qty	Amount	
		Current	Non Current		Current	Non Current
Investments in subsidiaries (carried at cost):						
Equity shares, unquoted						
Stelis Pte Limited, Singapore	4,590,001	-	516.59	4,590,001	-	516.59
Biolexis Private Limited	10,000	-	0.10	-	-	-
Stelis Biopharma LLC, US	-	-	-	-	-	15.34
Total	4,600,001	-	516.69	4,590,001	-	531.93
Aggregate amount of unquoted investments	4,600,001	-	516.69	4,590,001	-	531.93

6 Loans

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current		Non- Current	
	Current	Non- Current	Current	Non- Current
- Loan to Subsidiaries	-	3.79	-	-
Total	-	3.79	-	-

7 Security deposits

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current		Non- Current	
	Current	Non- Current	Current	Non- Current
- Security deposits	-	110.73	-	39.64
Total	-	110.73	-	39.64

8 Other assets

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current		Non- Current	
	Current	Non- Current	Current	Non- Current
Unsecured, considered good:				
- Capital advances	-	1,122.78	-	348.70
- Balances with government authorities				
- VAT/CST refund receivable	-	12.74	-	12.74
- GST credit & other receivable	-	799.08	-	544.35
- TDS receivable	-	58.88	-	11.56
- Advances to vendors	110.92	-	133.21	-
- Advances to related parties (Refer Note 28)	-	-	-	-
- Advances to employees	2.16	-	2.78	-
- Prepaid expenses	308.92	-	2.31	-
Total	422.00	1,993.48	138.30	917.35

9 Inventories

Particulars	As at March 31, 2022		As at March 31, 2021	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Raw materials	952.85	-		
Work-in-progress	476.30	-		
Finished goods	570.07	-		
Consumables	626.23	48.94		
Total	2,625.45	48.94		

Inventories relating to Sputnik Light COVID-19 Vaccine

The Company and the Russian Direct Investment Fund (RDIF, Russia's sovereign wealth fund) entered into a manufacturing and supply agreement to produce Russian Sputnik Covid-19 vaccine. The agreement between RDIF and the Company was reached under the aegis of Enso Healthcare LLP, RDIF's coordination partner for sourcing Sputnik Light vaccines in India.

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

As of March 31 2022, the Company has inventories relating to Sputnik Light of Rs. 2,625.45 million.

Due to geopolitical situation between Russia and Ukraine and sanctions on Russia, the Company has short-term challenges in liquidating these inventories. All these inventories have remaining shelf life and the management is confident of liquidating these inventories within the shelf life in the normal course of business.



10 Trade receivables

Particulars	Rs. in Million			
	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
Unsecured, considered good:				
Trade receivables considered good - unsecured	366.01	-	22.42	-
Total	366.01	-	22.42	-

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2022
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	365.79	0.19	-	0.01	0.02	366.01
	365.79	0.19	-	0.01	0.02	366.01

Particulars	Outstanding for following periods from due date of payment					As at March 31, 2021
	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	22.39	-	0.01	0.02	-	22.42
	22.39	-	0.01	0.02	-	22.42

11A Cash and cash equivalents

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.57	0.49
Balances with banks		
- in current accounts	1,214.12	668.75
Total	1,214.69	669.24

11B Other balances with banks

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Balance held as margin money:		
- against borrowings facilities with banks	479.82	104.84
Total	479.82	104.84



13 Non-current borrowings

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Secured borrowings:		
- Term loans from banks	5,972.53	3,093.22
Total	5,972.53	3,093.22

Note 1**Details of security and terms of repayment of non-current borrowings**

Terms of repayment and security - Loan 1	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	667.15	1,586.64
Current maturities of non-current borrowings	265.53	483.28
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 Limited.		
Rate of interest: 3 month LIBOR + 3.65%		
Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2022 are 14 instalments.		
(March 31, 2021: 18 instalments)		
The loan is supported by corporate guarantee of Strides Pharma Science Limited.		
Terms of repayment and security - Loan 2	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	304.70	414.15
Current maturities of non-current borrowings	109.61	108.98
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 Limited.		
Rate of interest: 1 Base rate + spread		
Repayment to be made over 28 equal quarterly instalments. The outstanding term as at March 31, 2022 are 15 instalments.		
(March 31, 2021: 19 instalments)		
The loan is supported by corporate guarantee of Strides Pharma Science Limited.		
Terms of repayment and security - Loan 3	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	1,259.85	984.72
Current maturities of non-current borrowings	374.99	171.39
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 starting from July-21.		
The outstanding term as at March 31, 2022 are 20 instalments. (March 31, 2021: 20 instalments)		
The loan is supported by corporate guarantee of Strides Pharma Science Limited.		
Terms of repayment and security - Loan 4	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	512.68	-
Current maturities of non-current borrowings	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 48 equal quarterly instalments starting from Mar-22.		
The outstanding term as at March 31, 2022 are 48 instalments. (March 31, 2021: 48 instalments)		
Terms of repayment and security - Loan 5	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	80.21	107.71
Current maturities of non-current borrowings	27.50	2.29
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 quarterly instalments. The outstanding term as at March 31, 2022 are 47 instalments. (March 31, 2021: 48 instalments)		
Terms of repayment and security - Loan 6	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	680.43	-
Current maturities of non-current borrowings	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, 2022 are 14 instalments. (March 31, 2021: Nil instalments)		
The loan is supported by corporate guarantee of Strides Pharma Science Limited.		



Terms of repayment and security - Loan 7	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	2,022.23	-
Current maturities of non-current borrowings	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 quarterly instalments starting from Oct-22, (March 31, 2021: Nil installments)		
The loan is supported by corporate guarantee of Strides Pharma Science Limited.		

Terms of repayment and security - Loan 8	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	249.49	-
Current maturities of non-current borrowings	5.31	-
Security: The said loan was secured by first pari passu charge of movable and immoveable assets of the Company		
Rate of interest: 9.25%		
Repayment to be made over 48 equal quarterly instalments starting from Mar-23, (March 31, 2021: Nil installments)		

Terms of repayment and security - Loan 9	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	195.83	-
Current maturities of non-current borrowings	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 quarterly instalments starting from Mar-23, (March 31, 2021: Nil installments)		

Note 2

The above loan includes borrowings repayable in USD of Rs. 149.10 Million (including current maturities of Rs. 483.28) 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.

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Disclosed under non-current borrowings	5,972.57	3,093.22
Disclosed under current borrowings		
- Current maturities of non-current borrowings	3,731.55	765.94

14 Lease liabilities

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
- Lease liabilities	54.06	218.14	11.91	96.13
Total	54.06	218.14	11.91	96.13

15 Provisions

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits:				
- Gratuity	1.81	21.14	0.92	17.50
- Compensated absences	31.51	-	26.24	-
Total	33.32	21.14	27.16	17.50

16 Borrowings

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
- Current maturities of non-current borrowings	3,731.55	-	765.94	-
- Working capital loans	1,838.63	-	-	-
Total	5,570.18	-	765.94	-



17 Trade payables

Rs. in Million

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non Current	Current	Non Current
- Total outstanding dues of micro enterprises and small enterprises	138.41	-	18.52	-
- Total outstanding dues of creditors other than micro and small enterprises	486.87	-	407.74	-
Total	625.28	-	426.26	-

Particulars	Outstanding for following periods from due date of payment				As at March 31, 2022
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3	
(i) MSME	138.41	-	-	-	138.41
(ii) Others	484.99	0.99	0.07	0.56	486.61
	623.40	0.99	0.07	0.56	625.02

Particulars	Outstanding for following periods from due date of payment				As at March 31, 2021
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3	
(i) MSME	18.52	-	-	-	18.52
(ii) Others	397.51	7.03	2.12	1.08	407.74
	416.03	7.03	2.12	1.08	426.26

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

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year	138.41	18.08
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	0.26	0.44
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the	-	-
(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	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	4.60	3.90
(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	-	-

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

18 Other financial liabilities

Rs. in Million

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
- Interest accrued but not due on borrowings	34.04	-	42.19	-
- Creditors for capital supplies/services	1,360.22	-	155.96	-
- Payable to related parties	129.45	-	80.85	-
Total	1,523.71	-	279.00	-

19 Other liabilities

Rs. in Million

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non- Current	Current	Non- Current
- Advance from customers	190.64	-	45.16	-
- Statutory dues	26.35	-	14.34	-
- Grant from Biotechnology Industry Research Assistance Council	59.55	-	59.55	-
Total	276.54	-	119.05	-



12A Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
50,000,000 Equity shares of Rs 1/- each with voting rights (3,550,000 Equity shares of Rs 10/- each with voting rights as on March 31, 2021)	50.00	35.50
Issued, subscribed and fully paid up		
39,096,280 Equity shares of Rs 1/- each with voting rights		
29,896,810 Fully paid equity share of Rs 1/-	30.36	15.43
9,199,470 Partly paid equity share of Rs 0.05/-		
(1,543,309 Equity shares of Rs 10/- each with voting rights as on March 31, 2021)		
Total	30.36	15.43

(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 Year Ended 31 Mar 2022	1,543,309 15.43	28,353,501 14.47	29,896,810 29.90
Partly paid equity shares of Rs 0.05/- each Year Ended 31 Mar 2022	-	9,199,470 0.46	9,199,470 0.46
Year Ended 31 March 2021	945,011 9.45	598,298 5.98	1,543,309 15.43

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 has made a bonus issue of 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	Fully paid Equity Shares	Partly paid equity shares	Number of shares	%	% Change during the Year
Tenshi Life Sciences Private Limited	266,760	5,705,955	4,001,400	1,971,315	5,972,715	15.28%	14.59%
Kanuna Business Solutions LLP	-	5,388,255	-	5,388,255	5,388,255	13.78%	13.78%

Name of shareholder	No. of shares at the beginning of the year	Change during the year	Fully paid Equity Shares	Partly paid Equity Shares	Number of shares	%	% Change during the Year
Tenshi Life Sciences Private Limited	249,382	17,378	266,760	-	266,760	17.28%	1.13%
Kanuna Business Solutions LLP	-	-	-	-	-	0.00%	0.00%

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

Name of shareholder	As at March 31, 2022	As at March 31, 2021
	Number of shares	Number of shares
Stella Biopharma Science Limited	11,089,320	739,288
Tenshi Life Sciences Private Limited	5,972,715	266,760
Kanuna Business Solutions LLP	5,388,255	-
Medellia Holdings Pte Limited	5,186,190	345,746
Route One Fund L.L.P	2,687,200	-
UMF Holdings	2,516,700	-
	%	%
	28.36%	47.90%
	15.28%	17.28%
	13.78%	0.00%
	13.78%	22.40%
	6.87%	0.00%
	6.44%	0.00%



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

12B Other equity

Particulars	Note no.	Rs. in Million	
		As at March 31, 2022	As at March 31, 2021
Securities premium account	10C (i)	16,401.78	11,761.24
Retained earnings	10C (ii)	(6,285.80)	(3,991.15)
Share application money pending allotment	10C (iii)	-	0.02
Total		10,115.98	7,770.11

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
(A) Reserves and surplus		
(i) Security premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	11,761.24	6,934.20
Add: Premium on equity shares issued during the year	4,650.51	4,827.04
Less: Bonus Issues	(9.97)	-
Closing balance	16,401.78	11,761.24
(ii) Retained earnings		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share		
Opening balance	(3,991.15)	(2,780.52)
Add: Profit/(Loss) for the year	(2,297.40)	(1,212.39)
Add: Remeasurements of post-employment benefit obligation (net of tax)	2.75	1.76
Closing balance	(6,285.80)	(3,991.15)
(iii) 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.		
Opening balance	0.02	25.00
Add: Addition during the year	-	0.02
Less: Shares allotted during the year	(0.02)	(25.00)
Closing balance	-	0.02
Total reserves and surplus	10,115.98	7,770.11



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note
No.

20 Revenue from operations

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Sale of Material	28.57	-
Sale of services	1,292.70	213.17
Other operating revenues	-	0.73
Total	1,321.27	213.90

21 Other income

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Interest income on financial assets at amortised cost	10.44	6.07
Unwinding of discount on security deposit	1.60	3.98
Scrap sales	0.36	-
Profit on sale of investments	16.41	-
Gain on sale of asset	0.24	-
Interest income on loan to subsidiaries	0.05	-
Sundry Creditors written off	29.54	-
Total	58.64	10.05

22 Cost of materials consumed

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Opening stock	48.94	-
Add: Purchases	3,133.54	254.13
Less: Closing stock	1,579.08	48.94
Cost of materials consumed	1,603.40	205.19

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

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Inventories at the end of the year	-	-
Work-in-progress	476.30	-
Finished goods	570.07	-
	1,046.37	-

24 Employee benefit expense

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Salaries and wages	474.50	267.51
Contributions to provident and other funds	26.28	17.64
Staff welfare expenses	68.87	27.08
Total	569.65	312.23

25 Finance cost

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Interest expense on borrowings (including exchange differences regarded as an adjustment to borrowing costs)	597.45	124.03
Less: Amounts included in the cost of qualifying assets	-	-
Interest expense on loan from group company	-	11.78
Interest on lease liability	7.51	0.33
Other borrowing cost	75.24	21.87
Total	680.20	158.01

26 Depreciation and amortisation expenses

Rs. in Million

Particulars	Year ended	
	31-March-22	31-March-21
Depreciation on Property, plant and equipment (Refer Note 4A)	672.77	337.33
Depreciation on Right to use assets (Refer Note 4B)	62.89	6.76
Less: Amounts included in the cost of assets	(41.41)	(4.32)
Amortisation on Intangible assets (Refer Note 4D)	9.24	4.27
Total	703.49	344.04



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note No.
27

Other Expenses

Particulars	Rs. in Million	
	Year ended	
	31-March-22	31-March-21
Power & Fuel	256.51	83.69
Rates and taxes	28.84	8.78
Rent	10.97	-
Insurance	32.21	7.36
Repairs and maintenance:		
- Machinery	56.21	30.20
- Others	132.60	41.43
Manpower service	44.60	14.91
Housekeeping service	63.16	20.50
Freight and forwarding	35.40	2.32
Business promotion	2.45	0.07
Travelling and conveyance	5.15	2.56
Exchange fluctuation loss (net)	108.87	15.21
Printing and stationery	12.71	5.89
Communication	11.93	18.94
Security Charges	13.11	6.24
Office expense	2.38	3.47
Loss on sale of asset	0.18	-
Boarding and lodging	13.79	1.22
Support service charges	139.72	91.87
Legal and professional fees	126.41	50.38
Auditors remuneration (refer note (i) below)	3.86	3.35
Investment written off	15.15	-
Research and development	-	4.64
Regulatory charges	2.58	-
Gardening Charges	4.44	-
Water Charges	10.28	2.76
Gas Charges	22.04	0.18
Advance written off	0.60	-
Miscellaneous expenses	10.79	0.90
Total	1,166.94	416.87

Note

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

Particulars	Rs. in Million	
	Year ended	
	31-March-22	31-March-21
Audit of standalone and consolidated financial statements (including quarterly limited reviews)	3.75	3.25
Reimbursement of expenses	0.11	0.10
Total	3.86	3.35

28 Details of Research and Development expenditure incurred

Particulars	Rs. in Million	
	For the year ended	
	31-March-22	31-March-21
Research & development expenses including capital expenditure:		
Material and third party outsourcing cost	425.22	267.17
Labour	176.82	151.00
Overheads	71.49	117.78
Total	673.53	535.95

Out of the above mentioned expenditure, Rs. 673.53 Million (Previous year: Rs 535.95 Million) has been capitalised under intangibles under development. The expenditure detailed above have been incurred for DSIR recognized R&D unit in Bangalore.

During the year ended March 31, 2022, the Company tested intangible assets under development for impairment. Pursuant to such assessment, the Company has written-off such assets of Rs.Nil (Previous year: INR 4.64 Million).

The amount quantified as research and development expenditure (both capital and revenue) is as certified by the management of the Company and relied upon by the auditors.



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note
No.

29 Commitments (To the extent not provided for)

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):		
-Property, Plant and equipment	1,502.36	199.86
Total	1,502.36	199.86

30 Employee Benefits Plans

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognised Rs. 20.49 Million (previous year: Rs. 12.93 Million) for provident fund contributions. Rs.0.00 Million (previous year: 0.01) for employee state insurance scheme 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-March-22	31-March-21
Discount rate(s)	6.41%	6.37%
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:

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Service cost:		
Current service cost	6.59	5.81
Past service cost and (gain)/loss from settlements	-	-
Net interest expense	1.14	0.88
Components of defined benefit costs recognised in statement of profit and loss	7.73	6.69
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(2.98)	0.04
Actuarial (gains) / losses arising from experience adjustments	0.23	(1.80)
Components of defined benefit costs recognised in other comprehensive income	(2.75)	(1.76)
Total	4.98	4.93

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.



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

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Present value of funded defined benefit obligation	22.95	18.42
Fair value of plan assets	-	-
Funded status	22.95	18.42
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	22.95	18.42

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

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	18.42	14.13
Add: Acquisition / (disposal)	0.49	-
Expenses Recognised in statement of profit and loss		
Current service cost	6.59	5.81
Past service cost and (gain)/loss from settlements	-	-
Interest cost	1.14	0.88
Remeasurement (gains)/losses		
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(2.98)	0.04
Actuarial (gains) / losses arising from experience adjustments	0.23	(1.80)
Benefits paid	(0.94)	(0.64)
Closing defined benefit obligation	22.95	18.42

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be Rs. 24.26 Million (Rs. 19.81 Million) as at March 31, 2022

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be Rs. 21.75 Million (Rs. 17.18 Million) as at March 31, 2022

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:-

Financial Year	Rs. in Million	
	Amount	
Year 1		1.81
Year 2		2.57
Year 3		3.14
Year 4		3.19
Year 5		3.71
Years 6 to 10		11.71



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note No.

31

Leases

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

Movement in right-of-use assets and lease liabilities during the year:

Right-of-use assets:				
Particulars	Lease hold land	Office space	Plant & Machinery	Total
Opening balance as on 01st April 2020	155.69	-	-	155.69
Additions	-	132.89	4.31	137.20
Depreciation	(3.16)	(2.86)	(0.74)	(6.76)
Deletions	-	-	-	-
Closing balance as on 31 March 2021	152.53	130.03	3.57	286.13
Additions	-	188.85	-	188.85
Depreciation	(1.63)	(60.40)	(0.86)	(62.89)
Deletions	-	-	-	-
Closing balance as on 31 March 2022	150.90	258.48	2.71	412.09

Lease liabilities		31-March-22	31-March-21
Particulars			
Opening balance	108.04	-	-
Additions	160.32	107.71	-
Interest	3.84	0.33	-
Lease payments	-	-	-
Closing balance	272.20	108.04	-
Current	54.06	11.91	-
Non-current	218.14	96.13	-

Maturity analysis of OLL		31-March-22	31-March-21
Particulars			
Factory Building	1 year	54.06	213.10
Plant and Machinery	More than 5 years	-	5.04
	1 to 5 years	-	11.91
	More than 5 years	-	4.65

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).

32 Earnings per Share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit / (Loss) after tax attributable to equity holders of the Company (A) (Rs. in Million)	(2,297.40)	(1,212.39)
Weighted average number of equity shares used as denominator in calculating basic earnings per share (B)	35,426,071	18,128,544
Weighted average number of equity shares used as denominator in calculating diluted earnings per share (C)	35,426,071	18,128,544
Basic earnings per share (Rs.) (A/B)	(64.85)	(66.88)
Diluted earnings per share (Rs.) (A/C)	(64.85)	(66.88)

During the year, the Company has made a bonus issue of equity shares in the ratio of 1:2 for all its shareholders. Further, the Company has 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. Accordingly, basic and diluted earnings per share has been adjusted for previous periods presented.



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note No. 33

Related Party Transaction:

Nature of Relationship Entity exercising significant influence	Name of Related Party	
	Subsidiary	
Other related parties:	Strides Pharma Science Limited Tenshi Life Sciences Private Limited Modella Holdings Pte Limited	
	Stelis Pte Limited Biolexis Private Limited Stelis Biopharma LLC (upto January 14, 2022)	
Other related parties:	Arcolab Private Limited Tenshi Pharmaceuticals Private Limited, India (formerly known as Steriscience Private Limited and Sovizon Life Sciences Private Limited)	
	Tenshi Kaizen Private Limited Steriscience Specialities Private Limited Biolexis Holding Pte Limited Steriscience Pte Limited Skannys Healthcare Private Limited Solara Active Pharma Sciences Limited Strides Pharma Inc Karuna Business Solutions LLP Karuna Healthcare Private Limited Strides Pharma Global Pte Limited	
Key Management Personnel – Chairman and Non - Executive Director	Aditya Pari	
	Anur Kumar Pillai (7 April 21)	
Key Management Personnel – Non - Executive Director	Kumari Radhakrishnan Padmavathi (from 14 July 21)	
	Ankur Nand Thadani	
Key Management Personnel – CFO & Executive Director	Mahadevan Srinivasan	
	A K Viswanathan (from 22 December 21)	
Key Management Personnel – Non - Executive Director	Vinodh Ravi (from 23 July 21)	
	Roger Lim (upto Sept 20, 21)	
Key Management Personnel – Independent Director	Mark Womack (upto Jan 24, 2022)	
	Deshpande Vaidya (upto July 07, 2021)	
CEO	PM Thampi (upto April 07, 2021)	
	Pradiyappan	
Key Management Personnel – Non - Executive Director	Pradiyappan	
	Pradiyappan	
Key Management Personnel – Non - Executive Director	Pradiyappan	
	Pradiyappan	
Key Management Personnel – Company Secretary	Pradiyappan	
	Pradiyappan	

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

Nature of Transactions	Entities having significant influence over Company		Other related parties		Subsidiary		Key Managerial Personnel	
	Year ended 31-March-22	Year ended 31-March-21	Year ended 31-March-22	Year ended 31-March-21	Year ended 31-March-22	Year ended 31-March-21	Year ended 31-March-22	Year ended 31-March-21
Revenue from operations								
Strides Pharma Science Limited	46.03	-	-	-	-	-	-	-
Stelis Pte Limited	-	-	-	-	128.42	-	-	-
Steriscience Pte Limited	-	-	112.52	21.86	-	-	-	-
Steriscience Specialities Private Limited	-	-	85.57	0.20	-	-	-	-
Interest Income								
Stelis Pte Limited	-	-	-	-	0.05	-	-	-
Guarantee Commission considered as borrowing cost								
Strides Pharma Science Limited	52.18	42.13	-	-	-	-	-	-
Support Service charges								
Strides Pharma Science Limited	2.10	1.58	-	-	-	-	-	-
Tenshi Life Sciences Private Limited	12.00	12.37	-	-	-	-	-	-
Arcolab Private Limited	-	-	81.44	19.40	-	-	-	-
Stelis Biopharma LLC	-	-	-	-	52.14	58.89	-	-



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
Notes forming part of the standalone financial statements

Note

No.

34 Financial instruments

34.1 Categories of financial instruments

Particulars	Rs. in Million	
	31-March-22	31-March-21
Financial assets:		
Measured at amortised cost		
(a) Trade receivables	366.01	22.42
(b) Cash and bank balances	1,694.51	774.08
(c) Other financial assets at amortised cost	110.73	39.64
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings	5,972.53	3,093.22
(b) Current maturities of non-current borrowings	5,570.18	765.94
(c) Trade payables	625.28	426.26
(d) Other financial liabilities	1,523.71	279.00

34.2 Fair value measurements

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

Fair value hierarchy

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

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

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

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

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

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

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

Particulars	31-March-22		31-March-21	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	11,542.71	11,699.45	3,859.16	3,975.75

34.3 Financial risk management objectives

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

34.3.1 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

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

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

Amount receivable/(payable)	As at 31-March-22		As at 31-March-21	
	In foreign Currency	In INR	In foreign Currency	In INR
Exposure to the Currency				
USD	(23.20)	(1,749.35)	(27.62)	(2,022.14)
EUR	6.20	541.55	(0.37)	(31.82)
GBP	(0.02)	(2.29)	(0.01)	(0.54)
SGD	(0.04)	(2.35)	(0.06)	(3.17)
AED	0.00	0.01	(0.00)	(0.01)
AUD	-	-	(0.00)	(0.18)
CHF	(0.02)	(1.45)	-	-
RUB	(0.05)	(0.05)	-	-



34.3.2 Foreign currency sensitivity analysis

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

Particulars	Rs. in Million	
	Increase / (Decrease) in Profit	
	31-March-22	31-March-21
Appreciation in the USD	(87.47)	(101.11)
Depreciation in the USD	87.47	101.11
Appreciation in the EUR	27.08	(1.59)
Depreciation in the EUR	(27.08)	1.59

The impact on profit has been arrived at by applying the effects of appreciation / depreciation 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, 2022

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

34.3.3 Interest rate risk management

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

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

Particulars	Rs. in Million	
	As at 31-March-2022	As at 31-March-2021
Fixed-rate instruments		
<i>Financial assets</i>		
Balance with banks held as margin money	479.82	104.84
	479.82	104.84
Variable-rate instruments		
<i>Financial liabilities</i>		
Borrowings from bank	11,542.71	3,859.16
	11,542.71	3,859.16

Interest rate swap contracts

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.



Stelis Biopharma Limited (formerly known as Stelis Biopharma Private Limited)
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Note

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34.4

Credit risk management

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

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

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

34.5

Liquidity risk management

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

34.5.1

Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes 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.

Financial Liabilities	Due within (years)						Rs. in Million	
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5	Total	Carrying Amount
Bank & other borrowings								
- As on March 31, 2022	5,667.86	3,062.73	1,870.96	893.67	204.23	-	11,699.45	11,542.71
- As on March 31, 2021	790.29	878.08	878.08	878.08	488.63	62.59	3,975.75	3,859.16
Interest payable on borrowings								
- As on March 31, 2022	34.04	-	-	-	-	-	34.04	34.04
- As on March 31, 2021	42.19	-	-	-	-	-	42.19	42.19
Trade and other payable								
- As on March 31, 2022	2,114.95	-	-	-	-	-	2,114.95	2,114.95
- As on March 31, 2021	663.07	-	-	-	-	-	663.07	663.07



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35 Deferred tax asset :

The Company has significant brought forward tax loss and unabsorbed depreciation of Rs. 7,216.61 million (Rs.4,663.42 million March 31, 2021) 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, 2022.

36 Segment Reporting:

The Company is engaged in the business of providing biotechnology process development services for healthcare industries. The board of directors of the group are identified as the chief operating decision Maker (CODM). The Company's operates in single operating segment, the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the group .

However, the geographical information are disclosed below:

Geographical Information

(i) Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
India	1,154.33	192.04
Outside India	166.94	21.86
Total	1,321.27	213.90

(ii) Non-current assets*

Particulars	As at March 31, 2022	As at March 31, 2021
India	18,816.58	11,106.04
Total	18,816.58	11,106.04

*Non-current assets do not include financial assets under financial instruments.

- 37 Pursuant to the board approval on December 22, 2021, the Board of Directors of the Company decided to incorporate a limited company as a Wholly Owned Subsidiary in India. On January 27, 2022, a Company had been incorporated in the name of "Biolexis Private Limited" with an investment of INR 1,00,000.

- 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.

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 20% each for first two years and 30 % each for next two years 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.

As of March 31, 2022, the Company has not granted any options under this plan.

- 41** Mr. Mark Wornack ("Mark"), a citizen of the United States of America ("US"), was appointed as the Managing Director ("MD") of Company. Mark's appointment was approved by the board of directors of the Company on November 15, 2021 and further approved by the shareholders of the Company in the extra-ordinary general meeting of the shareholders of the Company held on January 4, 2022. Being a non-resident, the Company is required file Form MR-2 with Central government approval for appointment of Mark within 90 days of from his date of appointment as MD of the Company. Due to certain personal reasons, Mark resigned with effect from the close of business hours on January 24, 2022 (before the relevant period for filing Form MR-2). The Company has been legally advised that post facto approval of MR-2 is procedural aspect and has become infructuous and redundant on account of the resignation tendered by Mark within the 90 days of appointment as MD of the Company.

- 42** 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.

43 Amendments effective from April 1, 2022 :

On March 23, 2022, the Ministry of Corporate Affairs (MCA) issued certain amendments and annual improvements to Ind AS. These amendments are applicable for accounting periods beginning on or after April 1, 2022:

- Ind AS 103 – Business Combinations – Reference to conceptual framework added
- Ind AS 16 – Property, Plant and Equipment – Accounting for proceeds before an asset's intended use
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – Assessing if the contract is onerous
- Annual improvements to Ind AS – Ind AS 109 (Financial Instruments) and Ind AS 116 (Leases)

The Company will evaluate the impact of the above, where applicable, on the financial statements and give impact of the same in the relevant period.



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	As at March 31, 2022	As at March 31, 2021	Change	Ratios have a variance of >25% due to
44 Ratio Analysis				
Current Ratio - in times (A) / (B)	0.63	0.60	5%	Not applicable
Current Assets (A)	5,107.97	983.74		
Current Liabilities (B)	8,083.09	1,629.32		
Debt-Equity Ratio - in times (C) / (D)	1.16	0.51	129%	Increased during the year as additional bank loans availed for Unite-3 vaccines project and working capital
Debt including lease liabilities (C)	11,814.91	3,967.20		
Equity (D)	10,146.34	7,785.54		
Debt Service Coverage Ratio - in times (E) / ((F) + (G))	0.36	0.88	-59%	Decreased during the year as Debt repayment increased during the year.
Earnings Before Interest, Taxes, Depreciation and Amortisation (E)	(913.71)	(710.34)		
Debt repayment (F)	(1,840.84)	(644.58)		
Interest payments (G)	(688.35)	(163.72)		
Return on Equity ratio (H) / (I)	-22.64%	-15.57%	45%	Increased during the year as loss and equity both increased.
Net profit (H)	(2,297.40)	(1,212.39)		
Equity (I)	10,146.34	7,785.54		
Inventory turnover ratio (K) / (L)	0.42	8.39	-95%	Decreased as closing inventory has gone up across Raw material, WIP and FG as Sputnik Light vaccine manufacturing has started during the year
Cost of goods sold (K)	557.03	205.19		
Average Inventory (L)	1,337.20	24.47		
Trade receivables turnover ratio (M) / (N)	6.80	19.03	-64%	Decrease is due to increase in sales in CDMO business.
Sales Turnover (M)	1,321.27	213.90		
Average Trade receivables (N)	194.22	11.24		
Trade payables turnover ratio (O) / (P)	1.06	0.56	89%	Increased as cost of good sold related to vaccines manufactured in Unit-3 is inventorised but trade payables includes Unit-3 payables as well
Cost of goods sold (O)	557.03	205.19		
Average Trade payables (P)	525.77	366.44		
Net capital turnover ratio (Q) / (R)	(0.44)	(0.33)	34%	Increase is due to increase in sales in CDMO business.
Sales Turnover (Q)	1,321.27	213.90		
Working Capital (R)	- 2,975.12	- 645.58		
Net profit ratio (S) / (T)	-166.49%	-541.37%	-69%	Decreased during the year as revenue has increased and proportional cost is reduced due to NATCO service bill
Net profit (S)	(2,297.40)	(1,212.39)		
Gross Revenue (T)	1,379.91	223.95		
Return on capital employed (U) / (V)	-7.32%	-8.92%	-18%	Not Applicable
Earnings Before Interest and Taxes (U)	(1,606.71)	(1,048.31)		
Capital Employed (V)	21,961.25	11,752.74		

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

46 Approval of financial statements

The Company's standalone financial statements are approved for issue by the board of directors on June 07, 2022.

For and on behalf of Board of Directors



P R Kannan
CFO & Executive Director
DIN : 03435209



Arun Kumar
Non- Executive Director
DIN: 00084845



Puja Aggarwal
Company Secretary
Membership Number: A49310

Place : Bengaluru
Date : June 07, 2022

